

DBS does the limbo rock with its savings rates

By SIOW LI SEN

JUST when you thought savings interest rates couldn't go any lower, DBS will be slashing what it pays savers.

Effective Oct 15, interest rates for its POSB savings account will be pared to 0.1 per cent from 0.125 per cent for small savers.

To earn the next higher rate of 0.25 per cent, all savings accounts - POSB and DBS - will require a minimum of \$100,001, double the existing \$50,001.

For balances above \$1 million, DBS will pay 0.275 per cent for DBS and POSB savings accounts.

DBS autosave, which is the current account, will continue to earn the highest interest rates though balances will have to be above \$250,000 to earn 0.325 per cent.

Currently, balances above \$100,000 earn 0.325 per cent. Remaining balances above \$1 million will earn a princely 0.35 per cent.

DBS, the nation's largest bank, has been struggling with record low interest rates which eats into its profit margins.

The benchmark three-month Sibor or wholesale lending rate has been hitting new lows last month.

It has slid to 0.50501 per cent from a week ago, and down from 0.51889 per cent on Sept 13 - the lowest in at least 23 years.