

BASIC BANKING

*LEARNING ABOUT
FINANCIAL SERVICES*

What is a Financial Institution?

- An organization that provides services that everyone needs to manage money (p 57)
- Banks, credit unions and thrifts are government regulated and FDIC insured
- Investment and Insurance companies offer financial services but are non-banking institutions
- Other non-banking institutions: check-cashing, pawnshops, financing companies (p 59)

THE BANK

DISCUSSION

- *What is a bank?*
- *Why do some people choose not to have a bank account?*
- *What are the advantages of having a bank account?*
- *What is the difference between a bank and a credit union?*



SERVICES/PRODUCTS OFFERED BY BANKS (CHAPTER 8, PP57-68)

Bank Products

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graph TD; A[Bank Products] --> B[Checking Accounts]; A --> C[Savings Accounts]; A --> D[Money Market Accounts]; A --> E[Certificate of Deposits]; B --> B1[Basic Checking]; B --> B2[Joint]; B --> B3[Express]; F[Debit Cards]; G[ATMs];
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Checking Accounts
Basic Checking
Joint
Express

Savings Accounts

Money Market Accounts

Certificate of Deposits

Debit Cards

ATMs

ADVANTAGES OF CHECKING ACCOUNTS

- **Your money is safe in a checking account.**
- **A checking account can help you improve your credit record.**
- **You can use a checking account to cash your paycheck and pay bills.**
- **You can cash checks at your bank or credit union for free.**
- **Carrying checks is safer than carrying cash or leaving your money at home.**
- **Your checkbook is a good record of your spending.**
- **A checking account may be cheaper than using a check cashing service.**
- **A checking account lets you get money from your account 24 hours a day because you can use an ATM.**

DISADVANTAGES OF CHECKING ACCOUNTS

- You have to balance your checkbook every month.
- Too many bounced checks can damage your credit record and you have to pay a fee if you bounce a check.
- You may have to pay a fee or keep a minimum balance.
- You may have to pay to have checks printed.
- You may be charged a fee for using an ATM.



ADVANTAGES OF CASH CHECKING STORES

- Check cashing stores are very easy to use.
- They have stores where you live.
- They are open late and on the weekends.
- The employees are usually people that you know.



DISADVANTAGES OF CHECK CASHING STORES

- ✉ You have to pay a fee for getting your check cashed.
- ✉ You have to buy money orders to pay your bills.
- ✉ The fees add up over time, and could be costly.
- ✉ How much you pay to cash your check depends on the amount of the check. In some states, check cashing stores will charge you a percentage of the check amount.
- ✉ If you lose a money order, you may have difficulty tracking it down or getting it replaced.



SELECTING A BANK OR CREDIT UNION

- Does the financial institution have branches or ATMs where you live or work?
- What hours are they open?
- Do they close before you get off work?
- Are they open on the weekend?
- Is the staff friendly and eager to help you open an account?
- Did they hand you papers and send you on your way, or did they take time to explain their services, products and fees?
- Did they try to convince you to get an account you did not want?
- If you speak a language other than English, did they still take the time to talk to you?



TIPS FOR FINDING THE RIGHT ACCOUNT



- Money needed to open an account
- Minimum balance requirement
- Monthly service charges
- Fees for bouncing checks (overdraft charges)
- Number of checks that you can write
- Number of withdrawals that can be made.
- Any holds on deposits

THINGS YOU NEED TO KNOW ABOUT ATMS

- **Access to your account seven days a week, twenty-four hours a day.**
- **ATMs encourage you to take more money out of your account than you need.**
- **If you do not keep track of how much you are getting from the ATM, you will not know what is in your account and you may start to bounce checks.**
- **ATMs are not always free. Before opening an account, make sure that you understand the financial institution's rules about ATMs.**
- **Your financial institution probably will not charge you for using ATMs that they own, but others may charge you for using their ATMs and your financial institution may charge you for using an ATM that they do not own. If your bank or credit union owns the ATM, their name will be on it.**



WRITING A CHECK

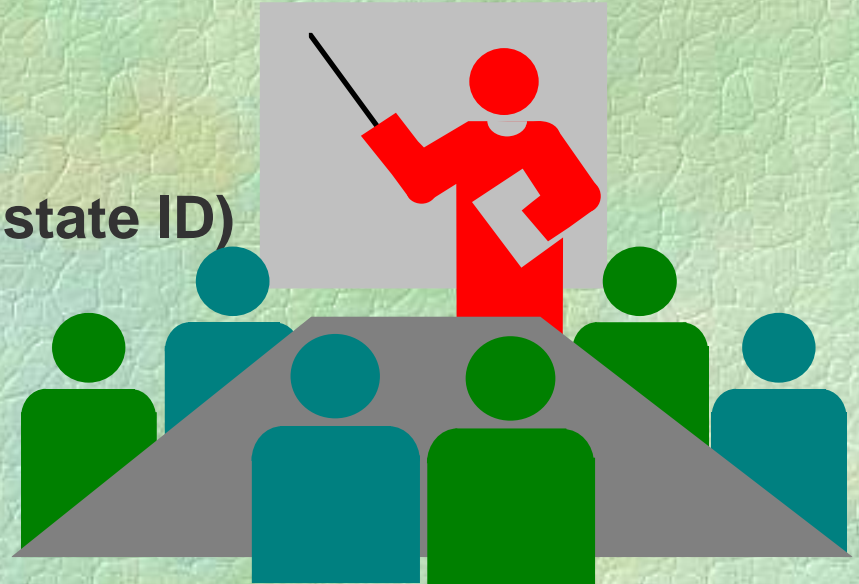
- Always write in ink
- Always write clearly and be sure spelling is correct
- Record each check in your checkbook register
 - The **date** on which you are writing the check. Do not postdate.
 - The **person or business** to whom the check is to be paid (the payee).
 - The dollar amount of the check written in numbers.
 - The **amount** of the check in words.
 - **Signature**
 - **Memo**

MAKING DEPOSITS

- **Your account number**
- **Your name and address**
- **The date the check is being deposited into your account**
- **This section is divided as follows:**
 - **Currency**-write the amount of paper money that you are depositing.
 - **Coins**- Write the amount of change that you are depositing.
 - **Checks**-Write the amount of each check that you are depositing. If you run out of room, write on the back of the deposit slip. Make sure that the dollar and cent amounts are in the right columns.
 - **Total Checks**- Add up all the checks that you are depositing and write it here.
 - **Subtotal**-Add up currency, coins and checks. Then write total here.
 - **Less cash**-If you want cash back, write the amount here.
 - **Total**-Write the total amount of the deposit here. This is the subtotal minus the cash you are getting back.
 - **Your signature** (This is only required if you are getting cash back.)

THINGS YOU WILL NEED TO OPEN AN ACCOUNT

- First, middle and last name
- Social security number
- Photo ID (drivers license or state ID)
- Home address
- Home telephone number
- Work address
- Work telephone number
- Name and address of two people who could serve as references
- A reference is someone who will tell the bank or credit union that you are a good and hard-working person, that you can handle your financial and work situations and that you can be trusted to take care of a checking account.



Keeping Your Check Register (Open to Page 63)

- Place the following transaction in the checking account register:
- You used Check #104
- You wrote it to Delmarva
- You wrote it on July 1st
- The amount was \$45.00
- What is the new account balance?

Importance of Saving & Investing Chapter 9

- Investing Basics (see pp 70 & 71)
- Savings vs Investing
- Risk and Return (see p 74)
- Time is on Your Side (see p 76)