Lesson 7

Banks and Insurance Companies



What is a bank?

A bank is a **business** place that looks after **money** and **valuable things** (such as deeds, wills, family heirlooms) for its customers. People can open bank account both as individuals and businesses. Money deposited in a bank over a period of time earns **interest**. This is an amount paid by the bank to the customer. For example, the bank may pay $10.00 interest for every $100.00 deposited with it for a whole year. This is called 10 percent interest.

At a bank, you can also buy travellers' cheques or the currency of other countries. Tourists exchange travellers' cheques for Bahamian currency at the bank. People can also save money, buy bank draft or change a personal cheque for cash, withdraw money with a bank teller or at an ATM, make payments with credit card or apply for or borrow money at banks. Government employees or workers are paid through banks.

There are many different commercial banks in The Bahamas. **Commercial banks** offer their services to local people as well as tourists. There are also many **offshore** banks on our islands. An **offshore bank** is one where foreigners deposit their money for various reasons. There are **also trust banks** in our country.

Banking is very important to The Bahamas because many people are employed in this type of business. Our banks handle large sums of money from countries around the world. Some of the profits obtained from banking go into the public **treasury**. This is then used for the needs of the country.

Insurance Companies

Insurance Companies provides many services to the Bahamas. Here are a few of them:

1. **Health insurance** which assists us with the cost of medical care.
2. **Protection for property** such as a house, boats, and vehicles.
3. **Life insurance**. This is a scheme that pays a sum of money to the family and other persons when the life insurance dies.

Insurance companies provide jobs for the people of The Bahamas. They also lend money to some of their customers.

Banking and finance, therefore, make big contributions to our country's **revenue**. It is the second-largest source of income after tourism.

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