Comparison of Economic Activities: Time Deposits, Investments, Income and Needs

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Abstract

This article aims to discuss the comparison of economic activities including time deposits, investment, income and needs. The advantage of a bank by raising reserves through stores is that the cash put away can take longer, considering that stores have a moderately long period of time and the recurrence of withdrawals is additionally uncommon. Hence the bank can unreservedly utilize the credit of these stores. Income in common is regularly related to the sum of cash an individual gets as a result of something done, done, or contributed. The pay is at that point utilized or went through to meet different needs in life for a certain period of time. it is vital to have Financial Management by giving need scale by prioritizing all things that are vital since the more noteworthy a person's pay more often than not the more he needs. The survey results within the AES business group show a significant comparison of the amount of income derived from investment and sales that generate income, while time deposits are rarely performed as a principal economic activity in generating income.

Keywords: Investment, Deposit & Revenue

Introduction

A bank is an institution or industry engaged in the economic sector which carries out its activities based on public trust and the bank is also a financial intermediary medium. Based on the applicable provisions in Indonesia regarding banking, it states that banks as institutions for collecting funds from the public in the form of current accounts, time deposits, certificates of deposit, savings or other equivalent forms, where ideally these public funds are the backbone. Basic of funds managed by the bank to gain profit. So it can be said that the function of the bank which is mainly in the economy is to mobilize public funds appropriately and quickly and channel these funds to effective and efficient use or investment.

Every individual basically needs investment, because with investment everyone can maintain and expand the wealth base whose data is used as social security in his future. Investment is one way for companies to optimize the use of cash in the event of a surplus (Chung et al., 2005; Myers & Majluf, 1984). By investing, the funds contained in the company's cash are not idle. Investments can be intended as an accumulation of a form of assets to obtain future benefits.

One way is to invest. Investment is the activity of utilizing current capital to be managed and to get benefits for tomorrow. Investment has spread to all levels of society, including ordinary people who do not understand much about investing. They are sometimes tempted by investments offered by irresponsible parties with large profits but little capital. In fact, a

person often does not realize that he has made an investment, for example by saving money, buying gold and so on.

There are many types of investment and the risk of each investment that is taken, but sometimes we don't understand. In order not to fall into the wrong investment, it is necessary to have an understanding of the community about real investing. Prioritizing rationality is very important, but not only that, we also have to know the risks and benefits of each investment.

Consumption is an individual activity in consuming the use value of goods and services (Diniz & Machado 2011; Felson & Spaeth, 1978 Campbell, 1995). Consumption is an activity that is certainly carried out by all living humans. A person in their consumption activities must first budget their income. Behavior in allocating income is carried out by the community in meeting consumption needs and the desire to consume is often referred to as consumption behavior. Humans consume because humans have needs in their lives. In addition to human needs, they also have the desire to use and utilize an item. Desires and needs are different things, but many people think that they have the same meaning. Desire is someone's desire which if not fulfilled will not affect life. Meanwhile, needs can be defined as something that must be met for survival.

The form of consumption needs in society is not only in the form of food but also non-food such as for recreation and shopping (vehicles, clothes, shoes, bags, jewelry, etc.). The people's need for consumption shows the developments that occur as a result of changes in lifestyle and consumption behavior. Consumption expenditure is divided into three parts, namely household consumption expenditure, non-profit institution consumption expenditure, and government consumption expenditure.

Get to Know Futures Deposits

Definition of Deposit

Time Deposit is a place for customers to make transactions in the form of securities (Davies et al., 2007, Nitzkowski, 1982). Depositors are called depositors. Each depositor will be rewarded with interest on his deposit. For banks, the interest paid to depositors is the highest interest. When compared with current accounts or savings. So that deposits by some banks are as capital funds.

The advantage of a bank by raising funds through deposits is that the money stored can take longer, considering that deposits have a relatively long period of time and the frequency of withdrawals is also rare. Thus the bank can freely use the credit of these funds. The definition of Time Deposit according to Law is savings that are bank depositors. If the fund is withdrawn by the customer before maturity, a penalty rate will be imposed, the amount depends on the bank concerned”.

Types of Deposit

Time deposits are deposits issued according to a certain time period. The term of deposits usually varies from 1, 2, 3, 6, 12, 18 up to 24 months. Time deposits are issued on behalf of both individuals and institutions. This means that the deposit certificate contains the name of a person or institution. Each depositor is given interest which is in accordance with the valid interest at the time the time deposit is opened. Disbursement of deposit interest can be done monthly or after maturity. Withdrawals can be made by cash or non-cash (overbooking). Each depositor is subject to tax on the interest he receives.

Time deposits also have a minimum limit that must be deposited, which depends on the issuing bank. To attract depositors, banks usually provide certain incentives or bonuses. Incentives are given for certain nominal amounts, usually in large amounts. Incentives can be in the form of special rates (interest is higher than generally accepted interest) or other incentives, such as gifts or other souvenirs. Incentives can also be given to customers who are loyal to certain banks.

Besides being issued in currency, time deposits are issued in foreign currencies (foreign currency), usually issued by foreign exchange banks. The calculation of disbursement and interest issuance is carried out using the general foreign exchange rate. Time deposit issues in foreign currency are usually issued in strong currencies such as U \$ Dollars, Japanese Yen or German DM.

Futures that apply automatically continue even though the predefined time period has expired. For example, a 1-month time deposit will mature on January, if the depositor does not withdraw it on that date, the bank will automatically extend the deposit for the following month, with the interest rate applicable at the time of extension. The amount of funds deposited is the principal of deposits plus the interest of the previous period. Time deposits that are not extended by the bank if the deposit is due but has not been disbursed by the owner, even though the deposit remains at the bank, the depositor does not receive interest

Certificate of Deposit

These are deposits issued with a maturity of 2, 3, 6, 12 months. Certificates of deposit issued upon show in the form of certificates. This means that in the certificate the name of a certain person or legal entity. Besides, certificates of deposit can be bought and sold to other parties. Disbursement of certificate interest can be made in advance, monthly or due, either cash or non-cash. In practice most depositors charge interest in advance. The issuance of the value of deposit certificates is already printed in various amounts and usually in lump sums. So that customers can buy in multiple sheets for the same nominal amount.

Deposit on Call

It is a deposit with a minimum term of 7 days and a maximum period of less than 1 month. Issued on behalf of and usually in large amounts, for example 50 million (depending on the bank concerned). Interest disbursement is made at the time of withdrawal of the deposit on call and before the deposit on call is disbursed 3 days before the customer has notified the issuing bank. The amount of interest is usually calculated per month and usually to determine the interest, negotiations are carried out between the customer and the bank.

Deposit Account Opening Procedure

Opening a deposit has two definitions related to the application of its application system, namely opening a customer deposit account and depositing deposit funds or booking transactions carried out in accordance with the needs. The first step is for the customer to apply to open an account recorded by the bank so that the customer has a deposit account number. After having an account number at the bank, customers can deposit their funds (Booking transactions) with a storage period according to their application.

Conditions for opening a deposit (1) The minimum amount for the nominal deposited is US \$ 5000 or with the discretion of each bank, (2) The amount of interest given, (3) How to pay interest, (4) How to withdraw deposits, (5) Automatic Roll-Over (ARO), (6) Deposit Closing, Deposit closing is the process of withdrawing deposit funds including interest on deposits by customers that have matured. During this time deposit closing process, the customer did not

extend his deposit or roll over. Automatic roll over deposit is defined as the customer in question to deposit back the overdue deposit funds for the next deposit period.

The process of withdrawing funds from deposits that are due can be done by cash payment, transfer to a savings or current account at the bank, or transfer between banks (transfer between clearing).

The procedure for closing or disbursing maturing deposits also varies from bank to bank, depending on the system applicable to the bank. But in general, it can be described as follows (1) The customer or depositor submits a time deposit or bilyet giro or certificate of deposit to the bank (2) The officer at the deposit section sees the customer's file or file (3) The deposit section prepares a deposit disbursement slip and flower slip that will be paid and not yet disbursed. (4) The customer will put his signature on the back of each slip. (5) This signature is matched with the one found in the customer's deposit bookkeeping application at the time of opening the account. Where appropriate, deposits provide validation in the form of stamps and initials. (6) Making tickets in accordance with the method of withdrawal of funds and submitted to the head of department or administrative officials in the system and the customer will receive cash payment from the teller or proof of withdrawal if using overbooking, (7) The deposit department will affix a stamp "end date" on the deposit letter. Original application, or bank deposit card. If you use the deposit application system, what you will do is close the deposit account number.

Types of Investors and Investments

Types of Investors

Being in the business field means that you will always meet with investors or funders to develop your business. Investors are those who make investments, namely actions through thorough analysis by promising the security of the principal funds and providing adequate returns. This action must meet the conditions where those who do not meet the requirements are considered specific actions only. There are many types of investors, depending on which side or which side we are looking at. The following is the distribution based on the stock selection method (1) Value investing, where investors will look for securities that have a high intrinsic value compared to their capitalization value. Their focus is value or value. Usually what you are looking for is a low price compared to book value because the lower the better. Then the second assessment is the balance, because value investors will look for a strong company balance sheet. (2) Income Investing. These investors are known to also choose shares of companies that are loyal in distributing dividends so that they can be safe in earning regular income. From this routine income, the name of the income investor becomes the nickname. This is a very clear and transparent stock selection strategy. The higher the yield divide, the more attractive it will be for them. Dividend yield itself means the percentage of dividend value compared to share price in the form of a percentage. Dividends are usually distributed on the company's income in a year and investors consider this dividend yield as deposit interest. (3) Growth investing, where this investment will focus on the company's growth and care about the company's core focus. What is considered includes management plans, medium and long term growth, management behavior and so on. Companies that have high growth potential will be more attractive because investors will usually see the parameters of a promising market niche from companies where products, services and images are superior.

Those are the types of investors that are differentiated by stock investment. Actually there are many other types of investors that need to be known, but for start-ups, this type of investor

needs to be known so that when they are going to apply for funds, everything can be adjusted to the investor's profile. The greater the match between the founder and the investor, the greater the opportunity to collaborate or carry out various types of profitable business affairs. Beginner businessmen must be able to understand the character of each investor to pave the way for getting maximum funds from them.

Definition of Investment

The definition of investment is an activity of placing funds in a certain period in the hope that the use of these funds can generate profits and / or increase in investment value (Burkhanov, 2018; Shleifer & Vishny, 1989). In language, according to Wikipedia, the meaning of investment is a term used for activities related to accumulation in the form of assets as an expectation for profit.

(1) Investment based on assets, (2) Investment based on influence, (3) Investment based on sources of financing (4) Investment based on form, (5) Investment based on time from the definition of investment that has been mentioned above, investment is an investment activity that has several objectives. The objectives of investment include (1) Getting Fixed Income, (2) Enlarging Business, (3) Business Guarantee, (4) Reducing Competition. In general, the form of investment can be divided into two, namely (1) Investments in Real Assets, this is an investment that a person makes in visible or physically visible form. For example; investing in gold, property, land, precious metals, and others. (2) Investments in financial assets, this is an investment that a person makes in the form of securities. For example; shares, deposits, and so on.

Revenue and Needs

Income in general is often related to the amount of money a person receives as a result of something done, done or invested. The income is then used or spent to meet various needs in life for a certain period of time. For a family head, especially a man as a husband, the income he gets is certainly intended to meet the needs of all family members, himself, his wife and children.

The income that someone has will definitely be different from the income of others, and the level of need is also different. All existing needs should be managed according to their priorities, as well as based on their income capabilities. Do not let as the saying goes 'bigger than a stake', that is, there are more expenses than income. Or also just barely, just passing through every month, without any residual income for old age when entering the retirement period.

Sources of Income

Active Income

This income is a monthly income earned from work. Examples of active income include salaries, benefits, bonuses. A person can have active income from more than one source, if he is able to work from two or more types of work activities, such as running a side job, running entrepreneurship, and others (Rasmussen & Sørheim, 2006).

Investment Income or Portfolio Income

As the name implies, investment income is an income that comes from investment results. For example, mutual fund investments, stocks, bonds, and others. A person can invest by investing an amount of money or capital according to his ability, and get a profit from the money invested. The greater the invested capital, the more likely the income will be from that

investment. The income from this investment is usually directly proportional to the investment risk.

Passive Income

Passive income comes from a working system, for example a multi-level marketing business, a property rental business, a franchisor, patents and others. With this system in place, it does not mean that someone does not make efforts to earn income. To generate passive income, a person still has to try to run the existing system, so that the financial rate continues and generates income. For example, a home rental business, a person has to renovate the house he owns so that it is suitable for the tenant to live in.

Between Desires and Needs

Everyone would want to have a large income and be able to meet all the wants and needs in life. Income can be earned by working or investing as a way to earn money. However, in the end the money that is owned as a form of income cannot fulfill wants and needs simultaneously. Therefore, it is necessary to have financial management by giving priority scale by prioritizing all things that are necessary, because the greater a person's income usually the more he wants.

Economy is a human activity that is related to the activities of production, distribution, exchange and consumption of goods and services, while the community economy is an economic system based on the economic strength of society. Where the economy of the community itself is part of the economic activities or businesses carried out by the majority of the community who independently manage any economic resources that can be cultivated. Economics in general or specifically is a household rule or household management.

The comparison of economic activities in the AES Environment includes Time Deposit, Investment, Income and Needs activities as follows:

The survey results within the AES business group show a significant comparison of the amount of income derived from investment and sales that generate income, while time

deposits are rarely performed as a principal economic activity in generating income. This is consistent with personal and social economic goals. The personal economy is to fulfill personal and family needs, while the social economy is to eradicate poverty. The AES business group network is an interpersonal bond that binds the sellers, through the same bonds of kinship, friendship and community. Social networks make it easy for sellers to survive in a very developed city. The social network in question is a form of information exchange and financial support. Strategies can be developed in a social network that supports the business climate.

Conclusion

Time deposits are deposits that are bank deposits. If the funds are withdrawn by the customer before maturity, a penalty rate will be imposed, the amount of which depends on the bank concerned. Types of deposits, namely time deposits, certificates of deposit, and deposits on call. Account opening, withdrawal and closing of deposits are regulated differently by each bank in accordance with the policies made by the bank concerned. That investment allows a person to meet his future needs by determining priority needs, establishing good planning and implementing discipline in his company consistently. In addition, with investment someone can provide opportunities for welfare in life for his family. Income and needs are related to each other because they meet various needs in life for a certain period of time. Therefore, it is necessary to have financial management by giving priority scale by prioritizing all things that are necessary, because the greater a person's income usually the more he wants.

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