

# New Savings Account Interest Calculation Methodology Basis Daily Balances



Date	Transaction	Amount	Balance	Old System			New System			
				Amount	Days	Interest	Amount	Days	Interest	
1-Apr	Salary	50,000	50,000	–	–	–	50,000	4	21.92	
5-Apr	Withdrawal	25,000	25,000	–	–	–	25,000	15	41.10	
20-Apr	Expense payment	10,000	15,000	–	–	–	15,000	11	18.08	
30-Apr	Closing balance		15,000	15,000	30	44	–	–	–	
				<b>Total</b>			<b>44</b>	<b>Total</b>		<b>81.10</b>

All figures in Rs

Please refer the table above and notice the balances maintained throughout the month. In the new daily balance based interest regime interest will be paid on Rs. 50,000 for four days (1st to 4th of the month), then on Rs. 25,000 for 15 days (5th to the 19th of the month) and finally on Rs. 15,000 for 11 days (20th to the 30th of the month). Therefore, the total interest earned on various available balances will amount to Rs. 81.10 higher than what is earned per the earlier norm.

$$\text{Interest} = ( \text{Amount} * \text{Days} * 4\% ) / 365$$