

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 | - | - | - | |
| | | | | Total | | | 44 | Total | | 81.10 |

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.

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