

Money is essential in a modern society to enable people to exchange goods and services that are produced and consumed.

Everyone needs to understand the basic ideas about money, what the financial term is and how the financial system works, especially savings and loans.

This is particularly important for SACCO members whose business depends on operation involving money.

Savings: accumulating wealth for the future.

Savings is setting aside of a part of one's current funds for future use. Is a means to an end, i.e. future consumption. When someone wants to save they generally open up a savings account at a local financial institution (SACCO), bank, etc)

Individual savings habits depend on values and attitudes towards saving for future consumption or living for the present. One of the most frequent reasons given for not saving is that there is no convenient or safe place to deposit funds. This is an important reason for joining a SACCO.

Investment: is the process of saving and produce future wealth. Savings are invested in various ways, such as short and long term savings accounts or purchase of shares in a business (SACCO).

Deposits: are future assets for those who hold them. Deposits are liquid assets because they can quickly be converted into cash compared to non-financial assets, such as animals, land or buildings.

Interest: this is the amount of money paid to the owner of a deposit account to compensate him or her for the investment.

Demand deposits are with-drawable any time the person wishes.

Term deposits are accessible after a specified agreed period.