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Insurance

What Is Insurance?

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Insurance is purchased to provide financial protection or reimbursement against losses resulting from accidents, injury, or property damage. An insurance company pools clients' risks to make payments more affordable for the insured. Essential insurance policies that people tend to obtain are health insurance, auto insurance, business insurance, home insurance, and life insurance, to name a few.

How Insurance Works

Many insurance policy types are available, and virtually any individual or business can find an insurance company willing to insure them, for a price. Common personal insurance policy types are auto, health, homeowners, and life insurance. Most individuals in the United States have at least one of these types of insurance, and car insurance is required in almost every state.

Businesses get insurance policies for field-specific risks. For example, a fast-food restaurant's policy may cover an employee's injuries from cooking with a deep fryer. Medical malpractice insurance covers injury- or death-related liability claims resulting from the health care provider's negligence or malpractice. A company may use an insurance broker of record to help it manage its employees' policies. Businesses may be required by state law to buy specific insurance coverage.

There are also insurance policies available for very specific needs. Such coverage includes business closures due to civil authority, kidnap, ransom, and extortion (K&R) insurance, identity theft insurance, and wedding liability and cancellation insurance.

Insurance Policy Components

Understanding how insurance works can help you choose a policy. For instance, comprehensive coverage may or may not be the right type of auto insurance for you. Three components of any insurance type are the premium, policy limit, and deductible.

Premium

A policy's premium is its price, typically a monthly cost. An insurer often takes multiple factors into account through its underwriting process to set a premium. Here are a few examples:

- Auto insurance premiums: Your property and auto claims history, age and location, creditworthiness, and many other factors that may vary by state.
- Home insurance premiums: Your home's value, personal belongings, location, claims history, and coverage amounts.
- Health insurance premiums: Age, gender, location, health status, and coverage levels.
- Life insurance premiums: Age, gender, tobacco use, health, and amount of coverage.

Much depends on the insurer's perception of your risk for a claim. For example, if you own several expensive cars and have a reckless driving history, you will likely pay more for an auto policy than someone with a single midrange sedan and a perfect driving record. However, different insurers may charge different premiums for similar policies. So finding the price that is right for you requires some legwork.

Policy Limit

The policy limit is the maximum amount an insurer will pay for a covered loss under a policy. Maximums may be set per period (e.g., annual or policy term), per loss or injury, or over the life of the policy, also known as the lifetime maximum.

Typically, higher limits carry higher premiums. For a general life insurance policy, the maximum amount that the insurer will pay is referred to as the face value. This is the amount paid to your beneficiary upon your death.

The Affordable Care Act (ACA) prevents ACA-compliant plans from instituting a lifetime limit for essential healthcare benefits, such as family planning, maternity services, and paediatric care.

Deductible

The deductible is a specific amount you pay out of pocket before the insurer pays a claim. Deductibles serve as deterrents to large volumes of small and insignificant claims.

For example, a $1,000 deductible means you pay the first $1,000 toward any claims. Suppose your car's damage totals $2,000. You pay the first $1,000, and your insurer pays the remaining $1,000.

Deductibles can apply per policy or claim, depending on the insurer and the type of policy. Health plans may have an individual deductible and a family deductible. Policies with high deductibles are typically less expensive because the high out-of-pocket expense generally results in fewer small claims.

Types of Insurance

Health Insurance

Health insurance covers routine and emergency medical care costs, often with the option to add vision and dental services separately. In addition to an annual deductible, you may also pay co-pays and coinsurance, which are your fixed payments or percentage of a covered medical benefit after meeting the deductible. However, many preventive services may be covered for free before these are met.

Health insurance may be purchased from an insurance company, an insurance agent, the federal Health Insurance Marketplace, provided by an employer, or federal Medicare and Medicaid coverage.

The federal government no longer requires Americans to have health insurance, but in some states, such as California, you may pay a tax penalty if you aren't insured.

Home Insurance

Homeowners' insurance, or home insurance, protects your home, other property structures, and personal possessions against natural disasters, unexpected damage, theft, and vandalism. It won't cover floods or earthquakes, which you'll have to protect against separately. Policy providers usually offer riders to increase coverage for specific properties or events and provisions that can help reduce deductible amounts. These adders will come at an additional premium amount.

Renter's insurance is another type of homeowners' insurance. Your lender or landlord will likely require you to have homeowners' insurance coverage. If you don't have coverage or stop paying your insurance bill, your mortgage lender is allowed to buy homeowners' insurance for you and charge you for it.

Auto Insurance

Auto insurance can help pay claims if you injure or damage someone else's property in a car accident, help pay for accident-related repairs on your vehicle, or repair or replace your vehicle if stolen, vandalized, or damaged by a natural disaster.

Instead of paying out of pocket for auto accidents and damage, people pay either annual or monthly premiums to an auto insurance company. The company then pays all or most of the covered costs associated with an auto accident or other vehicle damage.

If you lease a vehicle or borrow money to buy a car, your lender or dealership will likely require you to carry auto insurance. As with homeowners' insurance, the lender may purchase insurance for you if necessary.

Life Insurance

A life insurance policy guarantees that the insurer pays a sum of money to your beneficiaries (such as a spouse or children) if you die. In exchange, you pay premiums during your lifetime.

There are two main types of life insurance:

- Term life insurance: This type of life insurance covers you for a specific period, such as 10 to 20 years. If you die during that period, your beneficiaries receive a payment.
- Permanent life insurance: This type of life insurance covers your whole life as long as you continue paying the premiums.

TIP

We compared price, policy types, financial stability, customer satisfaction, and other factors to find the best life insurance companies.

Travel Insurance

Travel insurance covers the costs and losses associated with traveling, including trip cancellations or delays, emergency health care coverage, injuries and evacuations, damaged baggage, rental cars, and rental homes. However, even some of the best travel insurance companies do not cover cancellations or delays due to weather, terrorism, or a pandemic. They also don't often cover injuries from extreme sports or high-adventure activities.

What Is Insurance?

Insurance is a way to manage your financial risks. When you buy insurance, you purchase protection against unexpected financial losses. The insurance company pays you or someone you choose if something bad occurs. If you have no insurance and an accident happens, you may be responsible for all related costs.

Why Is Insurance Important?

Insurance helps protect you, your family, and your assets. An insurer will help you cover the costs of unexpected and routine medical bills or hospitalization, accident damage to your car or injury to others, and home damage or theft of your belongings. An insurance policy can even provide your survivors with a lump-sum cash payment if you die. In short, insurance can offer peace of mind regarding unforeseen financial risks.

Is Life Insurance an Asset?

Depending on the type of life insurance policy and how it is used, permanent or variable life insurance could be considered a financial asset because it can build cash value or be converted into cash. Simply put, most permanent life insurance policies can build cash value over time.

The Bottom Line

Insurance helps protect you and your family against unexpected financial costs and resulting debts or the risk of losing your assets. It also helps protect you from expensive lawsuits, injuries, damages, and even total losses of your car or home.

Sometimes, your state or lender may require you to carry insurance. Although there are many insurance policy types, some of the most common are life, health, homeowners, and auto. The right type of insurance for you will depend on your goals and financial situation.

Source: Investopedia

WHEN A DOOR WAS CLOSED, WE HELPED OPEN IT

The Roserie Leasing Corporation Story

There was a time in Saint Lucia when ownership of a motor vehicle was beyond the reach of many ordinary working people.

New vehicles were expensive. Bank financing was difficult to obtain. Insurance companies were cautious about the emerging used-vehicle market, and for many Saint Lucians, the dream of owning a vehicle remained exactly that — a dream.

Then the market began to change.

The importation of quality used vehicles created a new opportunity. Vehicle ownership was no longer reserved only for those who could afford a new car or meet the strict requirements of traditional financial institutions.

However, importing vehicles was only part of the solution.

A customer could identify an affordable vehicle and still be unable to purchase it. Financing remained a major obstacle. Insurance presented another. The question became simple: how could an ordinary worker, tradesman, taxi operator, small business owner, or young family transition from wanting a vehicle to actually owning one?

It was in this environment that Roserie Leasing Corporation evolved.

We were not established simply because there was business to be done. We emerged because there was a problem to be solved.

The Roserie Leasing Company had already helped pioneer the importation of used vehicles into Saint Lucia. We quickly recognized, however, that bringing affordable vehicles into the country would mean very little if ordinary people could not access the financing and insurance required to acquire them.

There is little value in opening one door if another door immediately closes in the customer's face.

Roserie Leasing Corporation therefore became part of the solution.

Opening the Door to Opportunity

We believed that ordinary Saint Lucians deserved access to opportunity.

For many of our customers, a motor vehicle was not merely a luxury. It was a tool for advancement.

For the taxi driver, it represented a livelihood.

For the tradesman, it carried tools and equipment.

For the farmer, it transported produce.

For the working parent, it provided reliable transportation for employment, school, and family responsibilities.

For the small entrepreneur, it could represent the foundation of a business.

Vehicle ownership meant mobility, independence, and opportunity.

Roserie Leasing Corporation understood this reality and helped bridge the gap between aspiration and ownership.

We were not simply observing the used-car industry evolve.

We helped pioneer its evolution.

Today, used vehicles are a standard feature of Saint Lucian life. It is easy to forget that there was once a time when the market was regarded with considerable uncertainty.

Someone had to believe it could work.

Someone had to take the risk.

Someone had to open the door.

We are proud that Roserie played a role in that process.

From Ownership to Protection

As vehicle ownership expanded, another responsibility became increasingly important — protecting what people had worked hard to acquire.

That is where insurance became an essential part of the Roserie Leasing journey.

Insurance is sometimes viewed simply as an additional expense. In reality, it serves a far greater purpose.

It protects families from significant financial loss.

It protects businesses and livelihoods.

It protects homes, vehicles, and assets accumulated through years of sacrifice.

Most importantly, it provides people with the confidence to invest, borrow, build, and recover when the unexpected occurs.

Today, Roserie Leasing Corporation proudly serves Saint Lucia as agents for The New India Assurance Company Limited.

Through this relationship, we are able to combine the strength and experience of an established international insurer with the accessibility, local knowledge, and personalized service of Roserie Leasing Corporation.

Behind Every Policy Is a Person

The insurance industry naturally speaks in terms of premiums, policies, risks, deductibles, and claims.

But behind every policy is a person.

There is a taxi driver protecting the vehicle that supports his family.

There is a homeowner protecting years of sacrifice.

There is a business owner protecting employees, equipment, and investment.

There is a parent protecting the vehicle that keeps the family moving.

That is why insurance must always remain a people-centered service.

A policyholder is more than a policy number.

A claim is more than a file.

For the customer, an accident or loss may represent fear, financial strain, or disruption to a livelihood.

The true value of insurance is often realized not at the point of sale, but when the unexpected occurs and support is needed most.

Remembering the Pioneers

As Saint Lucia observes Insurance Day on August 29, Roserie Leasing Corporation believes it is appropriate to reflect not only on how far the insurance industry has progressed, but also on the pioneers who were willing to enter markets before they were fully established.

Progress rarely begins with certainty.

It often begins with individuals willing to look at a closed door and ask:

"Why can't we open it?"

For Roserie Leasing Corporation, that question helped define our journey.

Our beginnings were rooted in making vehicle ownership more accessible.

Our journey later expanded into insurance and financial protection.

But the principle that connects both remains unchanged:

People deserve opportunity, and what they build deserves protection.

As we celebrate Insurance Day, we extend appreciation to the insurers, agents, brokers, claims professionals, regulators, and employees who contribute to the strength of the industry.

Most importantly, we thank the policyholders who place their trust in us.

Yesterday, we helped open doors.

Today, we help protect what people have worked hard to build.

And as we look toward the future, Roserie Leasing Corporation remains guided by the same conviction that inspired us from the beginning:

OPPORTUNITY DESERVES PROTECTION.

Thomas Roserie
Roserie Leasing Corporation
Agents for The New India Assurance Company Limited

Breaking Free from the Money Monkey on Your Back

How childhood experiences with money can shape our financial choices, and what we can do to take back control

By Dr Lucius Ellevic, Certified Financial Counselor, Laborie Credit Union

For many of us, our relationship with money began long before we earned our first salary. It began at home.

Perhaps it was the memory of a favourite pair of shoes that had become too tight or badly worn, only to hear Mum say, “Child, you will have to continue to wear that shoe because I do not have money yet to buy you a new pair.”

Or perhaps it was the excitement of a school tour that quickly turned into disappointment when you asked for the $15 bus fare and were told that there simply was no money for it.

For a child, moments like these can leave a lasting impression. They can create powerful messages about money, scarcity, security and even self-worth.

The Money Messages We Carry

Our attitudes towards money are shaped largely by the financial guidance we receive from our families and by the economic circumstances we experience while growing up. For many people who grew up in Saint Lucia during the decades of the 60’s and 70’s, financial limitations were a normal part of family life. Children learned that there were things they could not have because money was simply unavailable.

A child may have watched classmates enjoy possessions or experiences that their own family could not afford. In those moments, a promise might have been made: ”When I grow up, I will have everything I want.” That promise can follow us into adulthood.

Sometimes, adults attempt to compensate for the financial difficulties they experienced as children. They may spend heavily on clothing, cars, entertainment, houses or other outward signs of success, not necessarily because they need them, but because they want to prove that they have escaped the deprivation of their childhood.

The irony is that these symbols of success may be financed through substantial debt, creating even greater financial stress and anxiety.

When Spending Becomes Emotional

Financial decisions are not always about numbers; sometimes, they are about emotions. The desire to provide children with everything we lacked, the pressure to keep up with friends, or the need to demonstrate that we are doing well can all influence how we spend.

Breaking this cycle begins with understanding where our money beliefs came from. Think back to your childhood, adolescence and teenage years. What were your most significant experiences with money? When did money create an opportunity for you? When did the lack of money prevent you from doing something you wanted? How did those experiences make you feel? These memories form part of the story behind the financial decisions we make today.

Take Control of the Numbers

Understanding the emotional side of money is important, but financial wellness also requires practical action. The first step is to take an honest look at your financial situation. Start by determining where your money goes each month. This sounds simple, but many household budgets fail to account for irregular expenses.

Annual insurance payments, new tyres, appliance repairs, medical visits and other unexpected costs can easily disrupt a budget that appears balanced on paper. Even small, everyday purchases can add up significantly over time.

Track your spending over an entire year where possible. Add up your expenses and compare the total with your annual take-home income. If you spend less than you earn, you have room to build savings and assets. If you consistently spend more than you earn, the difference is likely being financed through debt, and that is a warning sign that changes are needed.

Small Changes Can Make a Big Difference

Increasing income is not always immediately possible. Cutting unnecessary spending, however, may be within our control.

Consider these practical strategies:

- **Reduce impulsive spending**. Give yourself time to consider whether a purchase is really necessary.
- **Question major purchases**. Before spending, ask: Do I need this? Can I afford it?
- **Keep debt manageable**. Consider consolidating loans where appropriate and avoid taking on unnecessary debt.
- **Repair, reuse and recycle**. Not everything needs to be replaced immediately.
- **Review entertainment spending**. Frequent partying, eating out and socialising can quietly consume a large portion of income.
- **Watch the small expenses**. Their gradual accumulation can be deceptive.
- **Find less expensive hobbies**. Replacing costly habits with affordable activities can free up money without reducing your quality of life.
- **Shop around**. Compare prices for significant purchases, including insurance.
- **Make saving a family effort**. Look for savings opportunities across several areas of household spending rather than focusing on only one expense.
- **Create value through your work**. Treat your income as something connected to the value you create.

Pay Yourself Too

Financial wellness is not simply about paying bills and reducing debt. You also need to put yourself on the payroll. That means deliberately setting aside money for your future rather than allowing every dollar of income to disappear into current consumption, bills and debt repayment.

Over time, the goal should also be to build a collection of assets that can provide financial security and potentially income in retirement. Examples include fixed deposits, land and equity investments.

The principle is straightforward: don’t let all of your income work for today’s needs. Make some of your money work for your future.

Breaking the Cycle

Good financial habits can create greater financial confidence. Poor financial habits, on the other hand, can keep us trapped in a cycle of stress.

Showing off, flashy living and spending to impress others can push us further into financial difficulty. Saving, controlling debt and building assets can move us in the opposite direction.

Parents also have an important role to play. We should teach children that there will be times when they cannot have everything they want. Giving children everything we were unable to have as youngsters may seem like an act of love, but it can unintentionally create entitlement and pass unhealthy money messages to the next generation.

Financial literacy therefore begins with more than learning how to budget or save. It also involves understanding our attitudes towards money and recognising the experiences that helped shape them. The goal is not to erase the past. It is to stop allowing the past to control the future.

As we work towards financial wellness, we must be willing to confront the “monkey” that has been clinging to our backs since childhood, and finally learn how to let it go.

Common Insurance Myths: Important Truths to Learn in the Insurance Business

Insurance can be a tricky business to understand. Here at Ebensburg Insurance, we want to help you get to know your policies better, and be informed on exactly what you are paying for. There are many myths and misconceptions about common insurance plans. Today, we will take the time to debunk some of those myths and teach you what your policies actually cover.

Myth 1: You Don't Need Life Insurance if You're Young and Healthy

Many people believe life insurance is only necessary for older adults or those with serious pre-existing health conditions. However, the reality is that life insurance is cheaper to buy when you're young and healthy. You can secure low premiums the earlier you choose the right life insurance plan for you.

This plan will provide financial protection to your loved ones in the case of an unexpected event. Life insurance gives you the peace of mind you need, knowing that no matter what happens, your family will not be faced with a financial burden if something happens to you.

Myth 2: Only Rich People Need Umbrella Insurance

Some people believe that only rich people ever face lawsuits, or that only rich people deal with lawsuits that run their existing liability coverage dry. This is not the case. Lawsuits have been filed against all kinds of people for a multitude of reasons for decades.

If your home has high-risk elements, like a pool or a trampoline, it could be in your best interests to add umbrella insurance in case you are faced with a lawsuit. An independent insurance agent can advise if umbrella insurance is right for you.

Myth 3: Homeowners Insurance Covers All Types of Damage

While homeowners insurance provides you with protection against the most common threats like fire and theft, it does not cover everything. For instance, most standard policies don't cover flood damage or earthquake damage. If you live in an area with these types of weather-related risks, you may want to consider additional coverage to ensure you're fully protected.

Myth 4: I Don't Need Renters Insurance, I Don't Have That Much Stuff

Before you buy into this myth, take the time to walk through your home and write down the estimated value of all of your belongings. How much would it cost if you had to replace them all out of pocket after a huge disaster like a fire? You might be surprised by the total.

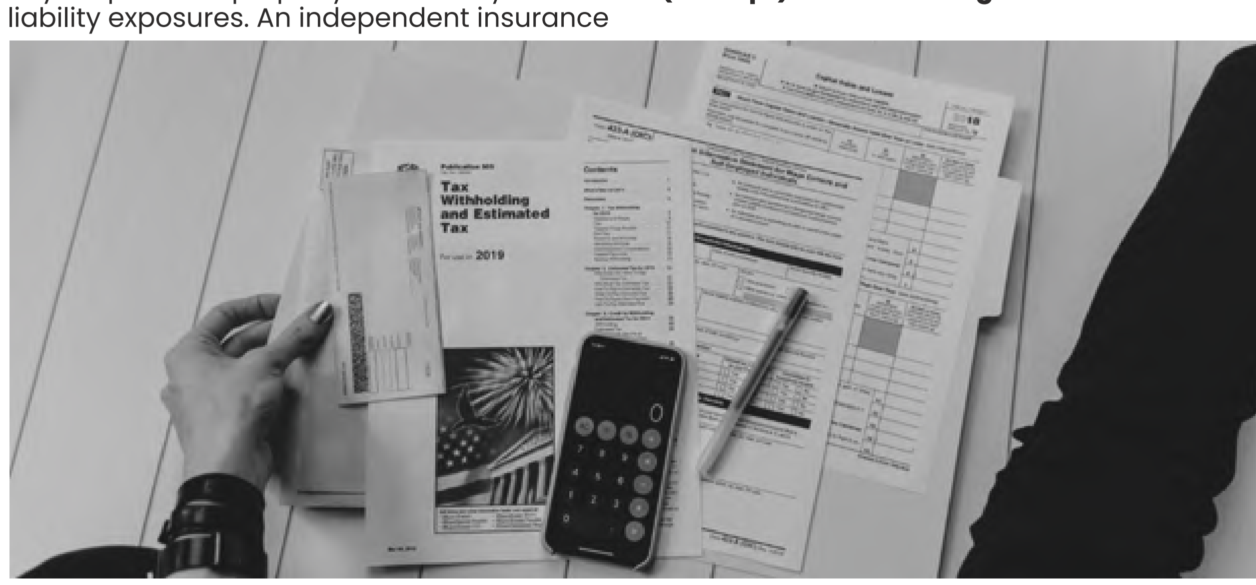
Even if your belongings aren't particularly valuable or expensive, having the right renters insurance policy can help you get your life back on track after a disaster. A renters policy can help reimburse you for losses to your personal property as well as your liability exposures. An independent insurance agent can further explain the many benefits provided by renters insurance, regardless of how much property you own.

Myth 5: If Someone Else Drives My Car, Their Insurance Would Pay for the Damage

Unfortunately for the vehicle owner in these situations, in most states (including Pennsylvania), it's their insurance that would be responsible for covering the damage after an accident, no matter who was behind the wheel. Since the vehicle's owner is considered the primary insurance policy, it would be the one to cover the damage after an accident, regardless of whether it was you, a family member, or someone else driving the car. However, policies and laws vary by state and situation, so review these rules together with your independent insurance agent before allowing anyone else not listed on your policy to drive your car.

Myth 6: Insurance is Unaffordable

Contrary to popular belief, if you pick the right plan with the right agency, insurance can be shockingly affordable. The cost of a policy depends on various factors, including your age, health, and the type of coverage you choose. Term life insurance, for example, is often more budget-friendly than whole life insurance. Plus, the peace of mind it provides is well worth the investment. – **Article (excerpt) via ebensburgins.com**



Navigating the World of Insurance: A Comprehensive Guide

Can I get a show of hands of who actually and completely understands how insurance works? Anyone? (Two hands go up in the back).

If your hand didn't go up, don't fret because you are not alone. Only 4% of Americans could define the top 4 health insurance terms in a recent study by Policygenius and Radius Global Research. The confusion around insurance can be rooted in several reasons, such as lack of education, complex jargon, or detailed legal processes.

Insurance is like a safety net for life's uncertainties, providing financial protection and peace of mind. However, with the myriad of insurance types available, understanding which ones are essential for you can be a bit overwhelming. In this guide, we'll break down the different types of insurance, their purposes, and who might benefit from each.

Types of Insurance

1) Health Insurance

Purpose:

Health insurance is designed to cover medical expenses, including doctor visits, hospital stays, prescription medication, and preventative care.

Who Might Need It:

Everyone! Health insurance is a fundamental necessity for individuals and families to manage healthcare costs and ensure access to necessary medical services.

Key Concepts:

- Premium: The amount you pay for your insurance plan.
- Deductible: The amount you must pay out of pocket before the insurance coverage kicks in.
- Co-pay/Co-insurance: Your share of the costs of a healthcare service.

2) Auto Insurance

Purpose:

Auto insurance provides financial protection in case of accidents, theft, or damage to your vehicle. It can also offer liability coverage for injuries or damage caused to others.

Who Might Need It:

Anyone who owns or drives a vehicle. Auto insurance is a legal requirement in many places and is crucial for protecting your vehicle and finances in case of accidents.

Key Concepts:

- Collision Coverage: Pays for damage to your vehicle in case of an accident.
- Comprehensive Coverage: Covers non-collision events like theft, vandalism, or natural disasters.
- Liability Coverage: Covers injuries or property damage you cause to others.

3) Life Insurance

Purpose:

Life insurance provides a payout to beneficiaries in the event of the policyholder's death. It can cover funeral expenses, replace lost income, and help with outstanding debts.

Who Might Need It:

Individuals with dependents, such as spouses, children, and aging parents, should consider life insurance. It offers financial support to loved ones in the event of the policyholder's death.

Key Concepts:

- Term Life Insurance: Provides coverage for a specific term (e.g. 10, 20 years.)
- Whole Life Insurance: Offers coverage for the entire life of the insured.
- Beneficiary: The person or entity designated to receive the life insurance payout.

4) Disability Insurance

Purpose:

Disability insurance replaces a portion of income if the policyholder becomes unable to work due to a disability.

Who Might Need It:

Anyone who relies on their income to cover living expenses. Disability insurance provides financial stability during periods of inability to work due to illness or injury.

Key Concepts:

- Short-Term Disability: Provides coverage for a limited duration
- Long-Term Disability: Offers coverage for an extended period or until retirement

Cont'd on page 10

Protection Is Part of the Plan: Why Insurance Belongs in Every Financial Strategy

In the mind of any individual or family, financial planning is usually framed around plans and goals: whether its saving for a first home, investments for the future, an education fund for children or a retirement portfolio that can support a lifestyle similar to the one enjoyed when fully employed.

But there is another question that deserves an equally prominent place when thinking about financial planning: How do I protect what I'm building?

For many, insurance is sometimes viewed as a financial option in case of a crisis, a serious illness or protection for a family in the case of an individual's death. In reality, insurance is an important part of a much broader financial strategy, working alongside saving, investing and retirement planning, to help keep finances resilient when life does not go according to plan.

This is particularly relevant now, given the very timely conversations around National Insurance Corporation (NIC) benefits, claims and allowances. Organisations like the NIC play an important role in providing social security benefits for sickness, maternity, disability, retirement, survivors and funeral support. Yet social protection and personal financial protection are not necessarily the same thing. Understanding the distinction is an important part of financial literacy and goes a long way to creating a comprehensive financial plan.

Knowing what you have is the first step.

Many employees receive benefits through their workplace, while others contribute to national programmes or have personal insurance policies. However, having a benefit does not automatically mean that one has sufficient protection, or a comprehensive plan that covers the ups and downs of life.

Your first step must be to understand exactly what your existing benefits provide. Then, try to answer a few questions, like what happens if you are unable to work for an extended period? Would your existing coverage help with a major medical diagnosis? What financial support would your family receive if you died? What debts would remain? How much income would your household need to replace, and for how long?

Questions like these, once faced openly, encourage informed decision-making and ensure that one is well on their way to a financial plan that meets current needs and can evolve for the future.

"Financial security is not simply about how much we can save or invest. It is also about understanding the financial risks that could disrupt those plans and having the right protection in place," says Carol Mangal, General Manager, Sagicor Life Eastern Caribbean, Inc.

The distinction matters because unexpected events can change a household's financial position quickly. A serious illness, disability, premature death or significant accident can result in medical expenses, reduce income or create new responsibilities at precisely the moment when a family or individual may be least prepared to absorb them. Without adequate protection, savings intended for a child's education or your retirement could suddenly become the source of funds for immediate expenses. Investments may have to be liquidated. A mortgage or other debt may become a burden for surviving family members.

Protection should evolve as life progresses

There is no single point in life when a person becomes "fully insured." Financial protection needs can change as responsibilities change. Insurance, just like any other part of the financial plan should not be treated as a one-time purchase that can be filed away and forgotten.

For a young adult entering the workforce, the priority may be protecting income and establishing a foundation for future financial goals. Starting a family can introduce new considerations, including providing for dependents and ensuring that loved ones have financial support if circumstances change.

Homeownership can create another layer of responsibility. A mortgage is a long-term commitment and protecting that obligation can be an important part of protecting the household's overall financial position.

As a person's career and life progresses, earnings and assets may grow and financial responsibilities could become more complex. Parents are now saving for their children's education while preparing for retirement. If that person is a small business owner, one should consider how personal and business obligations intersect.

Closing the protection gap

A useful financial review goes beyond asking, "Do I have insurance?"

Here's a better question: "Is my current protection still appropriate for my current stage in life?" This is where the advice of a professional insurance advisor can add real value. Rather than selecting products in isolation, an advisor can help put different forms of protection into the context of a broader financial picture.

"Your financial plan should always reflect your current circumstances, not the life you had when you first bought a policy many years ago," Mangal emphasized. "As your income, family responsibilities, assets and goals change, your protection should be reviewed."

Building with confidence

The most effective financial strategies recognise that wealth creation and risk management must go hand in hand. Saving helps create a financial cushion. Investing can help assets grow. Retirement planning prepares for life after employment. Insurance helps protect income, assets and financial goals against risks that could otherwise derail the plan.

For anyone who is currently navigating changing economic realities and paying close attention to the benefits available through national and workplace programmes, this is an opportune moment to take a wider view of one's financial security.

The question is not simply what benefits are available when something happens. It is what financial foundation you want to have in place before something happens.

"Protection is most valuable when it's acquired before it is needed," Mangal says. "The goal of all Sagicor Advisors is to assist our clients to make informed decisions today that support the financial security each person would want for themselves and their families tomorrow."

"Financial planning is ultimately about choices: what we want to achieve, the legacy we leave behind and how we prepare for uncertainty along the way, and insurance belongs in that conversation."

Key Takeaways: Integrating insurance into a comprehensive financial strategy is essential to protect accumulated savings and investments against unforeseen life events, moving beyond mere crisis management. While social security and employer benefits provide a baseline, personal protection must evolve as life circumstances and responsibilities change. Visit www.sagicor.com for more information.

Questions to Ask When Buying Life Insurance

Purchasing life insurance is a loving gift to your family's future. But, before committing to a particular policy or coverage type, it's wise to research the available options and ensure you understand how each of them works. Here are the key questions to ask:

Policy scope and type

There's no such thing as a one-size-fits-all life insurance policy. To figure out the coverage that's best for you, ask yourself the following questions:

How much coverage do I need?

First, consider how much financial support your family would need if you died. Consider your income, outstanding debt, the cost of final expenses, and the age and needs of your dependents. For example, if you have young children, you may require a policy with a larger death benefit than if your kids are already through college.

Online calculators let you estimate how much coverage you need. Absent a detailed calculation, one general guideline is to purchase a policy with a death benefit that is 10 to 15 times your income.

What's the difference between term and whole policies?

There are two main types of life insurance: term and whole life.

- Term: Term life insurance provides coverage for a specific period, such as 10, 20 or 30 years. The policy only pays the death benefit to your beneficiary if you pass away while the policy is in place. Term life policies are best for those who want relatively inexpensive coverage that provides for their loved ones in case of your death.
- Whole: Whole life policies are a type of permanent life insurance, meaning they stay in place as long as you keep up with the premiums. While whole life insurance policies do include a death benefit pay-out, they differ from term life coverage in that they can also build a cash value over time. Some people opt to use the cash-value portion as part of their long-term investment strategy. Whole life policies are typically more expensive than term coverage.

Features to compare across policies

Whatever the type, life insurance policies vary in features and options:

How will the death benefit be received?

Obviously, you can choose among a range of amounts for the sum your beneficiaries will receive upon your death. With most life insurance policies, that death benefit is paid as a lump sum. But, some policies offer an annuity payment in which life insurance proceeds are paid out in instalments. Which option is better depends on your family's needs and financial planning preferences.

Is there a cash value?

Term life policies only have a death benefit; they don't have cash value. By contrast, whole life policies can build a cash value over time. You can tap into that value to pay your premiums, take out loans or withdraw cash.

It's possible, though not with exactitude, to predict what a policy's cash value might be. Insurance companies do provide illustrations that show potential cash value growth over time, based on assumptions about interest rates and other factors. However, these are just projections, and the actual cash value may vary due to market conditions and other details about the policy.

What exclusions or limitations are there?

With most policies, there is a period of contestability. As a rule, insurers can deny a claim submitted within two years of its effective date if the policyholder misrepresented their information on their application. Often, claims resulting from death by suicide are also denied during this period. And, some policies – at any time – exclude payouts related to death during high-risk activities, such as sky-diving.

Understanding these details up front ensures a more streamlined process if a claim ever needs to be submitted.

Policy costs and company strength

Your policy type and death benefit amount are only some of the decisions you have to make. You also have to consider the cost and the reliability of your insurance company.

What are the life insurance premiums?

Be sure to choose a policy and death benefit amount that gives you premium payments that can comfortably fit within your budget. It's worth shopping around. Premiums for comparable policies can vary between companies, due to differences in underwriting practices and risk assessment, among other factors.

How stable is the insurance company?

You want the certainty that the life insurance company you select will be around for decades to come. A good way to evaluate a company's financial stability is to look up the insurer with AM Best, a credit rating agency focused on insurance companies. Most major companies have strong ratings. If an insurer were to fail – a rare event – state regulators work in various ways to ensure policyholders are made whole.

Other considerations before you buy

Before submitting your application, consider the underwriting process, in which your qualifications for the policy are evaluated.

How can you apply?

Some life insurance companies continue to use dedicated agents through which you obtain their policies. However, you may be able to apply through independent agents or brokers – either online or in person – that sell the products of many insurers. With other companies like Amica, you apply directly to the insurer, often through online applications or phone or chat services.

The agent and the insurance company will review your health care records and require you to complete a questionnaire about your health. You then proceed to the next step.

Is a medical exam required?

Typically, many life insurance companies require you to undergo a medical exam. After the exam, the insurance company will use the results to make their underwriting decisions. The entire process can take days to weeks to complete.

Some insurance companies offer a simplified or accelerated process that allows you to qualify for coverage more quickly, and without a medical exam. (Keep in mind that such no-exam coverage could be more expensive, due to greater uncertainty about your health.)

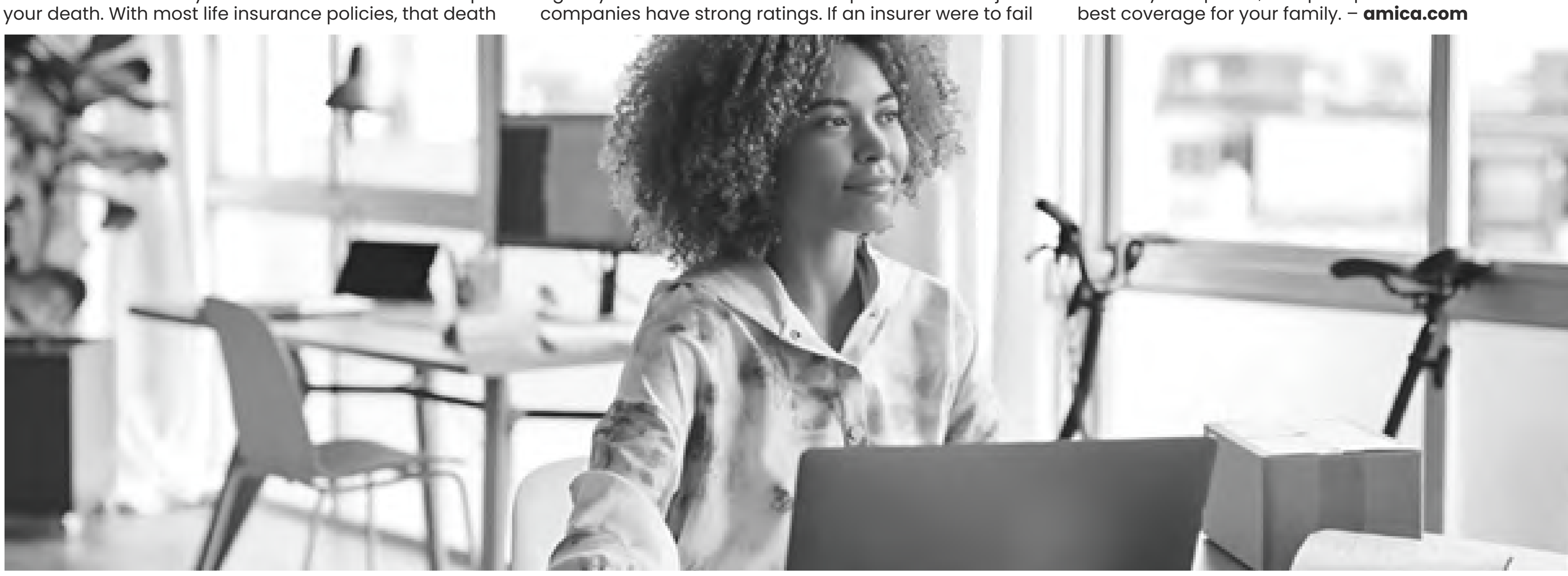
Can you adjust or upgrade your policy later?

Some policies allow enhanced protection through policy endorsements or riders. These optional add-ons give you additional coverage or higher limits.

For example, some policies offer terminal illness riders that allow you to access a portion of your death benefit if you're diagnosed with a terminal illness. There are some policies that also allow you to adjust your coverage over time by changing your policy. For example, you might be able to convert a term life policy to whole life coverage.

Get help as needed

Many, even most, people can buy life insurance without expert assistance, especially if they understand how the process works and what questions to ask. That said, don't hesitate to contact a trusted financial professional, including a financial planner or advisor to discuss your options, compare policies and ensure the best coverage for your family. – **amica.com**



Expanding hurricane insurance coverage for individuals in the Caribbean

PreventionWeb

Parametric policies designed for lower-income consumers could help bridge the disaster insurance gap.

Globally, uninsured damages from disasters add up to over US$160bn per year, with 96% of this protection gap affecting emerging economies. Parametric disaster insurance can help by offering protection to many of those who are most vulnerable to natural hazards.

The Yokahu insurance company offers small-scale parametric insurance policies against hurricanes in the Caribbean – typically covering individual households that would otherwise be uninsured.

Parametric insurance insures policyholders against the occurrence of a specified event, paying a set amount triggered by predefined parameters for that event. This allows a much quicker pay-out than traditional indemnity insurance that is based on the assessed value of damages.

PreventionWeb spoke to Yokahu CEO Tim McCosh about how this approach to disaster insurance could help to improve resilience.

Parametric insurance for lower-income consumers

"The initial offering is very much for consumers," McCosh says, noting that there is a gap in the market for those with modest incomes, whose assets and livelihoods would otherwise not be insured against disasters.

"In order to buy this themselves, they've got to have some sort of disposable income, so it's probably not for the very bottom segment of the market.... We think that we can have a meaningful impact for people... who can't afford [traditional] home insurance with hurricane cover."

"They're in this in-between segment that has a lot of exposure, but not very many ways to deal with it," he says.

Traditional indemnity insurance, based on the assessed value of losses incurred, is often out of reach of individuals in this segment of the market. To qualify, they would need to have a solid, concrete house and the premiums would be based on a percentage of the house's value.

"Their home is probably made of wood and therefore wouldn't be insurable in the first place," McCosh says.

In addition, when a claim is made the insured individual has to wait for an assessment of the damages before they see any benefits. Those who are worst affected, typically, live in less resilient houses and do not have a savings safety net; so, when disaster strikes, they need to be able to access funds quickly.

"We've done surveys – 90% of people in the Caribbean who responded to that survey had less than $250 to spend on hurricane protection," McCosh says.

A parametric model, in contrast, can pay out immediately. The premiums are relatively low, and the pay-outs fixed. If a hurricane with wind-speeds of 74mph strikes the area where the insured house is located, a payment is automatically triggered. The entire process is data driven, and therefore transparent.

"The specific way we do it is that a customer will give us the GPS location of their home and if that location experiences hurricane-strength winds then we make a payment," McCosh says.

"It's transparent – it has an agreed threshold, and when the threshold is met, the payment should be made. But equally, for the same risk, it should produce a cheaper premium."

"Parametric insurance typically has lower transaction costs [than indemnity insurance], since there is no need for costly and time-consuming loss adjusting," Kousky, Wiley & Shabman note in the journal Economics of Disasters and Climate Change. "Underwriting costs are lower since often all that is needed is a location; and claims management can be lower, since there tend not to be difficult legal disputes."

Employers and employees benefit

While the coverage is relatively inexpensive – policy premiums start at around US$60 per year, giving a US$800 payment in the event of a hurricane – McCosh acknowledges that even this may be out-of-reach for the poorer segments of the population. But he believes that employers may step up to the mark.

"We hope that well-meaning employers will seriously consider offering this to their staff, as a way of both retaining staff and providing a meaningful impact on the local economy. It would work as a kind of perk: you'd give your employees a personal policy each... exactly like they might get health insurance, they'd also get hurricane insurance," McCosh says.

"Different industries will have different reasons for offering it, but if you look at hospitality in the Caribbean, for example, significant hurricanes result in closures of hotels ... so those people are suddenly out of work. This happens when the economy is on its knees, so there aren't other jobs to go to."

"When they receive a payment, they can therefore look after their families, at least until new jobs open up ... or the hotel reopens in a few months and they can go back to work."

Cont'd on page 9

Why Adequate Insurance Coverage Is Essential

When the unexpected happens, policyholders want more than a policy—they want reassurance, guidance and a trusted partner to help them recover without having to absorb a significant portion of the loss themselves. Adequate insurance coverage provides peace of mind and gives individuals and businesses the financial resources to restore operations or rebuild what they have worked hard to acquire.

Under-Insurance

Adequate insurance does not simply mean having an insurance policy, it means having coverage that realistically reflects the current value and potential exposure of what is being insured. Under-insurance occurs when property is insured for less than its true replacement cost. To be truly protected, your property should be insured for its full replacement value.

Your insurance policy should reflect what it would cost today to rebuild, restore or replace your home, business, property or belongings after a loss. Many policyholders only discover the gaps in their insurance coverage after a loss, when they are depending on their insurance policy to help them move forward in the restoration of their homes or businesses.

Tip: Review your policy every two to three years and obtain a professional valuation, especially after renovations, major purchases or property changes.

Average Clause

Policyholders should also understand the Average Clause as if your property is under-insured, it means you are your own insurer for a proportion of the loss. If you are in doubt about the adequacy of your insurance coverage, ask your Insurer, Broker or Agent for guidance. Open conversations about insured values can help prevent surprises at the time of a loss.

As an example of how average works, if a property valued at $600,000 is insured for $300,000, it is insured for only 50% of its value. If damage totals $40,000, the claim settlement may also be reduced by 50% to $20,000 before any deductible or charges apply.

So, whether you have renovated, expanded, purchased new items or have not reviewed your policy recently, now is the time to take a look at your insurance coverage.

At its heart, insurance is about protection and partnership. Our CG United team is here to help you understand your coverage and protect what matters. **Visit cgcoralisle.com to connect with us.**


Photo Credit: CG United

Expanding hurricane insurance coverage for individuals in the Caribbean

Cont'd from page 8

"There's a vested interest for any business in the region because they all suffer from these events in slightly different ways, but if the bulk of the population receives a payment after these events, they will spend that money on making their circumstances better. As a result, the whole island or region will come back to life and recover faster, which means that businesses will re-open and profits will return. It's really just a way of paying forward and actually managing some of their risk," McCosh says.

"What to us in more developed economies might seem like a small amount of money will make significant difference to their well-being after these events, and to their future prospects as well."

Building trust and resilience

McCosh believes that this model can help build consumer trust in insurance products.

"Parametric insurance has the capacity to […] make people see [insurance] as a valuable service. It just needs to be done well and needs to deliver on its promises. We're at the very start of that journey as an industry," he says.

"Currently it is being used to complement existing disaster insurance and provide an option where more traditional solutions aren't affordable or aren't accessible," he says.

For now, Yokahu operates across nine Caribbean countries, but the company has ambitions to expand its cover globally.

Parametric micro-insurance could be part of a larger disaster risk reduction strategy. The coverage offered is not expected to entirely compensate for all damages, but it can provide a buffer to facilitate quicker recovery.

"The insurance industry needs to start stepping up and leading in this space," McCosh says. "The climate emergency is here, and these events are becoming more frequent."

The Demarara Mutual Story

For over 133 years, Demerara Mutual Assurance Society has been a trusted partner in protecting the lives and financial well-being of individuals, families, and businesses across the Caribbean. Headquartered in Guyana, with branches in St. Lucia, St. Vincent and the Grenadines, and Grenada, we are proud to have built a strong regional presence while remaining committed to the communities we serve.

Here in St. Lucia, Demerara Mutual continues that tradition by providing life insurance and financial solutions designed to support our customers through every stage of life. Our presence on the island reflects our commitment to serving the needs of the St. Lucian community and building lasting relationships with individuals, families, and businesses.

Since our beginnings in 1891 as a life assurance provider, Demerara Mutual has grown and expanded its presence throughout the Caribbean. In St. Lucia, our focus remains on providing life insurance and financial protection solutions that offer peace of mind, security, and support for the future. Whether it is protecting your family, planning for the years ahead, or securing financial protection for those who depend on you, Demerara Mutual is here to help.

What makes Demerara Mutual different is the solid protection we have provided to more than four generations of Caribbean people. As a mutual insurance society, we do not answer to shareholders. Our focus remains on our policyholders and their long-term interests. Every decision we make is guided by our responsibility to secure lives, safeguard futures, and provide exceptional value to those we serve.

Our commitment to quality and service is further demonstrated by our ISO 9001:2015 certification, an internationally recognized standard that reflects our dedication to continuous improvement, customer satisfaction, and operational excellence. For our customers in St. Lucia, this reinforces our commitment to providing a consistently high standard of service and placing their needs at the heart of our operations.

Our Mission

To surpass our customers' expectations by providing superior service through integration of people and technology.

Our Vision

To develop, promote and sustain a customer focused organization.

At our St. Lucia branch, our dedicated team is committed to providing guidance, support, and personalized service. We understand that every individual and family has different financial needs and goals, which is why we work closely with our customers to help them find life insurance solutions that are right for them.

For more than a century, generations of Caribbean people have placed their trust in Demerara Mutual because of our financial strength, stability, and track record of delivering on our promises. As we continue to strengthen our presence in St. Lucia and across the other Caribbean territories we serve, we remain focused on innovation, expanding our services, and making financial protection simple, accessible, and affordable.

At Demerara Mutual Assurance Society, every policy is more than just a document. It is a promise to protect what matters most and to stand by our customers through every stage of life.

Navigating the World of Insurance: A Comprehensive Guide

Cont'd from page 6

5) Travel Insurance

Purpose:

Travel insurance covers unexpected events during trips, including trip cancellations, medical emergencies, and lost luggage.

Who Might Need It:

Frequent travelers and individuals planning international trips. Travel insurance offers protection against unforeseen circumstances that can disrupt travel plans.

Key Concepts:

- Trip Cancellation Coverage: Reimburses non-refundable trip expenses in case of cancellation.
- Emergency Medical Coverage: Covers medical expenses during travel.
- Lost Luggage Coverage: Provides compensation for lost or delayed baggage.

6) Business Insurance

Purpose:

Business insurance protects businesses from financial losses due to property damage, liability claims, and other risks.

Who Might Need It:

Business owners, entrepreneurs, and anyone running a business. Business insurance is crucial for protecting assets and ensuring continuity in case of unforeseen events.

Key Concepts:

- General Liability Insurance: Protects against lawsuits for bodily injury or property damage.
- Property Insurance: Cover damage to business property.
- Business Interruption Insurance: Compensates for lost income during business interruptions.

Conclusion

Navigating the world of insurance can be complex, but understanding the different types and their purpose is a crucial step toward protecting yourself, your loved ones, and your assets.

Remember to assess your unique needs, consult with insurance professionals like JTS, and choose policies that align with your specific circumstances. –

jtsfs.com

What Is Banking? Working, Types & and Their Function

Banking: Overview and Operation

Key Takeaways

- Banking refers to a financial activity to manage and safeguard your hard-earned money
- Banks cater to all sorts of individuals, small businesses, and large corporations
- Banks offer financial management products, including various types of accounts and loans
- They offer convenient access to funds through services such as ATMs, debit cards, and credit cards
- Your bank also provides access to internet and mobile banking services

A fundamental aspect of leading a quality life is the management of finances. A bank is a financial instrument designed to assist you manage your money, so you may live free from financial uncertainty. Various financial services, such as investments and deposits, are provided by banks to facilitate the progressive accumulation of a corpus.

Photo Credit: master.dacyn04l9vrp2.amplifyapp.com

What Is Banking?

Banking suggests an activity whereby a licensed financial institution safeguards your money. It is possible to deposit your hard-earned money into Savings and Current Accounts, based on your financial needs. You may also generate attractive interest income by investing in interest-generating term deposits. Depending on the kind of account you open, banks also provide a large range of loans and overdraft capabilities. Upon becoming a bank customer, you have the option to access remote banking services online through mobile or net banking or visit your bank branch.

Open a DBS Bank Account Now

Functions of Banks

The functions of banks are essential for economic stability, enabling financial transactions, managing risks, and promoting growth. Key functions of banks include:

- Accepting Deposits – Banks offer savings and current accounts to safeguard your money while providing interest income.
- Providing Loans and Advances – Banks lend money to individuals and businesses through personal loans, home loans, business loans, and overdraft facilities.
- Enabling Digital Transactions – With the rise of digital banking, banks allow customers to make online transactions, pay bills, and transfer funds through mobile banking and online banking services.
- Facilitating Investments – Banks offer investment products such as fixed deposits, recurring deposits, and mutual funds to help customers grow their wealth.
- Ensuring Financial Security – Banks provide insurance products, locker facilities, and fraud protection mechanisms to safeguard customers' financial assets.

Types of Banking

Banking has evolved over the years to cater to different financial needs. Some of the major types of banking include:

- Retail Banking – This includes services for individuals such as savings accounts, debit and credit cards, loans, and digital banking solutions.
- Commercial Banking – Also known as business banking, this type of banking provides specialized services to corporations, including business loans, trade finance, and working capital management.
- Investment Banking – Focuses on helping businesses raise capital, manage mergers and acquisitions, and provide financial advisory services.
- Digital Banking – A modern banking approach where customers can manage their finances through online banking and mobile banking applications.
- Central Banking – Managed by a country's central authority (like the Reserve Bank), it regulates commercial banking and ensures economic stability.

How Does Banking Work?

Banks accept deposits and lend money to customers, other individuals, and businesses. They earn money from the facilities they provide. Banks also offer several products and services to their retail and corporate customers.

Interest Rate

When you open a savings account or a term deposit, the bank pays you interest against your investment. While savings accounts generate meagre interest rates, you can earn higher interest rates by opening fixed and recurring deposits. Banks also offer loans and charge competitive interest rates to build their customer base.

Cont'd on page 12

The Birth of Modern Insurance: Life Insurance and the Need for Stability

World History Journal

The latter part of the 17th century fueled a burgeoning interest in life insurance, driven by a changing societal landscape that increasingly valued individual financial security. As industrialization took hold and urban life expanded, personal and family financial threats loomed large; this transformation marked a crucial phase in the evolution of the insurance industry. Life insurance emerged as a response to the complex social dynamics at play, aimed at providing stability and peace of mind in an era characterized by unpredictable economic forces.

Initially, life insurance was somewhat rudimentary, revolving around burial clubs that offered members the promise of financial support upon death. However, as the Enlightenment era advanced, the growing emphasis on reason and individual rights spurred the development of more formalized financial products designed to mitigate risks associated with life events.

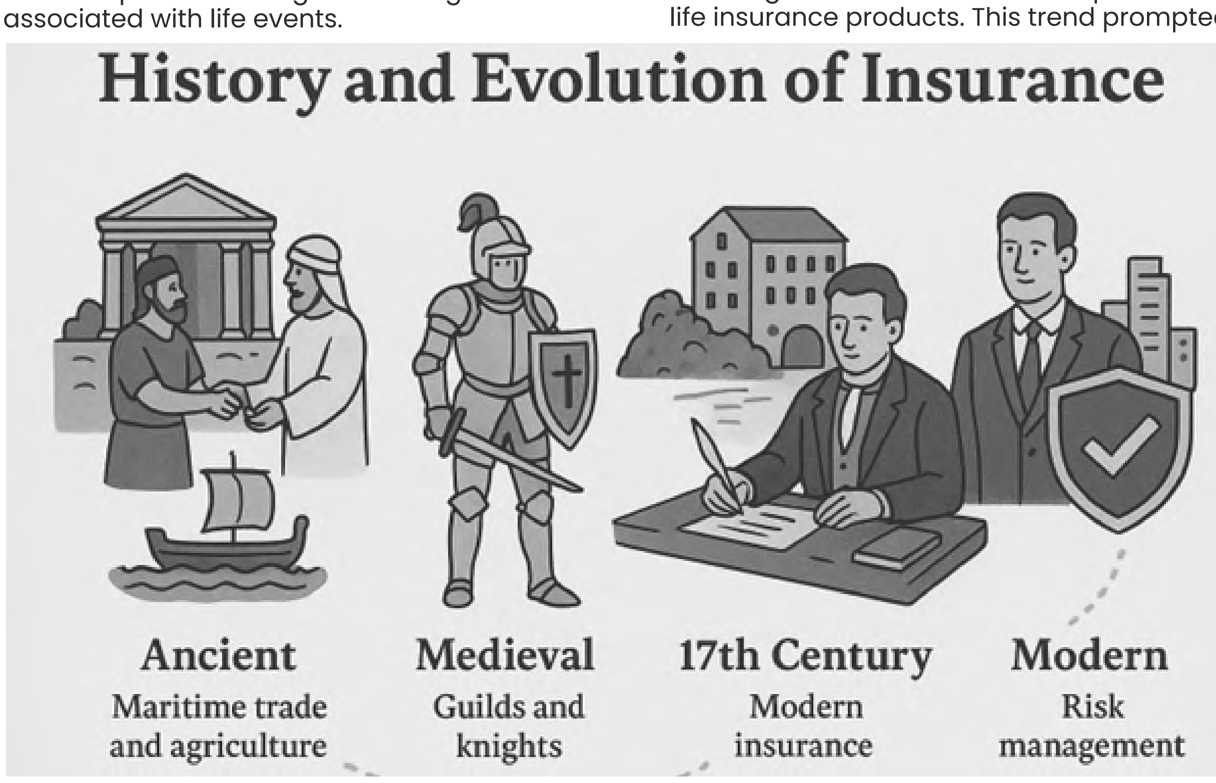


Photo Credit: theoakshousemuseum.org

The first recognizable life insurance policy is attributed to the Amicable Society for a Perpetual Assurance Office, established in 1706 in London. It aimed to provide members with a payout upon their death, ensuring that beneficiaries received financial support. The innovative nature of this society was its emphasis on actuarial principles; it utilized mortality tables to assess risk and determine premiums based on a policyholder's age and health. This scientific approach significantly differentiated life insurance from its predecessors and pioneered a more structured and predictable means of risk management.

As life insurance gained traction, prominent figures, such as Edward Rowe Mores, further advanced the industry. Mores published works advocating for the establishment of mortality tables and advocated for prudent underwriting processes to ensure the long-term viability of insurance companies. These advancements underscored a shift towards accuracy, financial security, and societal benefits through insurance.

The 19th century witnessed explosive growth in the insurance industry, fueled in part by urbanization and industrialization. Individuals faced increased risks, including factory accidents and health emergencies, leading to a heightened demand for comprehensive life insurance products. This trend prompted a diversification of policies to cover not only death but also disability and illness, thereby catering to the evolving needs of policyholders.

Simultaneously, the introduction of the life assurance policies provided families with a safety net to protect their financial future amid rising economic uncertainties. The private life insurance sector began to flourish, with companies like Prudential and Equitable Life emerging as pioneers, revolutionizing the landscape and aiming to maintain financial stability across societal segments. The industry also began to focus on marketing and outreach, enabling providers to target increasingly diverse populations.

In many ways, the rise of life insurance reflected broader cultural shifts toward risk aversion and community welfare, as the emerging middle class navigated the complexities associated with modern living. The concepts of "sanity" and "rationality" encouraged individuals to consider long-term financial planning, promoting the notion that insurance was not merely a commodity but a pathway to greater social stability.

By the end of the 19th century, life insurance had become an integral component of the financial landscape, laying the foundations for the modern insurance practices we recognize today. When significant events like the Great Depression hit in the 1930s, the established life insurance industry weathered the storm, reinforcing its value to society during times of crisis.

In summary, the birth of modern life insurance epitomizes the interplay between socio-economic evolution and individual risk management. Behind its development were emerging societal needs and desires for stability, ultimately reshaping the financial landscape. Life insurance expanded beyond mere speculation to become an essential instrument fulfilling financial responsibility, community reliance, and security. As a result, it transcended its origins in mutual aid associations and transformed into a powerful tool for social stability and economic resilience.

What Is Banking? Working, Types & and Their Function

Cont'd from page 11

Bank Cards

Banks offer complimentary ATM-cum-Debit Cards when you open an account with them. Some banks also provide credit card facilities, but the provision is subject to your relationship with the bank and the funds you maintain in your account. Banks typically charge a meagre annual fee for maintaining your ATM-cum-debit card, whereas you may get complete waivers or have to pay a nominal fee for credit card maintenance.

Additional Services

Additional Banking services include various insurance products (offered complimentarily with specific credit and debit cards), overdraft facilities, foreign exchange currency, and remote banking facilities. While banks levy competitive charges for most services, they offer free internet and mobile banking services.

FD and RD in Banks

Banks offer Fixed Deposits (FDs) and Recurring Deposits (RDs) as secure investment options to help customers grow their savings.

Fixed Deposits (FDs):

Fixed Deposits require a one-time lump-sum investment for a predetermined tenure, typically ranging from seven days to 10 years. They offer higher interest rates compared to savings accounts, with rates varying between 3% and 7%, depending on the bank and tenure. Premature withdrawal may incur penalties, and the interest earned is taxable.

Recurring Deposits (RDs):

Recurring Deposits allow customers to invest a fixed amount monthly for a predetermined period, typically six months to 10 years. They generally offer interest rates between 3.5% and 8%, which can be higher than those of savings accounts. RDs encourage regular saving habits and are ideal for individuals with a steady income stream.

Why Is Banking Necessary?

- Allows individuals, governments, and corporations to get the necessary financial support.
- Enables you to borrow funds at competitive interest rates.
- Allows borrowers to manage their cash flow.
- Empowers you to initiate instant money transfers and make payments remotely.
- Assists with high-value investments and transactions.

Role of Banking in Personal and Business Finance

Banking plays a crucial role in financial stability, supporting both personal and business growth. Here's how it impacts different sectors:

- For Individuals
- Provides secure savings and investment options, such as fixed and recurring deposits.
- Enables convenient transactions through online banking and mobile banking.
- Offers credit options like personal loans and credit cards to manage expenses.
- Facilitates instant fund transfers for seamless financial management.
- For Businesses
- Supports capital investment through commercial banking services.
- Provides working capital loans, overdraft facilities, and trade finance.
- Enhances financial efficiency with digital banking and automated payment solutions.
- Helps manage risk through insurance, foreign exchange services, and secure transactions.

What are the Latest Trends in Banking?

As of February 2025, India's banking sector is undergoing significant transformations influenced by technological advancements, regulatory changes, and evolving customer expectations. Here are some of the latest trends shaping the industry:

1. Enhanced Digital Banking Services: Banks are increasingly offering comprehensive digital platforms, where customers can easily open a bank account online, enabling them to perform a wide range of transactions online, including fund transfers, bill payments, and investment management. This shift towards digital banking aims to provide greater convenience and accessibility.
2. Focus on Cybersecurity and Data Privacy: With the rise of digital banking, there is an increased emphasis on robust cybersecurity measures to protect customer data and prevent cyber threats. Banks are implementing advanced security protocols and educating customers on safe banking practices.
3. Introduction of Sustainable and Green Finance Products: Financial institutions are launching products that support environmental sustainability, such as green bonds and eco-friendly investment options. This trend allows customers to align their financial decisions with their environmental values.

Final Note

The Reserve Bank of India controls all banking policies and financial activities implemented in India. Among other duties, the Reserve Bank of India (RBI) sets base interest rates, determines policies, and monitors financial transactions. After this, banks can set appropriate rates and profit from the several goods and services they offer. The concept is to guarantee fair trade policies for consumers and banks.

What Is a Credit Union?

Written by Christopher Smith

Credit unions are member-owned organizations that offer traditional banking services.

They're legally structured to put people before profits. As such, you may be able to earn more money on your savings and pay less interest on loans by letting a local credit union handle your banking needs.

Money expert Clark Howard says he's a big proponent of credit unions: "Because they're owned by the membership, their whole structure is about serving the member instead of gouging the customer."

What Is a Credit Union?

A credit union is a not-for-profit organization that offers many of the same products and services as a traditional bank.

But by their nature, credit unions exist to serve their members. They often offer more personalized customer service, more favorable terms on loans and none of the "gotcha" fees that big traditional banks have a reputation for imposing.

Although there are a few national credit unions, most are local or regional and require membership. They're generally a safe place to bank, and they allow you to borrow money at reasonable rates.

Local credit unions may be a better option for individuals who prefer the in-person experience. But there are no major differences in the products and services that local, regional and national credit unions offer.

Here's How Credit Unions Work

When you become a member of a credit union, you're technically buying shares of a cooperative.

In other words, you become part owner of the credit union. And as a part owner, your vote counts. You can help elect a volunteer board of directors and you can have at least some level of influence on the programs the credit union offers.

I've seen credit unions described as "cooperative structures" that create a "cycle of mutual assistance." If that sounds like teamwork to you, it is. The members of the credit union pool money together. One member's savings account can become another member's loan with the credit union acting as a facilitator. What is the difference between this and a regular bank loan? The facilitator isn't taking a profit-minded cut. There are no investors to please in the middle.

Because credit unions are not-for-profit organizations, any income they generate is reinvested in projects and services that benefit the community and its members. This can take the form of a financial education and literacy program, charitable giving, or reinvesting profits for the benefit of members by offering higher interest on savings accounts or lower interest on loans.

Although the Federal Deposit Insurance Corporation (FDIC) does not cover credit unions, the National Credit Union Administration (NCUA) provides the same $250,000 in deposit insurance. So no matter what happens, your money is safe.

Clark says to make sure the credit union you choose has NCUA coverage. All federal credit unions are required to be NCUA insured. Most local credit unions are backed by the NCUA, but some may not be.

Credit Unions vs. Banks: Advantages and Disadvantages

If you're deciding where to open your financial accounts, you may be trying to choose between a credit union and a bank.

Both of them offer safety for your money. You can open a checking account, a savings account and get a loan from either type of institution. Widespread access to ATMs is common for both.

Much like online banks, credit unions usually don't own national ATM networks. But they usually offer access to ATMs through third-party companies that service multiple credit unions and online banks.

How To Become a Credit Union Member

Not long ago, credit union membership required a common bond. That could be achieved in four ways:

1. Employer. Lots of employers sponsor their own credit unions, like the Navy Federal Credit Union for military personnel.
2. Family member. If you're a close relative of a credit union member, you can often become a member as well.
3. Physical location. Many credit unions allow you to become a member if you live, worship or attend school in a specific city or state.
4. Membership in Another Organization. Being a member of a certain church, labor union, homeowner's association or school may qualify you.

These days, many credit unions have relaxed their membership rules. You can often become a member just by making an initial deposit or making a small donation to a charity or interest group. **clark.com**

Photo Credit: bankrate.com

5 Benefits of Digital Banking for Today's Busy Consumer

In today's fast-paced world, time is of the essence. Consumers are constantly seeking efficient and convenient solutions to manage their finances amidst their hectic schedules. Digital banking has emerged as a transformative force, offering a wide range of benefits to busy individuals. By leveraging technology, digital banking has revolutionised the way we handle our financial transactions.

What is Digital Banking?

Making end-to-end banking services accessible through the internet is what digital banking is all about. From opening an account to applying for products and accessing personalised money management services, digital banking brings the bank to the customer's fingertips. If you haven't experienced this new-age banking yet, download our Liv app to get started.

Advantages of Digital Banking

Here's a look at 5 key advantages of digital banking that cater to the needs of today's busy consumers:

24/7 Accessibility and Convenience

One of the most significant advantages of digital banking is its round-the-clock accessibility. Traditional banking hours often clash with individuals' busy schedules, but digital banking eradicates this inconvenience.

With digital banking, customers can access their accounts and conduct transactions anytime, anywhere, using their smartphones or computers. Whether it's transferring funds, paying bills, applying for credit cards or checking account balances, the convenience of digital banking empowers busy consumers to manage their finances efficiently, even during odd hours.

Time Saving

By streamlining financial processes, digital banking ensures process efficiencies thereby saving consumers' valuable time. Tasks that previously required physical visits to a branch, such as depositing checks or applying for loans, can now be accomplished with a just few taps on a screen through mobile banking applications.

Online banking platforms offer features like mobile check deposit, where customers can simply take a photo of a check and deposit it digitally. The ability to initiate transactions remotely and complete financial tasks quickly frees up time to focus on other priorities.

Enhanced Financial Monitoring

Keeping a close eye on one's finances is crucial in today's dynamic economy. Digital banking offers an array of tools and features that empower consumers to monitor their financial health effectively.

Real-time notifications can be set up to alert users of any account activity, ensuring they stay informed and aware of any potential fraudulent transactions. Furthermore, customers can access detailed transaction histories, expense categorisation, and spending insights, helping them gain better control over their finances and make informed decisions.

Seamless Integration with Financial Services

Digital banking seamlessly integrates with various financial services, amplifying its convenience factor. Today, consumers can link their bank accounts with payment apps, e-wallets, and other digital platforms, enabling effortless transfers and payments.

Moreover, many digital banks offer direct integration with budgeting apps and personal finance management tools too, thereby simplifying the process of tracking expenses, creating budgets, and setting financial goals. This interconnectedness eliminates the need for manual data entry and fosters a holistic approach to managing one's financial life.

Robust Security Measures

Rapid technological advancements in fintech have enabled banks to protect customers' financial information. Today banks employ robust encryption protocols, multi-factor authentication, and biometric verification techniques to ensure the security of online transactions.

Features such as the ability to lock or freeze accounts temporarily, report suspicious activity promptly, and set up transaction alerts further strengthens safety. This provides peace of mind for busy consumers who are always on the move, allowing them to transact digitally without compromising their sensitive data.

Here for Good

Digital banking is the way forward. It emerged with the increasing demand for more efficient ways to access banking services and financial transactions beyond the brick-and-mortar branches and quickly grew into a necessity in these fast-paced times.

And, with further technological advancements in Artificial Intelligence, Data Management and Cloud Computing, digital banking will only continue to be reared and refined to create an ecosystem that provides ultimate convenience and flexibility in the years to come. -Liv

How many bank accounts should you have? It's more than you think

Having multiple bank accounts can help you budget better and maximize the interest you earn.

Andreina Rodriguez Associate Reporter, CNBC Select

A common rule in personal finance is to diversify your income, but that same theory can apply to your bank accounts.

Spreading out your money across different checking and savings accounts can mean you secure a good return on your cash, all while keeping your finances organized according to your different goals. Let's dig in.

How many checking accounts should you have?

For most people, one checking account is enough to cover everyday needs: receiving paychecks, paying bills and managing expenses. However, a second account can be helpful in specific situations, such as opening a joint account with a partner or family member or keeping business finances separate from personal spending.

What to look for in a checking account

- Minimum balance requirements: Some accounts require a minimum balance to avoid paying monthly maintenance fees. Make sure the minimum is manageable and that you're aware of any penalties for falling below it.
- Access to funds: Look for accounts that offer convenient access to your money, including a debit card, ATM availability, online banking and local branch access — especially if you regularly withdraw cash.
- Fees: In addition to maintenance fees, there may be other charges such as overdraft fees, non-sufficient funds (NSF) fees and foreign transaction fees. Choose a checking account with zero fees.
- How many savings accounts should you have?
- Savings accounts play an important role in your financial health but many people don't take full advantage of using more than one. Ideally, you should have at least two: one for emergency savings and another for future goals, like a vacation or a down payment on a home.
- While traditional savings accounts are common, they typically offer little to no return on your money. Meanwhile, online high-yield savings accounts can offer APYs far above the national average. This makes them ideal for long-term savings, as your money can grow more effectively over time.

That said, it may still make sense to keep your emergency fund only in a traditional account for quicker access. Since high-yield accounts are usually online-only, transferring funds to your main checking account in an emergency, for example, could take a few days.

What to look for in a savings account

- Minimum balance requirements: Check if there's a minimum deposit to open the account or to maintain daily to avoid fees.
- Withdrawal limits: Some savings accounts only allow you to take out cash a maximum of six times per month.
- Fees: You can definitely find a no-fee savings account these days.
- Reasons why you should have multiple accounts
- There are many reasons why having multiple bank accounts can be a good idea for you.
- Separate finances from significant other
- Couples or family members often benefit from a joint checking or savings account for shared expenses, like rent or groceries, while still maintaining personal accounts for privacy and individual spending.
- Separate personal and business finances
- If you freelance, own a small business or have a side hustle, having a separate business account can help you track income, expenses and taxes more clearly. It can also make budgeting and bookkeeping easier.
- Goal-based savings
- You may want to open separate accounts for measuring specific savings goals, like a vacation, wedding, home down payment or holiday gifts. This can make savings more organized and motivating. Some online banks even let you label each savings account with the intended goal.
- Bank incentives
- Many banks offer sign-up bonuses, referral rewards or cash-back perks. Opening accounts at different institutions allows you to benefit from various promotional offers and features that suit your financial habits.
- Pros and cons of having multiple bank accounts
- Having multiple bank accounts can be of benefit to you, but we point out the drawbacks as well.
- Tips for managing multiple accounts
- Having more than one bank account can be a smart financial move, but it takes some organization to avoid confusion or missed payments.
- Label your accounts
- One of the most important things you can do is clearly define the purpose of each account. For example, you can label one as you "emergency fund" and another for "everyday expenses." If your bank or budgeting app allows nicknaming, take advantage of the feature.
- Automate transfers and payments
- Another tip is to automate transfers and bill payments. Also, set up recurring transfers from your main checking account into your savings accounts. This way, you're saving consistently without having to think about it. You can also automate bills like rent or your monthly credit card payment, so they're paid out of the correct account on time.
- Stay on top of your accounts
- To stay on top of your balances and avoid overdraft fees or missed deposits, make it a habit to review your accounts regularly. You can use a budgeting app or a spreadsheet to track which account is for what, especially if you're juggling accounts across different banks.
- Monarch is great if you're looking for an easy platform. Both the app and the website present information clearly and don't feel overly crowded. Honeydue is also great for couples looking to budget together, as you can view each other's bank accounts, credit cards, loans and investments, as well as any progress on shared goals.

FICS-ing On The Future

Financial Investment and Consultancy Services Limited (FICS) has become a cornerstone of Saint Lucia's financial sector, playing a pivotal role in shaping the island's economic landscape since its inception. Founded by Sir George Theophilus, the institution was incorporated in November 1991 and officially opened to the public on 24 February 1992. From the outset, FICS was envisioned as a diversified financial entity that would provide both individuals and corporations with access to credit and a wide range of financial services. Unlike traditional banks, FICS operates as a non-bank financial institution but is authorised to accept deposits from the public. This unique positioning allows it to bridge the gap between conventional banking and alternative financial solutions, offering flexibility and innovation while remaining firmly grounded in regulatory frameworks such as the Banking Act of 2015, the ECCB Agreement of 1983, and the Companies Act of 1996.

The company's headquarters at #15 Bridge Street in Castries places it at the heart of the island's commercial activity. In 2014, recognising the growing demand for financial services in the north, FICS expanded by opening its first branch at the Providence Commercial Centre in Rodney Bay, Gros Islet. This strategic move allowed the institution to serve one of Saint Lucia's fastest-growing economic hubs. Further diversification came through its subsidiary, Credit and Real Estate Development Limited (CARED. These expansions reflect FICS's commitment to accessibility, convenience, and diversification, ensuring its services reach a broader segment of the population while strengthening its presence in key economic zones.

Over the years, FICS has established itself as a financially strong and technically efficient institution, embodying resilience and adaptability. Its strength lies in its ability to remain highly diversified in the services it offers, ranging from deposit-taking and lending to advisory and consultancy. This diversification enhances competitiveness and ensures the company can withstand fluctuations in the financial and economic environment. By offering competitive pricing, FICS positions itself as a viable alternative to traditional banks, appealing to individuals and businesses seeking affordable solutions. Its dynamism in responding to changes demonstrates a forward-thinking approach and an ability to innovate in the face of challenges.

The institution's portfolio of services is wide-ranging and tailored to meet the needs of different segments of society. On the investment side, FICS offers Fixed Deposit Accounts, the Supplementary Pension Programme (SPP), and the Senior Citizens Monthly Interest Investment Plan(SCIP Monthly), providing secure savings options and retirement-focused products. On the lending side, the company provides Personal Loans, Mortgage Loans, and financing for Repairs and Renovations, among other facilities. These offerings empower Saint Lucians to save strategically, plan for retirement, and access affordable credit for personal and business growth.

Equally important is FICS's responsiveness to the social needs of Saint Lucians. The company recognises that financial institutions play a critical role not only in economic development but also in social progress. It actively engages in initiatives that contribute to youth development and the alleviation of social challenges. This dual focus on financial strength and social responsibility has cemented FICS's reputation as a trusted and respected institution in Saint Lucia. By promoting financial literacy and encouraging prudent investment practices, FICS contributes to the creation of a financially savvy population better equipped to navigate the complexities of modern financial systems.

Looking ahead, FICS remains committed to its founding principles while embracing new opportunities to serve the people of Saint Lucia. Its continued success will depend on its ability to adapt to evolving financial trends, maintain strong regulatory compliance, and deepen its engagement with the community. More than just a financial institution, FICS represents a vision of empowerment, resilience, and community development. Its journey from inception to expansion illustrates a story of growth and innovation, positioning it as a beacon of financial strength, innovation, and social responsibility for generations to come.

Photo Credit: FICS

Interest Rates 101: A Guide for Parents and Teens

mydoh.ca

Interest may seem like an abstract concept, but learning what it is and how it operates is a fundamental step toward financial literacy for tweens and teens. Here's how to make interest work for your kids.

"Neither a borrower nor a lender be...." Sounds like old Polonius in Shakespeare's Hamlet never had to navigate the modern banking world. These days, borrowing and lending are baked into most of our day-to-day financial lives. Swiping a credit card is a form of borrowing money, while depositing funds into a savings account is technically lending money to your bank.

If you think about the big, hairy stuff that can be hard to afford up front—like a house, a car, a home reno, or a post-secondary education—you start to realize that debt is a reality for most people.

And where there's borrowing, there's interest! In this article, we walk you through the basics so you can explain them to your kids and teens: how to calculate interest, ways in which you earn or pay interest, and how interest rates are set in Canada.

Key takeaways

- Interest can be thought of in two ways: either as extra money earned through savings or extra money paid out on borrowed money.
- There are two types of interest: simple and compound. Both types are calculated using standard mathematical formulas—your scientific calculator can do the job.
- Interest is different from annual percentage rate, or APR, which includes charges such as handling fees.
- Interest is best earned by parking cash in a high-interest savings account (HISA) or a guaranteed investment certificate (GIC).
- Interest can be charged on all loan products: credit cards, lines of credit, car loans, and mortgages.
- Interest rates in Canada are determined by the policy rate set by the Bank of Canada.
- Lending institutions will factor in a person's income, whether they have a down payment, and any assets to help determine interest rates on a loan.
- Comparing financial products is one of the best ways to find interest rates that work for you, whether you want to earn higher interest on savings or pay the lowest rate possible on a loan.

What is interest?

The simplest interest definition is this: an additional fee that's charged for borrowing money. If you take out a loan or use a credit card, the lender charges loan interest. On the flip side, if you keep money in a savings account or invest it elsewhere, you will receive interest.

Whether you know it or not, cash travels far and wide. In its physical form, a toonie can go from one end of the country to the other, bouncing from convenience store to tip jar to donation box. The same is true of investments, savings, and loans. While you're fast asleep, your money travels from your bank account to other banks, businesses, and even the upper chambers of government—and beyond.

Where does interest come in? You can think of it as a toll paid for getting your money from place to place. Sometimes you're the one receiving the fare; sometimes you're the one paying it.

Types of interest

How you calculate interest on a loan or a savings account can differ depending on the type of lending or borrowing. Broadly speaking, interest falls into two different categories: simple interest and compound interest. Let's break it down by looking at how they each work if your money earns interest:

Simple interest

Simple interest is calculated on the initial loan amount (or the "principal") and not on any additional interest earnings. It's the most straightforward type of interest. For example, if you deposit $1,000 into a bank account that pays out 1.5 per cent annually in simple interest, you can expect to make $15 in interest every year—but not a penny more!

Compound interest

Compound interest is interest that builds on the initial investment, or principal, plus any interest that gathers on top of the principal. So if you deposit $1,000 into a bank account that pays out 1.5 per cent annually in compound interest, you can expect to make $15 in your first year, just shy of $15.25 the next year, and even more in following years. This increase comes from your initial investment plus whatever interest was added to the principal in the previous year. Compound interest is commonly calculated on products ranging from high-interest savings accounts to guaranteed investment certificates (GICs) to bonds.

How is interest calculated?

It's math time! In all seriousness, learning how to calculate interest isn't that tricky. Dust off your scientific calculator and follow along:

How to calculate simple interest

As mentioned above, simple interest is only paid out on your principal. You can calculate simple interest by multiplying the principal by the interest rate and then by the loan term. It looks like this:

Simple interest = (principal) [(yearly interest rate as a decimal) x (years in the loan term)]

Let's go back to that $1,000 deposit, earning a simple interest rate of 1.5 per cent annually. If you wanted to find out how much you could earn in 10 years, it would look like this:

Simple interest = $1,000 (0.015 x 10) = $150

After 10 years, you will have made $150 in interest. When you add that to your principal, you have a total of $1,150. Not bad!

How to calculate compound interest

Say you invest your $1,000 in a savings account that pays out compound interest annually, or once a year, for 10 years. Here's what that calculation would look like (note that ^ means "to the power of"):

Compound interest = (principal) [(1 + (yearly interest rate as a decimal) / years)] ^ [(number of times interest is compounded per year) (years in the loan term)]

The difference here is that the interest gets added to your principal year over year, so the interest you're earning grows exponentially over your term length rather than just multiplying itself every year. When you consider a $1,000 investment compounding annually at a rate of 1.5 per cent, this is what it looks like numerically:

Compound interest equation:
= $1,000 [1 + (0.015 / 10)] ^ (1×10)
= $1,000 (1 + 0.0015) ^ 10
= $1,000 (1.0015) ^ 10
= $1,000 x 1.16054082503
= $1,160.54

Note that the above equation combines the principal and the interest for a total sum.

With compound interest, you can expect to make $160.54 in interest after 10 years, for a total of $1,160.54.

You may have noticed that the difference between simple and compound interest over 10 years on $1,000 is just $10.54. But the bigger your principal, and the longer you keep investing, the more you can expect that figure to snowball.

How can I earn interest?

Interest is best earned in places where you can park cash: high-interest savings accounts and investments. When you put money into a savings account, for example, your bank may use this money and lend it out to other people and businesses. Depending on the type of account you have, a financial institution might pay you interest for this. Your money is still yours, and you won't notice the balance going down, but that's what happens behind the scenes.

Here are three types of interest-generating savings accounts:

1. High-interest savings account (HISA)

A HISA generates a little more interest than a standard savings account—the range is between 0.5 and 2 per cent, which is paid out monthly. This type of account is useful for keeping short-term savings for specific goals—for example, first and last months' rent, an emergency fund, or a dream vacation.

2. Guaranteed investment certificate (GIC)

A GIC is the set-it-and-forget-it interest-yielding savings product: You take a lump sum of money and make an agreement with your bank that you're not going to withdraw it for a set period of time (usually between one year and five years, with shorter options available). In return, the bank offers you an interest rate, which can either be paid throughout the year in simple interest or continue to compound until your term ends. The interest rate on GICs offered by banks usually ranges from below one per cent to as high as three per cent; the longer you park your money, the higher the interest rate. The only drawback is that if you want to cash out early, you'll likely get dinged with an early withdrawal fee.

3. Tax-free savings account (TFSA)

Anyone over the age of 18 with a valid SIN can open a TFSA. At first glance, a TFSA is a savings vehicle just like any other that earns interest over time. But as the Transformers song goes, there's more here than meets the eye—a TFSA is a savings account that can contain savings accounts.

How? The money in your TFSA can be plain old cash, or it can take the form of stocks, bonds, ETFs, mutual funds, and more. For example, you could purchase a GIC from your bank and park it inside a TFSA.

Why bother? TFSAs offer two big advantages:

- Any interest earnings you make are tax-free (hence the name!), as are any withdrawals. Using the GIC example, if it's not parked inside a TFSA, you must declare any interest earned on your federal tax return.
- There is no withdrawal fee or penalty for taking money out of the TFSA, with one exception: If your money is wrapped up in a non-redeemable GIC, it must be held until maturity.

Because there are tax incentives to keep money in a TFSA, the government sets annual limits on individual contributions. For 2022, it's $6,000. However, any unused contribution room can roll over to the next year. For example, someone who turned 18 in 2018 and never contributed to a TFSA before can contribute up to $29,500 in 2022. If they go over that amount, they'll have to pay a one per cent monthly penalty of the extra contribution.

Cont'd on page 18

Photo credit: MyDOH.CA

Monetary Policy Tools in Action: How Caribbean Central Banks Combat Inflation

CariCRIS

One of central banks' key roles is maintaining price stability. This usually means a stable and predictable rate of inflation. Authorities care about the rate of inflation because out of control inflation can cause several problems including erosion of purchasing power, uncertainty of investments for businesses and households, increasing vulnerability of pensioners and others on fixed incomes, higher union demands, less competitive exports and a greater need for the government to spend (often borrow) on social protection programs. To control the rate of inflation, central banks will utilize the tools at their discretion. The use of these tools is what economists call Monetary Policy.

The tools available to central banks can broadly be categorized into two groups, direct and indirect. Direct tools are reserve requirements, direct credit control, direct interest rate control and direct lending. Indirect tools are open market operations (OMOs, the buying and selling of government securities), interbank lending rates and repo rates. The general idea behind direct tools is to increase/decrease the money supply, increase/decrease interest rates, or both. The general idea behind indirect tools is to influence banks to act in a way that achieves a similar result, that is, an increase/decrease in the money supply, an increase/decrease in interest rates, or both. Economist will often talk about monetary policy transmission, which is how successful the tools are in getting banks and the overall economy to positively respond to the central bank's direction. The selection of a tool or a sub-set of tools is partially dependent on the transmission mechanism.

The regional inflation rate rose to 9.6% in 2022 from 3.0% in 2020 and 6.7% in 2021, and in some regional countries such as Suriname and Jamaica, 2022's inflation was as high as 52.4% and 10.3% respectively. What's more, the expectation at the time was that inflation would stick around for a while. Indeed, that turned out to be true as inflation remained stubbornly high in 2023, averaging 7.9% for the region and as high as 51.6% in Suriname and 6.5% in Jamaica. Such inflation required central banks to respond. The common prescription is for central banks to raise interest rates, as was done in the USA, Eurozone and UK, but not all regional central banks raised rates, in fact, Jamaica was the lone major regional economy to do so, though effective August 21st 2024, their policy interest rate was reduced by 25 basis points to 6.75% in response to inflation now comfortably within the Bank of Jamaica (BOJ) target of 4-6%. The other regional economies (Trinidad and Tobago, Barbados, the Organization of Eastern Caribbean States (OECS) and Guyana) kept rates steady. Why?

While central banks try to manage inflation, they have to be wary of being disruptive to economic growth. Raising interest rates tends to cool off economic activity since the cost of borrowing and investing becomes more prohibitive. Additionally, if the central bank raises its policy rate, but banks are flushed with liquidity (essentially, a high level of deposits versus loans) then the monetary policy transmission mechanism will be weak and interest rates in general could remain stagnant or even decline! Central banks in such an economy may choose to use another policy tool such as increasing the reserve requirement (essentially, reducing the amount of liquidity) causing a tightening on credit activity through a lowering of the supply of loans and therefore higher borrowing rates. A further reason for some regional policy interest rates' immobility could be the extent of capital controls. As the USA and other countries raised their interest rates, the attractiveness of money or capital flowing to those countries is increased unless the domestic economy also responds with rate hikes. However, if foreign currency cannot easily leave a country, such as in Barbados, Trinidad and Tobago and the OECS because of fixed or managed exchange rates and/or availability of foreign exchange, then the pressure to raise domestic interest rates in response is much smaller.

Instead of interest rate adjustments, Trinidad and Tobago, Barbados, Guyana, Suriname and the OECS relied more heavily on fiscal policy and alternative monetary policy tools such as the reserve requirement and OMOs. It is not a one size fit all or use of a single tool when it comes to monetary policy and each central bank would use what is appropriate to its main objectives and conditions at the time.

Regional inflation is expected to decline to average 4.3% in 2024 and 3.6% in 2025. Jamaica and Suriname are expected to see material disinflation over the two years. Achieving the end result of price stability is what matters.

The ultimate guide to crushing bank fraud

Latinia

Banking fraud has become one of the greatest challenges facing financial institutions in the era of digital banking. As online payments, mobile apps, and new digital financial services continue to grow, fraudsters are finding more opportunities to exploit technological vulnerabilities or manipulate users themselves, forcing banks to be more vigilant than ever in protecting both their assets and their customers.

Today's threats range from credential theft through phishing attacks to scams that trick customers into authorizing fraudulent transfers. The impact is not limited to financial losses; it can also damage a bank's reputation, weaken customer trust, and increase regulatory pressure.

Protecting your institution from fraud requires a comprehensive approach that combines advanced technology, real-time analytics, and rapid customer communication whenever suspicious activity is detected.

In this article, we examine the main types of banking fraud, how they are evolving in the digital landscape, and the measures banks can take to reduce their impact.

What Is Considered Banking Fraud?

Banking fraud encompasses any activity intended to obtain money, assets, or financial information through deception, manipulation, or unauthorized access to banking systems and accounts.

With the growth of digital banking and online payments, these practices have evolved and now combine technological techniques with social engineering strategies targeting both banks and their customers. Within this context, it is useful to distinguish between three concepts that commonly appear in most fraud incidents:

- Banking scams: involve deceiving an individual into voluntarily handing over money or sensitive information.
- Banking fraud: refers to the unlawful acquisition of money or assets through the misuse of accounts, identities, or financial systems.
- Phishing: an impersonation technique used to obtain credentials or financial information by pretending to be a trusted entity through fraudulent emails, messages, or websites.

Main Types of Banking Fraud

Bank fraud is a multifaceted challenge that evolves with the financial landscape, particularly as digital platforms become more prevalent.

As traditional banks adapt to the rise of neo-banks and other digital banking solutions, they face new types of fraud that exploit these emerging technologies.

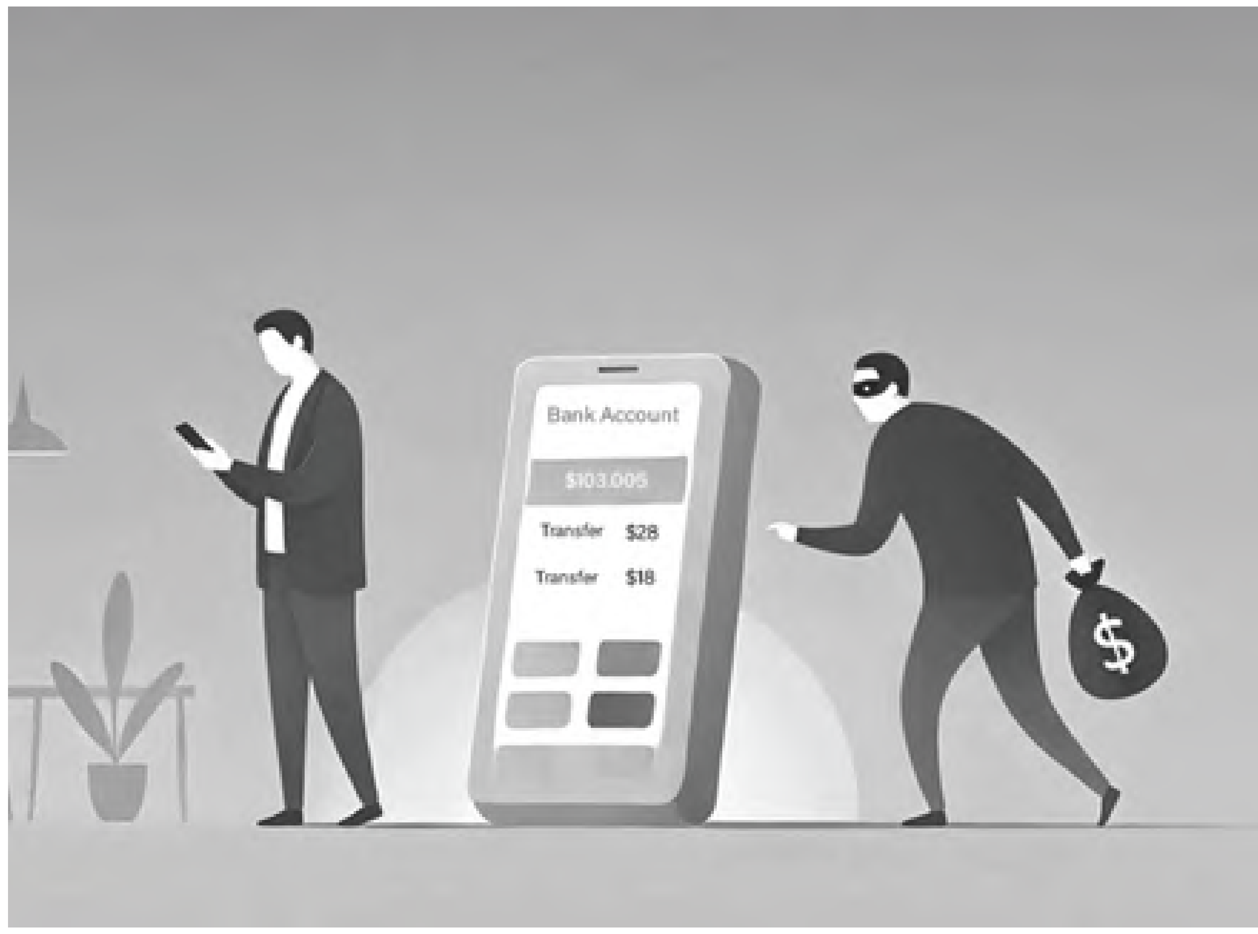
1. Identity Theft

Identity theft remains one of the most common forms of bank fraud, where criminals use stolen personal information to access bank accounts and commit fraudulent transactions.

In some cases, attackers do not simply use stolen real data but create synthetic identities by combining authentic and fabricated information to bypass verification controls and account-opening processes.

The 2023 Global Banking Fraud Index highlights the increasing frequency of such incidents, particularly as more banking interactions move online. This shift has made it easier for fraudsters to gather the information they need through data breaches and phishing attacks.

Identity-related attacks were the leading entry point for cybercriminals in 2025, accounting for 67% of investigated incidents worldwide, according to Sophos' Active Adversary Report 2026.



2. Account Takeover

Account takeover fraud is a significant concern in the digital banking era. This occurs when a fraudster gains control of a legitimate customer's bank account, often through phishing or social engineering tactics. Once inside, they can drain funds, make unauthorized purchases, or conduct illicit transfers.

Account takeover is one of the top threats that financial institutions report, mainly because criminals use more sophisticated methods to bypass traditional security measures.

According to Veriff's Fraud Report 2026, more than 85% of detected fraud attempts involve identity impersonation techniques, reflecting the growing importance of attacks based on credential theft and account control.

3. Digital Payment Fraud

The rise of neo-banks and real-time payment systems has led to increased digital payment fraud. In particular, Authorized Push Payment (APP) fraud, where customers are tricked into authorizing payments to fraudsters, has become more common.

The SEON report indicates that 75% of all fraud losses in U.S. financial services in 2022 were related to phishing, often leading to APP fraud (SEON).

According to the European Central Bank and the European Banking Authority, the value of payment fraud in the European Economic Area reached €4.2 billion in 2024, representing a 23.5% increase compared to 2023.

4. Loan Fraud

Loan fraud involves using false information to obtain loans or credit under fraudulent pretenses. This can range from inflating income on a mortgage application to using stolen identities to secure auto loans. Loan fraud is particularly damaging because it often results in significant financial losses for lenders, which may not be discovered until the loan defaults.

The rise of digital lending platforms, including those associated with neo-banks, has added complexity to loan fraud detection, as the speed and convenience of online applications can sometimes outpace traditional verification processes.

5. Insider Fraud

Insider fraud, while not as technologically driven as other forms, remains a significant threat. Employees with access to sensitive information or financial systems can misuse their positions for personal gain.

As banks digitize more of their operations, the risks associated with insider fraud increase, particularly if adequate internal controls and monitoring are not in place.

How Has Fraud Evolved in Digital Banking?

As digital banking continues to expand, fraudsters are constantly developing new tactics to exploit technological vulnerabilities and manipulate users.

According to Veriff's report on the future of finance, fraudulent activity in financial services increased by 21% between 2024 and 2025, reflecting the growing sophistication of attacks across digital channels.

Neo-banks, which often offer more streamlined and less traditional banking experiences, are particularly vulnerable due to the rapid adoption of new technologies and sometimes less stringent compliance frameworks. Both high-tech fraud, such as SIM swapping and man-in-the-middle (MitM) attacks, and low-tech scams, like phishing, are on the rise as fraudsters look for new channels to exploit.

The Impact of Banking Fraud on Financial Institutions

Banking fraud does not only result in direct financial losses. It also generates operational costs, regulatory risks, and reputational damage that can seriously affect the stability and growth of financial institutions.

According to the True Cost of Fraud Study 2025, for every dollar lost to fraud, banks may incur up to 4.6 times that amount in total costs when incident investigations, customer reimbursements, and related operational expenses are taken into account.

Additionally, Veriff data indicates that 13% of financial sector leaders report losses of up to 20% of annual revenue due to fraud, limiting their ability to invest in innovation and digital transformation.

Beyond the financial impact, fraud creates other significant risks for financial institutions:

- Reputation: incidents involving identity fraud, account takeover, or social engineering quickly erode customer trust.
- Regulatory compliance: regulations such as the Digital Operational Resilience Act and the General Data Protection Regulation require strict controls over security, authentication, and data protection.
- Operational costs: investigating incidents, managing claims, and recovering funds consume resources and place additional strain on risk and compliance teams.

Cont'd on page 19

Interest Rates 101: A Guide for Parents and Teens

Cont'd from page 15


Photo credit: MyDOH.CA

Which account is right for me?

The best way to figure out what's right for you is to think about your goals. Are you hoping to make the maximum amount of interest on some money that you may have to tap into later? Consider storing it in your HISA. Can you absolutely wait a few years before withdrawing your savings? Maybe a GIC or another investment vehicle like a TFSA is a better bet.

When do I pay interest?

You pay interest when you borrow money from a bank, financial institution, or other lender (sometimes even family members). Loans can be in the form of a credit card, a personal loan, a line of credit, a mortgage, or a student loan.

What you pay in interest differs between loan products. With a credit card, you only pay interest on the outstanding balance that you carry from month to month. So if you pay off your credit card bill in full every month, you won't need to pay interest.

For mortgages, you pay interest on top of your payments, which can be on a weekly, biweekly, or monthly schedule, and you get to choose between a fixed interest rate and a variable interest rate.

Variable interest is subject to increases or decreases based on the prime lending rate (more on that below), while a fixed interest rate is one that you're locked into for the length of your borrowing term. So if you're on a fixed interest rate and the prime lending rate goes down, you can't take advantage of that lower interest rate. At the same time, if the prime lending rate goes up, you don't have to pay any more than what you've already agreed to pay.

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What else determines my interest rate?

The prime lending rate is a big factor in determining how to calculate your interest rate, but it's not the only one. The interest rate you pay is also influenced by other factors, including:

- The type of loan you're taking out
- Your credit score and credit history
- The term length
- Your employment status, salary, and earnings

Together, these factors create a borrower profile that helps give banks an idea of how reliable a borrower will be in repaying their loan amount.

How to find a good interest rate

Whether you're borrowing money or putting funds away for a future date, you don't necessarily have to settle for the first interest rate that crosses your path. With a little digging, parents and teens can find the best rates available. Here's how:

1. Shop around

Take a look at what different banks and lending institutions are offering. Poke around a few websites to compare rates, and don't hesitate to call a financial institution directly and ask—you're not wasting anyone's time since lending money is what banks do! If you don't qualify for the best rates today, ask how you can work toward qualifying tomorrow. A savvy bank will set aside time for you, because today's teens are tomorrow's lifetime banking customers.

Photo credit: MyDOH.CA

2. Get a regular income

Lenders need to know that you can pay the loan back. Your having a regular paycheque tells them you can handle some debt on top of other expenses, such as food and rent, which could help lower the interest rate on a prospective loan.

3. Save for a down payment first

Not only does having a down payment for big-ticket items like cars or fancy exercise equipment lower your overall loan amount, it also shows your commitment to paying down the loan, which might garner you a better rate. Even if it doesn't affect the interest rate, with a smaller loan you'll pay less overall interest on the lower balance.

4. Have collateral

While teens likely don't have much in terms of collateral—assets used to secure a loan such as real estate, a car, or investments—it's still good to know that these assets can help lower interest rates on a loan later on. Collateral is attractive to lenders because if you can't pay back the loan, they can simply take possession of the collateral.

5. Safeguard your credit history

The last factor that can determine your interest rate is your credit history. If you have a good or excellent credit score, a history of responsible debt repayment, and a secure job paying you a regular income, the bank has less worry about recovering its funds. A good credit score also means you may be able to negotiate a lower interest rate on loans.

On the other hand, having no or a low credit score, or any incurred debt, also influences the cost of borrowing. These factors may make you appear unreliable, so your lender could impose a higher interest rate or limit the amount you're able to borrow.

While you won't be able to control the prime lending rate or your credit card APR, you can improve your creditworthiness. The earlier you start building your credit score, the better a position you'll be in when it's time to take out a mortgage or small business loan.

Why it's important to understand your interest rate

Whether you're saving money or borrowing it, it's important to compare financial products to understand what interest rates are available to you. Especially when considering a loan or a credit card with a high APR, you'll want to understand exactly what fees are involved before you sign the paperwork. The difference of a few percentage points may not seem like much at first, but even small numbers can have a snowball effect on the total amount you'll pay. And if the dollar value of what you owe doesn't scare you, the impact on your credit score if you fall behind on payments might!

Paying interest may be hard to avoid, but the bright side is that earning it is relatively easy. By understanding the difference between simple interest and compound interest and maximizing interest earned while minimizing interest incurred through debt, teens will be well on their way to making smart financial decisions for life. And when they're empowered to make their own day-to-day financial choices with the help of Mydoh, money-smart teens are much easier on their parents.


Photo credit: MyDOH.CA

The ultimate guide to crushing bank fraud

Cont'd from Page 17

Solutions and Preventive Measures Against Banking Fraud

To effectively prevent banking fraud, financial institutions must combine advanced technology, strong operational controls, and effective customer communication. The constant evolution of fraud techniques requires prevention strategies that integrate early detection, secure authentication, and rapid responses to suspicious activity.

Here are key measures that banks can implement to prevent fraud:

1. Authentication and Security Protocols

With the increasing complexity of fraud schemes, it's crucial for banks to enhance their security protocols. This includes:

- Multi-Factor Authentication (MFA): Requiring multiple forms of verification before granting access to accounts can significantly reduce the risk of unauthorized access. MFA combines something the user knows (like a password) with something they have (like a mobile device) or something they are (biometrics).
- Encryption and Secure Communication Channels: Ensuring that all data transmitted between the bank and customers is encrypted can prevent interception by fraudsters. Secure communication channels, such as encrypted messaging within banking apps, also help safeguard sensitive information.
- Regular Security Audits and Penetration Testing: Periodic reviews and testing of security systems can help identify vulnerabilities before fraudsters can exploit them.

EXPERT TIP

Anti-fraud strategies must balance security and customer experience. Excessive friction in authentication processes can negatively impact legitimate users without necessarily preventing fraud attempts.

2. Implement Strong Customer Verification Processes

Ensuring that only legitimate customers can access services is fundamental to fraud prevention. This can be achieved through:

- Robust KYC (Know Your Customer) practices: Strong KYC procedures help verify customer identities during account opening and throughout the customer relationship. This reduces the likelihood of fraudsters using stolen or synthetic identities to open accounts.
- Biometric verification: Using biometric data such as fingerprints or facial recognition provides an additional layer of security, making it more difficult for fraudsters to impersonate legitimate customers.

3. Fraud Detection Through Artificial Intelligence

Advanced technologies play a critical role in fraud detection and prevention:

- Fraud detection algorithms: Machine learning and AI algorithms can analyze vast amounts of transaction data to identify patterns indicative of fraud. These systems can flag suspicious activity in real time, allowing banks to take immediate action.
- Real-time transaction monitoring: Continuous transaction monitoring enables banks to detect and respond to unusual activity as it occurs, reducing the window of opportunity for fraudsters to succeed.

4. Real-Time Fraud Alerts and Communication

Timely and effective communication with customers is essential for preventing and responding to fraud. Here is how banks can improve their communication strategies:

- Real-time alerts and proactive outreach: Banks should implement systems that immediately alert customers when suspicious activity is detected. This allows customers to quickly confirm or reject transactions. In addition, banks can proactively contact customers if their accounts display unusual behavior, ensuring potential fraud is addressed quickly.
- Two-way communication channels and emergency support: Secure, real-time communication channels enable customers to report suspicious activity or respond to alerts effectively. Providing direct access to emergency support hotlines further ensures customers can receive immediate assistance when they suspect their accounts have been compromised.

5. Internal Training and Customer Awareness

Human error remains a common entry point for fraud. Banks can reduce this risk by:

- Recognizing social engineering tactics: Training employees to identify and respond to social engineering attempts, such as phishing and pretexting, is essential. Employees should understand how fraudsters may manipulate them into disclosing sensitive information.
- Building a security-aware culture: Creating a workplace where security is a priority helps ensure that everyone—from tellers to executives—remains vigilant against potential threats.

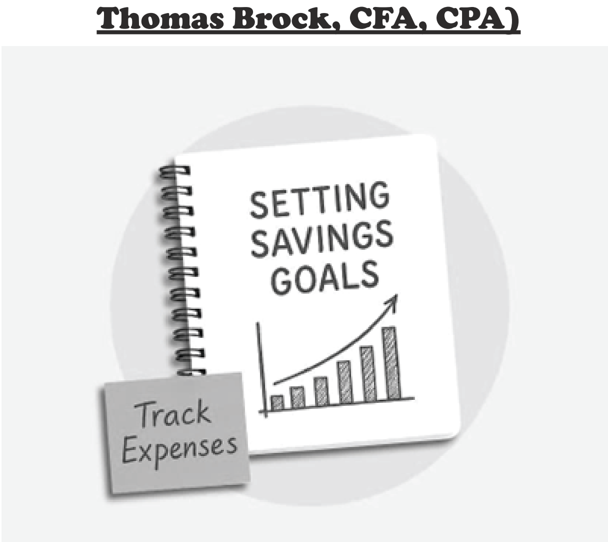
6. Collaboration with Industry Peers and Regulatory Bodies

Fraud prevention is more effective when financial institutions work together:

- Sharing Threat Intelligence: Banks can benefit from sharing information about emerging threats and fraud tactics with each other and with industry bodies.
- Participating in Industry Networks: Involvement in networks like the Financial Services Information Sharing and Analysis Center (FS-ISAC) can help banks stay informed about the latest threats and best practices in fraud prevention.

6 tips to set (and hit) your savings goals

Bankrate, Karen Bennet (Edited by Yuliya Goldshteyn; Reviewed by Thomas Brock, CFA, CPA)



Key takeaways

- Specific savings goals work better than vague intentions to "save more money" — define exactly what you're saving for.
- Setting deadlines and breaking large goals into smaller monthly targets makes them more achievable.
- Creating separate accounts for each goal helps you track progress and avoid spending savings on other things.
- Automating your savings removes the temptation to skip contributions and ensures consistent progress toward your goals.

Setting savings goals is one of the most effective ways to build wealth and achieve financial security. Without clear targets, it's easy to spend everything you earn and wonder why your savings never grow.

The difference between people who successfully save money and those who struggle often comes down to having specific, well-planned goals rather than vague hopes to "save more." When you know exactly what you're saving for and have a realistic plan to get there, saving becomes much easier and more rewarding.

Here's how to set savings goals that actually work and the strategies that will help you achieve them consistently.

1. Choose specific, meaningful savings goals

The first step to successful saving is defining exactly what you're working toward. Instead of saying "I want to save more money," identify specific goals like "I want to save $15,000 for a house down payment" or "I want to build a $10,000 emergency fund."

Start with an emergency fund if you don't have one already (here's our guide to building one). Aim for three to six months of expenses saved in a readily accessible account. This might seem like a large amount, but remember that this calculation is based on your necessary expenses, not your total income.

"Have the emotional conversation with yourself about your money and what you hope it accomplishes."

— Amy Irvine, Cfp, Owner of Rooted Planning Group

If your ultimate emergency fund goal feels overwhelming, break it into smaller milestones. If you need $15,000 total, make your first goal $1,000, then $2,500, then $5,000. These smaller targets feel more achievable and give you regular wins to celebrate.

Other common savings goals include a vacation, new car, home improvements or major appliances. The key is choosing goals that genuinely matter to you rather than what you think you "should" save for.

2. Set realistic deadlines for your goals

Once you know what you're saving for, decide when you want to achieve it. Setting a timeline creates urgency and helps you calculate how much you need to save each month.

"Setting yourself up for success means a plan and a schedule," says Ari Baum, CFP, founder and CEO of Endurance Wealth Partners. "Figure out your monthly or weekly contributions to reach your goals."

For shorter-term goals like a vacation next year, your timeline might be fixed by external factors. For longer-term goals like retirement, you have more flexibility in setting your target date.

Use your timeline to calculate monthly savings targets. If you want to save $6,000 for a vacation in 12 months, you'll need to save $500 per month. If that feels like too much, you can either extend your timeline or adjust your goal amount.

3. Create separate accounts for different goals

Keeping all your savings in one account makes it hard to track progress toward specific goals and easy to accidentally spend money intended for one purpose on something else. Setting up different savings accounts for each major goal solves this problem. You can see exactly how much progress you've made toward each objective, and you won't be tempted to "borrow" from your vacation fund to cover other expenses.

Many banks offer savings accounts that let you create separate "buckets" or sub-accounts within one main account. This feature gives you the organizational benefits of multiple accounts without the hassle of managing several different account numbers.

When prioritizing multiple goals, focus on necessities first. Building an emergency fund typically takes priority over vacation savings. If you need a reliable car for work, that might come before other wants.

Remember that FDIC insurance covers up to $250,000 per depositor, per bank, per ownership category. If you're saving substantial amounts, consider spreading your money across multiple banks to ensure full coverage.

4. Track your progress consistently

Monitoring your progress keeps you motivated and helps you identify problems before they derail your goals. Check your account balances at the end of each month to confirm you've saved the amount you planned.

If you're falling short, look at your budget to see where the money went. Maybe your grocery spending was higher than expected, or you had an unusual expense that month. Understanding what happened helps you adjust for the next month.

A simple spreadsheet can work well for tracking multiple goals. Create columns for each goal, your target monthly savings, actual monthly savings, and total progress. Seeing your balances grow over time provides motivation to keep going.

Many budgeting apps can automate this tracking for you. They connect to your accounts and show your progress toward each goal without manual data entry...

Set up account alerts that notify you when you make deposits or when your balance reaches certain milestones. These small celebrations along the way help maintain momentum toward your larger goals.

5. Break large goals into manageable pieces

Big savings goals can feel overwhelming, which makes it tempting to give up before you start. Breaking them into smaller, more manageable chunks makes them feel achievable.

If you want to save $5,000 for a vacation in 12 months, thinking about it as $416 per month might feel daunting. But $104 per week or about $15 per day might feel more manageable.

You can also create milestone celebrations along the way. When you reach 25 percent of your goal, treat yourself to something small (within your budget). These intermediate rewards help maintain motivation during longer savings periods.

Consider adjusting your approach if weekly targets still feel too high. Look for specific ways to reduce spending rather than just hoping you'll spend less. Maybe you pack lunch twice a week instead of buying it, or you choose a streaming service instead of cable.

Cont'd on page 20

6 tips to set (and hit) your savings goals

Cont'd from page 19

Photo Credit: Magnific

6. Automate your savings to remove temptation

Automating your savings is one of the most effective ways to ensure you actually reach your goals. When money moves to savings automatically, you never have the chance to spend it on something else.

Set up automatic transfers from your checking account to your savings accounts to occur right after payday. This "pay yourself first" approach treats savings like any other essential bill that must be paid.

Brian Walsh, Jr., co-founder of Walsh & Nicholson Financial Group, says that automatically moving the money helps it stay out of sight so you don't spend it. He also recommends using an investment account when it makes sense for your situation. "Set up an investment account, whether it be a Roth IRA, IRA or brokerage account, and have a set dollar amount going into that account each paycheck," he says. "You can set up your bank account to automatically transfer to the investment account."

You can automate different amounts for different goals. Maybe $200 goes to your emergency fund, $300 to your house fund, and $100 to your vacation savings each month. Adjust these amounts based on your priorities and timeline for each goal.

Savings goal statistics

- Americans' top financial goals for 2025 included paying down debt (21 percent), saving more for emergencies (12 percent) and getting a higher-paying job or an additional source of income (11 percent) according to Bankrate's Financial Outlook Survey.
- Less than half of people (41 percent) say they would be able to pay for an unexpected $1,000 expense from their savings per Bankrate's 2025 Emergency Savings Report.
- Less than one-third of U.S. adults — 27 percent — have no emergency savings at all, as of May 2024 polling, according to Bankrate's Emergency Savings Report.

Why are savings goals important?

Saving money is one of the most important steps toward financial freedom. Whether you're building an emergency fund or saving for a major purchase, having money set aside means you can handle unexpected expenses and opportunities without going into debt.

Savings goals provide direction for your spending decisions. When you know you're working toward something specific, it's easier to skip unnecessary purchases and focus on what really matters to you. Plus, working toward clear goals can give you a sense of progress and control over your financial future.

What should I do if I fall behind on my savings goal?

Life happens, and sometimes you'll miss your savings targets. Don't let temporary setbacks derail your entire plan.

Treat savings goals like a marathon, not a sprint. If an unexpected expense forces you to skip a month or two of savings, adjust your timeline rather than abandoning your goal completely.

Sometimes falling behind is a sign that your original goals were too aggressive. Be honest about what you can realistically achieve given your income and necessary expenses. It's better to have modest goals you actually reach than ambitious ones that constantly frustrate you.

Bottom line

Setting up savings goals is a way to help ensure you'll have the money for emergencies, as well as things you need and want. After defining what you're saving for and working out a realistic timeline, it's important to track your progress every month. This can be part of a regular budgeting process, whether you're using pen and paper, a spreadsheet or a handy budgeting app.

Ultimately, having defined savings goals can help you save money more quickly and afford the things you want while staying financially healthy and keeping out of debt.

Ready to start working toward your goals? Explore high-yield savings accounts to maximize your progress, or consider money market accounts that offer competitive rates with some additional features.


Photo Credit: Bankrate