

# **TYPES OF OFFSHORE ACCOUNTS YOU CAN OPEN**

## **CURRENT ACCOUNT**

A Current Account is the most common type of foreign bank account. It is the most popular one because it gives you the most flexibility in managing your money. It allows you to withdraw all or part of your account balance at any time. Most Current Accounts pay interest on your balance. You can maintain your Current Accounts in U.S. Dollars, or you can have your money invested in any number of foreign currencies. Some offshore banks offer "multi-currency" privileges. You can deposit monies in one type of currency and withdraw funds in another currency. Most current accounts also provide you with checking privileges, and with the proliferation of ATMs, some offshore banks will even provide you with an electronic banking card. The most popular electronic banking card being issued by offshore banks is the "Eurocard".

## **DEPOSIT ACCOUNT**

A deposit account is similar to a time-deposit or CD in the US. It is an interest-earning savings account that you open with a bank in a foreign country. The rates of interest offered to Deposit Accounts vary according to the currency of the account and the length of time for which the money is deposited. The longer the money is deposited, the higher the interest rate. Aside from the length of the deposit, the size of the deposit also helps determine the interest rate. Most deposit accounts require a minimum deposit of \$2,500 or more. Deposit accounts are not as liquid as current accounts, and you may be prevented from withdrawing your money for a period of time. As with a current account, you will receive a semiannual statement of the account's activity.

## **NUMBERED ACCOUNT**

Also known as the "invisible account", this type of service is popular in Switzerland, Belgium, Luxembourg, and Mexico, all of which provide Numbered Accounts. The basic difference with conventional bank accounts is that a numbered account is an account identified by a number, rather than by the name of the account holder. As a result, it provides a certain amount of protection and privacy, especially if bank records or passbooks are lost or stolen. It is important to remember what a numbered account is not: a numbered account doesn't mean that no one at the bank knows who the real account holder is. It just means that clerks at the bank who handle data entry or clerical transactions will not know your identity.

## **SAFEKEEPING ACCOUNT**

This service is just like a safety deposit box account in any bank. You get this type of account to

deposit such things as bonds, stocks, and other valuables. But it also has an added feature. If you have coupons that you redeem, the bank will do it for you. They will clip the coupons, redeem the bonds, and do whatever needs to be done with the valuables entrusted to them.

## **COMMODITIES ACCOUNT**

Some of the larger foreign banks have geared themselves up to trade in commodities on your behalf. These banks are set up to give you the latest commodities prices, and to let you buy and sell commodities over the phone. Compared to US banks that still cannot enter the commodities trade market, this is proof of how offshore banks are becoming more and more competitive.

## **HOW TO OPEN A FOREIGN BANK ACCOUNT**

If you plan to visit a country in which you may be banking, you should consider a number of banks. Before you actually travel to visit the bank, it will be to your advantage to first correspond by post or by email. Here are some of the more salient points you should consider when selecting a bank:

>> Does it provide the banking services you require? See our section on types of accounts for more information about different types of services you can have.

>> How large is the bank? Is it a multi-national operating offshore, or is it an independent bank that is local to the country where it operates.

>> How secure is your investment? Does the government under which the offshore bank operates offer Deposit insurance?

>> Communications capabilities. Does the bank have Internet service. Can you communicate by phone, fax, and email?