

262 DISCLOSURE OF EFFECTIVE RATES OF INTERESTS

Banks are required to disclose to depositors the following information on interest computation and payments:

- a. Type/kind of deposit;
- b. Nominal rate of interest and period covered;
- c. Manner of interest payment, i.e., whether credited in advance or otherwise;
- d. Basis of interest payment, i.e., whether based on average daily balance compounded quarterly or otherwise;
- e. Effective rate of interest expressed as a simple annual rate, on the basis of the information above given and indicating the formula used to arrive at the effective rate of interest; and
- f. Illustration of basis of computing interest on a hypothetical deposit account.

Copies of the abovementioned information shall be made available to each and every depositor by attaching these copies to savings deposit passbooks and time deposit certificates.

Posters disclosing the above information and aggregate deposit rates shall also be displayed conspicuously within the bank premises.