Financial Guidelines from the COVID-19 Pandemic

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The coronavirus pandemic has a profound impact on every aspect of life. At Al Salam Bank, we are committed to assisting our clients and the wider community. These are challenging times, but they also present opportunities to learn as we go forward. With that in mind, we would like to share a number of important short-term and long-term personal financial guidelines to help in preparing for the future.

Prioritize wants over needs

Wants are not the same as needs. Differentiating between the two is a critical aspect of personal financial management. One must prioritize important expenses such as housing, education and emergency savings, over wants such as entertainment, eating out, or buying new gadgets. However, that is not to be mistaken with an outright halt of spending on things you desire. Set aside a percentage of your monthly income as 'fun money', to spend responsibly on things you enjoy. For higher spend items or experiences, savings for multiple months is the advisable route.

Don't Panic

One of the most important things to remember in any difficult time is not to panic. Panic leads to rash decision making – and when it comes to planning personal finances, having a clear head is imperative.

According to the Central Bank of Bahrain's Financial Stability Report, Bahrain's banking system is able to function prudently, efficiently and without interruption, providing financial services continuously even in the face of adverse shocks. At Al Salam Bank, our main priority is to protect your financial interests. We will continue to safeguard customers' accounts and provide uninterrupted access to our entire suite of products and services.

Shop Smart

During these testing times, we have to act smart as a community. Our government is working hard to ensure the safety and wellbeing of every citizen and resident. As per its directives, physical contact should be minimized. Whenever possible, opt for online platforms to complete your purchases. If you're paying online with your Al Salam Bank card, robust security measures have

been put in place to protect you including a 3D security feature from Visa International which is built into all our debit, credit, and prepaid cards.

If a visit to the store is necessary, plan ahead to minimize physical interaction. Al Salam Bank's contactless cards help you to stay safe when paying in-store. In all circumstances, ensure strict adherence to social distancing requirements.

Shop Local

Local SMEs have been hit the hardest during this pandemic. The value they bring to our Kingdom's economy is immense. Al Salam Bank proudly serves local SMEs and businesses by providing innovative and diversified banking solutions to support growth aspirations and assist in overcoming challenges.

Further, the Bank unveiled in mid-March a range of initiatives that included an automatic increase of 10% on credit limits for credit cards and overdraft facilities and deferred installments for a period of six-months to resident companies in Bahrain no additional profit and processing fees as per the directive of the Central Bank of Bahrain.

We encourage the community to show their support by shopping at local SMEs whenever possible. Small actions by each one of us can yield substantial benefits.

Bank Online

While Al Salam Bank branches remain open to serve your banking needs, we highly encourage our clients to use our e-banking channels instead. It is the safest and most convenient way to bank during this pandemic.

Beyond traditional e-banking channels such as online banking websites and mobile applications, we recently launched our virtual branch to enable our customers to bank seamlessly via video calls with our customer service agents. Additionally, we are available on WhatsApp to answer your queries and attend to your banking requests. If you are not yet a customer of Al Salam Bank, you can use our digital onboarding application to open accounts with us in a matter of minutes and begin experiencing our full range of e-banking channels.

Build an Emergency Fund

Life is unpredictable. A lot of people are worried about the potential of facing financial hardship due to illness, unemployment, or major unexpected expenses. Having an emergency fund contributes to your peace of mind and provides a safety net in times of financial hardship. You can accelerate building up your emergency fund by utilizing funds saved from the CBB directed 6-month installment deferral. Most financial experts agree that emergency funds should be sufficient to cover three to six months of expenses.

However, your emergency fund's money does not have to sit idle. It is recommended that you invest savings, or the deferred installment amounts from the recent initiatives mandated by the Central Bank of Bahrain, in low risk products such as Al Salam Bank's Danat savings scheme, which is highly liquid and secure whilst offering you a chance to win life-changing prizes. Alternatively, funds can also be invested in Al Salam Bank's Wakala deposits, which offer attractive rates of return and flexible tenors.

Make Smart Long-Term Investments

The pandemic and its effects serve as a reminder that saving for your and your children's futures is a priority. We recommend investing at least 10 percent of your monthly income towards meeting important goals. Al Salam Bank's Wakala Jawhar scheme offers attractive profit rates and allows monthly fixed amount contributions over time towards life goals such as your children's education, travel, buying your dream home, etc. The scheme has the added benefit of free life Takaful coverage, which covers eventualities such as accident, injury or death.

Pay Back Expensive Financing

Certain financing facilities, such as outstanding credit card balances, can carry a significant cost over the long run due to their relatively high financing cost. Settlement of expensive credit card balances should be prioritized alongside any other financing facility with high profit rates. Al Salam Bank offers clients and prospective client's competitive rates for the refinancing of existing facilities.

Each of us has a unique set of personal circumstances that dictate how we spend, save, and invest. But whatever your circumstances, and whatever challenges you face, this grave moment in world history is a time for reflection and planning. This is the time to get the house in order, focus on priorities and plan for a better tomorrow.

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