

Citibank's new savings accounts are industry-first

One offers air miles; another gives higher interest for more savings

BY LORNA TAN
Finance Correspondent

CHALKING up reward air miles from credit card spending is not new but for the first time, Citibank is offering a savings account that earns miles.

To attract more customers, it is also offering another savings account where the more one saves, the more interest he gets.

"Almost 30 per cent to 35 per cent of new acquisitions should come from these two new products over the next 12 to 15 months," said Citibank Singapore's retail banking head, Mr Anil Wadhvani.

So far this year, Citibank has seen double-digit growth in its retail banking business from the same period last year.

The new products are an attempt to attract customers to shift their basic

savings or transaction accounts to the bank - an area that has traditionally been the domain of local banks.

By offering greater value on the plain vanilla savings account, Citibank wants to be the "preferred choice" for more customers, said Mr Wadhvani.

He also hopes that customers would be prompted to arrange for the auto-credit of their monthly salaries to Citibank's savings accounts.

For the Traveller account, the higher the balance, the more CitiDollars one earns for air miles.

For instance, a customer can earn 10 CitiDollars, or 20 air miles, for every \$1,000 monthly average balance. A maximum of 1,000 CitiDollars is earned upon activation of salary credit, and overseas cash withdrawals will also earn CitiDollars.

The various air miles programmes include KrisFlyer, Asia Miles, World Perks and Royal Orchid Plus.

About 35 per cent to 40 per cent of Citibank's customers are frequent travellers, said Mr Wadhvani.

A minimum deposit of \$5,000 is required to open a Traveller account, but this is waived with salary credit.

Turning to auditors 'not solution' to listing rule

BY ARTHUR POON

A UNITED States corporate fraud expert has warned Singapore firms against simply turning to auditors as a way to back up directors faced with new financial reporting requirements.

The new listing rule, introduced on Sept 1, requires directors here to provide a "negative assurance" that to the best of their knowledge, there is nothing untoward in interim financial statements.

At a seminar organised by the Singapore chapter of Sarbanes-Oxley Institute, Mr Tommy Seah, vice-chairman of Texas-based Association of Certified Fraud Examiners Board of Regents, said that simply turning to auditors was not the solution.

"Other than adding costs to compliance, additional work by an external audit will not necessarily give directors comfort to sign off a negative assurance confirmation."

The added responsibility should instead fall to the board of directors, he said at the seminar held here last Friday.

He said it would be "highly abusive if auditing firms use the new piece of legislation to get more billable hours".

Concerns have been raised that company directors may hire external auditors to perform a limited review of the numbers in a bid to gain some reassurance when signing off on negative assurances.

An audit is not required for quarterly or half-year results.

Another speaker, Mr Ferdinand Balfoort, said that rather than turning to auditors for help, directors should ensure internal controls are in place and working.

Mr Balfoort, a Singapore-based corporate governance consultant, said the "negative assurance" involves more than simply verifying figures in the accounts.

It is crucial that the directors understand the company business and risk management processes, raise any doubts they may have and question the internal auditors if necessary, he said.

The Singapore Exchange (SGX) says it has received a number of queries from listed companies regarding the new rule.

It added that "directors would not be expected to commission an audit of their financial statements in order to make a negative assurance confirmation".

"The rule is not intended to raise compliance costs as companies are not required to commission a specific new set of processes to give this confirmation," said Ms Yeo Lian Sim, executive vice-president and head of SGX's risk management and regulation.

The new rule was introduced as an amendment to the SGX listing rules, but does not explicitly mention how a breach would be punished.

However, under the Securities and Futures Act, a listed company could be punished by a maximum \$250,000 fine and/or a seven-year jail term for any breach of disclosure.

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