



MWANGA RURAL COMMUNITY BANK

Fiction and facts related to a foreign bank



As the benefits of having an account in **foreign bank**, there are many people are trying to capture this opportunity. Whether you are looking to reduce the tax deductions, want to have access to different currencies, want to invest your money in another country for getting more interest or just want to keep it safe and secure; a foreign bank account will meet all your needs. As more and more people are now trying to have an account in the foreign banks, it is becoming harder to get qualified for the one. Due to this reason, you are recommended to do the registration as soon as possible to avoid complication. However, here we are going to mention some fictions and facts related to the foreign bank accounts.

Fiction- Having account in a **foreign bank** is not good because they are not able to pay the high interest rates they claim. If they are really paying the high rates then US banks would have tried to compete with them.

Fact- If you are also thinking so, then you should examine the financial statements of US banks. Though their gross profits that they earn from the customer deposits range from 25-40 percent, but there are strict limits for the interest rates that they can pay to their customers. The fact is that the US banks spend their earnings on the non-productive tasks and unnecessary frills, which cause them to limit the interest rates that they pay to their customers. In contrast, the offshore banking doesn't get involved in such tasks and aim at sharing profits with their customers. It lets the foreign banks to pay higher interest rates to their customers.

Fiction- You may lose all your money deposited in the foreign banks as they are not regulated.

Fact- In reality, every country has its own set of rules and regulations for governing the banks that provide offshore banking opportunities to the people. These regulations are not only different in every country, but they are also much less restrictive than the US banking regulations. Due to this reason, the foreign banking provides better opportunities to their depositors and investors, letting them earn more profit. Though the regulations are less strict in the offshore banking, but it is only due to the reason that they want their customers to have an easy access to their money. These regulations do not affect the safety of your finances.



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Fiction- Foreign banking is only for the rich people.

Fact- If you still believe this then you are not aware of the latest rules and regulations of the foreign banking. The statement was true about 25 years ago, but now all the people can grab this opportunity as the accounts are opened for as less as \$500. Every person who is over 18 and some money with him can consider having account in a **foreign bank**.

Fiction- Money withdrawals are difficult to carry out in offshore banking; you cannot have access to your money when you need it.

Fact- In reality, the foreign banking is known for 100% liquidity. You can have access to your money when you need it; only you are required to submit a request through email or fax. Moreover, when you create an account in a foreign bank, you are provided with an ATM card, which you can use to withdraw your money whenever required. In contrast, the domestic banks run out of money many a times, which deny you to have access to your money.

Fiction- Foreign banking facilities do not have FDIC insurance.

Fact- Well it is true that some of the foreign banks are not insured by FDIC, but majority of the banks are insured in one way or another. These banking facilities are insured by the independent insurance companies and unlike FDIC; they insure 100% of the deposits. Moreover, the foreign banking is self-insured as they have the liquidity factors equivalent to 100% of the deposits. Due to this reason, the foreign banks cannot run back on money and are able to meet their depositors' demand. This also makes the foreign bank facilities more secure than FDIC insured banking because the FDIC insured banks are restricted to maintain a liquidity factor of only 10% of the total public deposits.

Fiction- Foreign banking is not stronger.

Fact- The reality is totally opposite than your expectations; there are a number of well-established foreign banks which provide better facilities, enhanced security and safety, along with an easy access to your money. As they offer high interest rates on deposits, lower rates on the loans, access to number of currencies and much more; they are stronger than many of the US banks.

After reading all the above mentioned facts, you would have understood the significance of foreign banking in securing your assets. So, if you want to gain the various benefits then you should not delay having an account in a **foreign bank**.