



Basic Banking Services

This presentation will introduce students to the many features, background information, and provide an overview to the banking process and basic services provided to consumers.



Presentation Activities

- Activity 1 Why Do You Need A Bank?
- Activity 2 The Many Services of a Bank
- Activity 3 Checking Accounts 101
- Activity 4 Savings Accounts



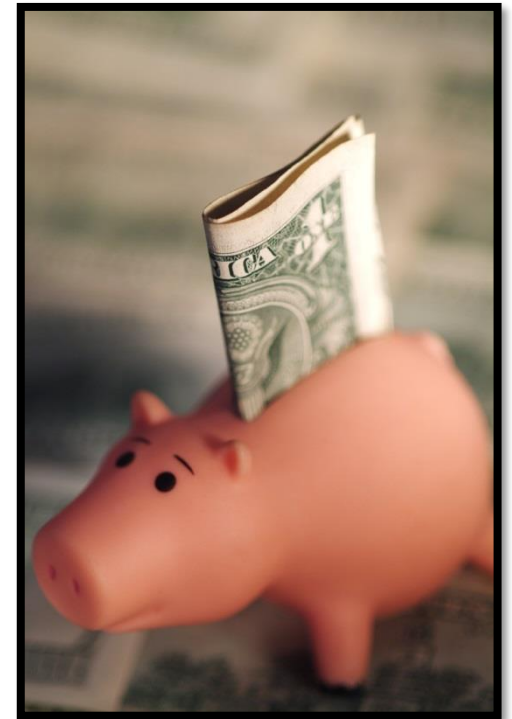
Activity 1:



Why Do You Need a Bank?

● *Overview:*

- Purposes of banks
- The differences between banks and credit unions
- Safety of financial institutions
- Banks as money management tools
- The Earned Income Tax Credit



Purposes of a Bank



- A bank is a financial institution which is involved in borrowing and lending money. Banks take customer deposits and pay back in interest.
- Banks allow you to deposit, save and take loans.



Banks vs. Credit Union



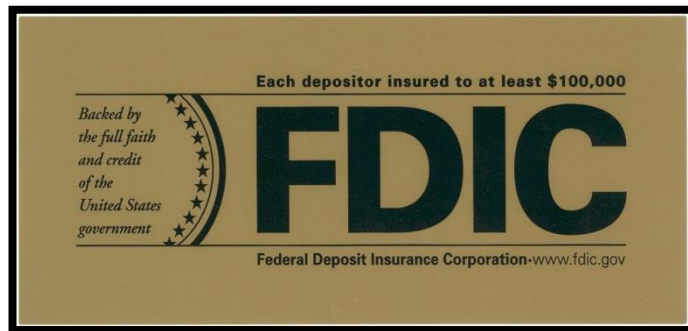
- **Similarities:** both offer financial services (checking & savings accounts, Certificates of Deposit, loans, credit cards)
- **Credit Unions:**
 - Nonprofit institutions that are member-focused.
 - Members pool money and that provides funds.
 - Owned and operated by members
 - Usually have higher interest rates
 - Smaller and have fewer services than banks



Safety of Financial Institutions

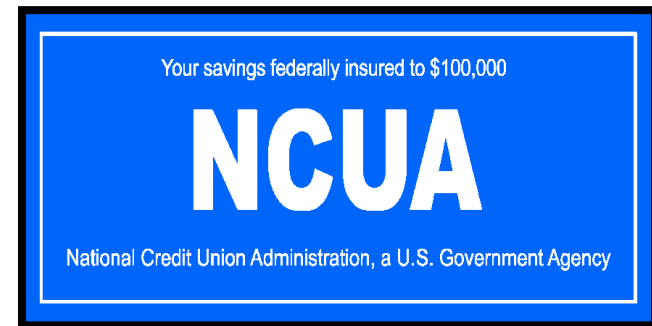


COMMERCIAL BANKS



- Provides deposit insurance for up to \$250,000, per depositor per bank
- Backed by the full faith and credit clause

CREDIT UNIONS



- Provides insurance for federal credit unions
- Backed by the full faith and credit clause

The Earned Income Tax Credit



- ***The Earned Income Tax Credit (EITC)***- a federal income tax credit for low-income workers. The credit reduces the amount of tax an individual owes, and may be returned to the taxpayer in the form of a refund.
- Eligible workers must have:
 - 1) Annual income and investment income that is below a certain level.
 - 2) A Social Security Number



Activity 2:

The Many Services of a Bank



○ *Overview:*

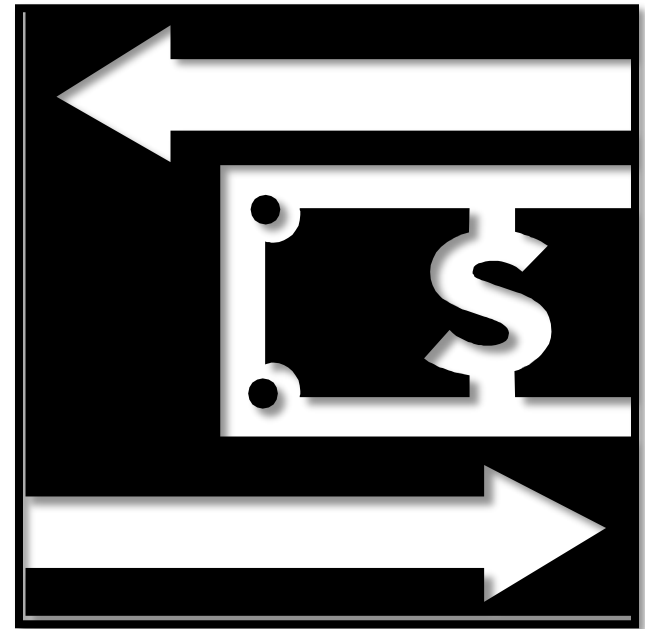
- Financial services offered by a bank
- Bank employees
- Services that might be of personal benefit
- Different types of transactional cards
- The impact of state and federal regulations upon the security of a bank



Options to Send & Receive Money



1. Money Transfer Organizations
2. Bank Transfers
3. Hand Delivery
4. Mail
5. Post Offices
6. Stored Value Cards



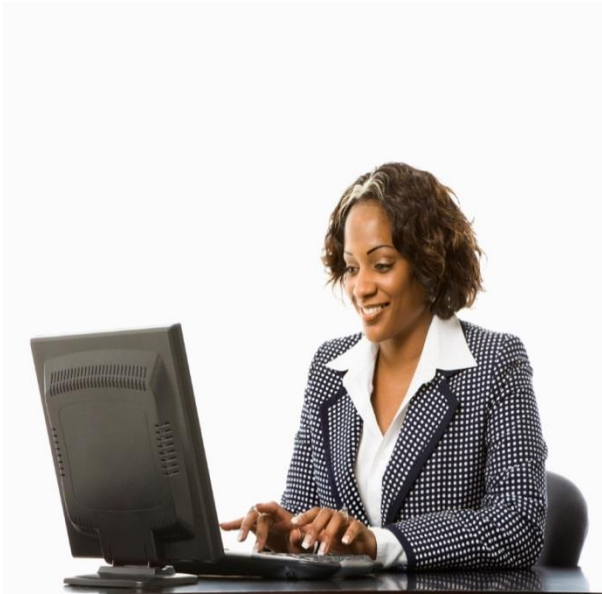
Bank Occupations



- Tellers
- Platform Bankers
- Mortgage Lenders
- Operations Managers
- Branch Managers



Electronic Banking Systems

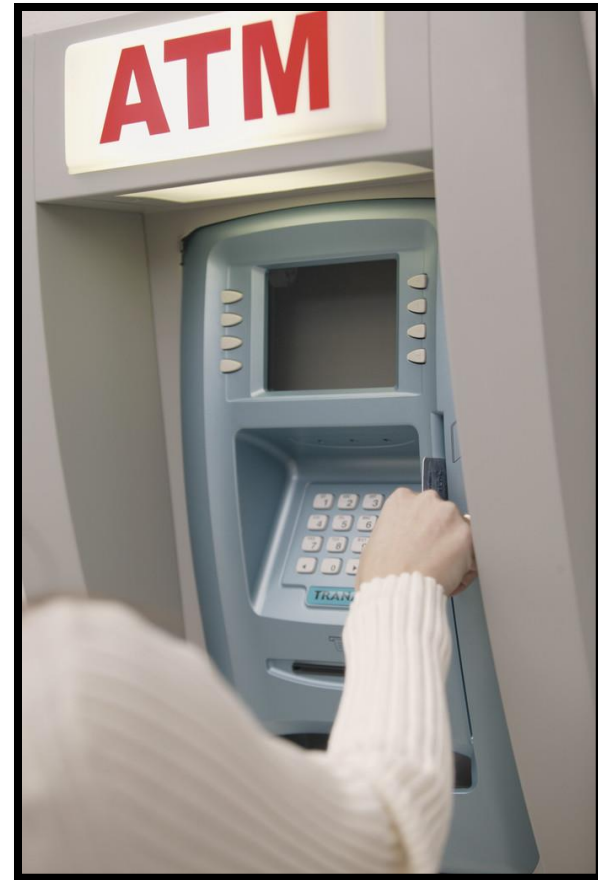


- Online banking is the fastest growing Internet activity in the United States
- **Types of Services:**
 - Bank Cards
 - Automated Services
- **Protect Your Passwords!**
 - Change passwords often and use different characters
 - Example: c3!in3-M?

Electronic Banking Systems



- Direct Deposit
- Transfers between Accounts
- Transfers to a Third Party
- Online Banking
- Bank by Phone
- ATM



Bank Card Types



ATM/ Debit Cards

- Bank cards that allow for the payment of goods and services to be subtracted *directly* from a bank deposit account.

Credit Cards

- Can be used with merchants that take major credit cards—known as point of sale (POS) transactions.
- Variable interest rates

Stored Value Cards

- Bank cards with preset, limited value.
- Used to pay for goods and services.
- Alternative to cash.

Regulation of Electronic Banking Services



Electronic Fund Transfer Act:

Protects consumers using any type of electronic banking from loss and protects their privacy.

Banks must:

- Offer customers a record or receipt for all computer transactions.
- Investigate errors and report to customer within ten days of error notification.

Customers are responsible to report any errors.



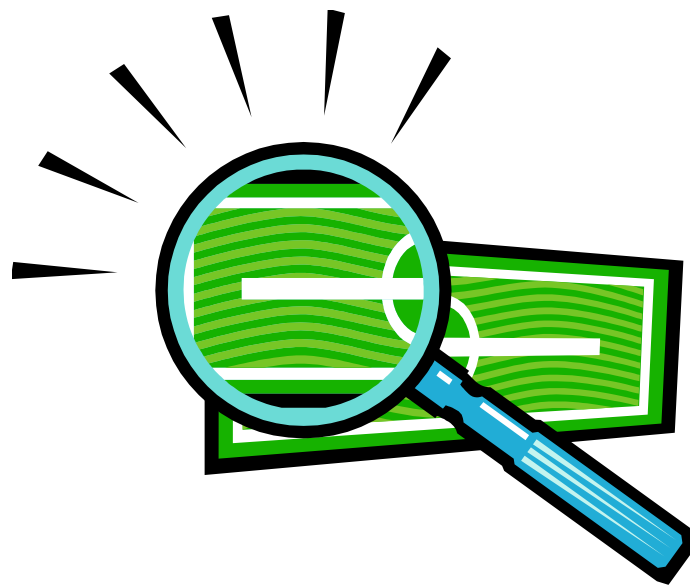


Activity 3:

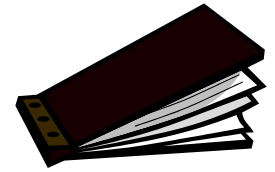
Checking Accounts 101

○ *Overview:*

- Purposes of a checking account
- Shopping for and comparing checking accounts



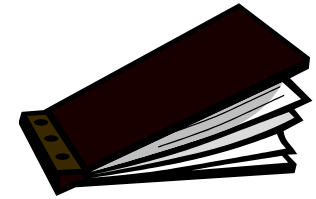
Checking Account Terms



Term	Definition
Bank Statement	A monthly statement of all the activity within an account that is provided by the bank.
Cancelled Check	A check that has been stamped to show that the payee has received the money, and the money has been deducted from the account holder's account.
Check register/Ledger	A record of all activity that happens within a checking account maintained by the account holder.
Fee	Charges for the use of certain bank services
Interest	Money paid to holders of savings accounts and investors for the use of their saved or invested money.

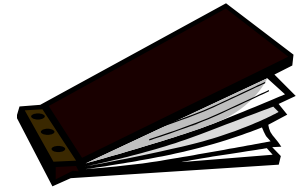
Checking Account Terms

Term	Definition
Minimum balance	Requirement to keep a certain amount of money in the account; otherwise, monthly service charges may result
Outstanding transaction	Transactions that do not clear the bank by the date of the bank statement.
Overdraft protection	Procedure agreed upon by an account holder and a bank in advance to transfer funds from a savings or credit account to a checking account to cover insufficient funds.
Payee	The person or organization to whom a check is made payable.
Reconciling a Bank Statement	Balancing a bank statement with a check register/ledger.



Checking Account Terms

Term	Definition
Transaction limits	Some accounts have a limit on the number of transactions performed during a certain time period.
Endorsement	A written mark on the back of a check, such as a signature, entitling the payee to either receive or transfer payment.
Overdraft	Lack of sufficient funds in a checking account to cover the full amount of a check.
Check	A written order to pay a specified sum from funds held in a bank or credit union account.



Shopping Around



Things to ask about:



SERVICES

- ✓ Location of bank
- ✓ Location of ATMs
- ✓ Banking hours
- ✓ Minimum balance required
- ✓ Minimum transactions or limits
- ✓ Interest-bearing accounts
- ✓ Other

COSTS

- ✓ Non-primary bank ATM transactions
- ✓ In-branch transaction fees
- ✓ Per-check fees
- ✓ Other checking fees
- ✓ Overdraft protection
- ✓ Printing of checks

Opening a Checking Account



○ *Overview*

- Checking Account Application Process
- The Application
- Acceptable Forms of ID
- The Signature Authorization Card
- The PATRIOT Act
- Writing a Check



Opening a Checking Account



YB YOUR BANK
123 MAIN STREET
ANYTOWN, USA

CHECKING ACCOUNT APPLICATION

ACCOUNT TYPE

- INDIVIDUAL
- JOINT
- BUSINESS
- PARTNERSHIP

■ PRIMARY OWNER

NAME _____

ADDRESS _____

TELEPHONE HOME _____ WORK _____ EXT. _____

DATE OF BIRTH ____ / ____ / ____ SOCIAL SECURITY NO. _____

LENGTH OF TIME AT CURRENT ADDRESS _____

CURRENT EMPLOYER _____

EMPLOYER ADDRESS _____

LENGTH OF TIME WITH THIS EMPLOYER _____

DRIVER'S LICENSE OR PHOTO ID NUMBER _____

LAST ADDRESS PRIOR TO CURRENT ADDRESS _____

PLEASE COMPLETE THE FOLLOWING ONLY IF APPLYING FOR A CHECK CARD OR OVERDRAFT PROTECTION.

GROSS ANNUAL INCOME _____

MONTHLY MORTGAGE OR RENT PAYMENT _____

Commonly Accepted Forms of I.D.




Primary ID*

- Photo Driver's License issued within the U.S. or Canada
- State Non-Driver Photo ID
- Photo Learner's Permit
- Government Photo ID
- U.S. Passport
- Non-U.S. Passport
- Resident Registration Card
- Mexican Consular ID (Matricula Consular)
- Naturalization Certificate
- Employee Photo ID (from a recognizable employer)
- Photo Trade License (barber, plumber, electrician, etc.)
- Student Photo ID (college/trade school)
- Medicare Card (must be 65 or older)

* Financial institutions' ID requirements may differ; check with the institution first before applying for an account.

Signature Authorization Cards



 YOUR BANK 123 MAIN STREET ANYTOWN, USA	ACCOUNT TYPE <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> JOINT <input type="checkbox"/> BUSINESS <input type="checkbox"/> PARTNERSHIP
SIGNATURE AUTHORIZATION CARD	
ACCOUNT # _____	
DATE _____	
NAME _____	
ADDRESS _____	

PHONE _____	
SOCIAL SECURITY NO. ____ - ____ - ____	
YOU ARE HEREBY AUTHORIZED TO RECOGNIZE ANY OF THE SIGNATURES SUBSCRIBED ON THIS CARD FOR THE PAYMENT OF FUNDS OR TRANSACTION OF BUSINESS FOR THIS ACCOUNT. ALL TRANSACTIONS BETWEEN THE BANK AND THE DEPOSITOR SHALL BE GOVERNED BY THE CONTRACT PRINTED ON THE REVERSE OF THIS CARD.	
_____ AUTHORIZED SIGNATURE	_____ AUTHORIZED SIGNATURE

The Patriot Act

Congress passed the PATRIOT Act in response to the terrorist attacks of September 11, 2001. Financial institutions are now required to collect certain information when a new account is opened.



1. The customer must provide identification that includes name, date of birth, address, and identification number.
2. The institution must maintain a copy of the information used to verify the person's identity.
3. The institution must determine whether the applicant appears on the lists of known or suspected terrorists or terrorist organizations.

Writing a Check



Amount in Words

Payee

Date

Check Number & Transit Number

Amount in Number

Memo

Signature Line

JAMES SMITH
JANE SMITH
321 OAK ST
ANYTOWN, USA

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

#203
12-567/891

20

YOUR BANK
123 MAIN STREET
ANYTOWN, USA

MEMO _____

:053962407 9944444433 203

Maintaining a Checking Account



○ *Overview:*

- Check 21
- Keeping a check register
- Making a deposit into a checking account
- Reconciling a bank statement
- Maintaining a checking account
- Avoiding Overdrafts

Check 21



Check 21- a federal law that helps banks handle more checks electronically and that makes check processing faster and more efficient.

- Under this law, a check deposited in a bank is typically “delivered” overnight to the paying bank and deducted from the check writer’s account on the next business day.
- Money may be deducted from your checking account almost immediately.



Keeping a Check Register

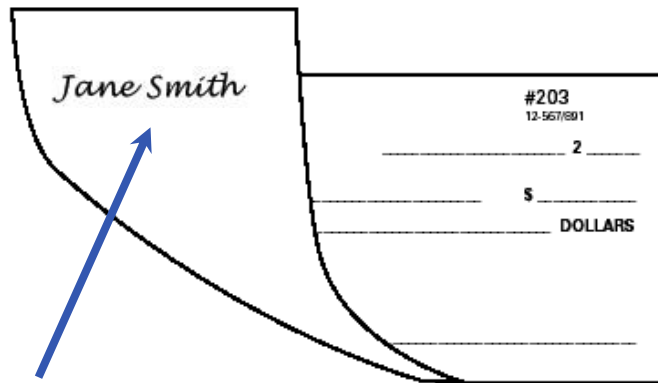


CHECK #	DATE	DESCRIPTION	PAYMENT/ DEBIT (-)		✓	DEPOSIT/ CREDIT (+)		BALANCE	
								431	65
101	1/5	<i>City Utilities</i>	154	73				276	92
102	1/6	<i>Brown's Grocery</i>	73	25				203	67
	1/15	<i>Deposit</i>				840	25	1043	92

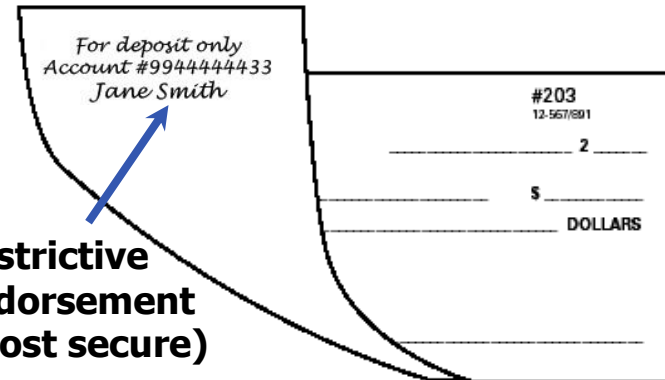
Making a Deposit: *Endorsing a Check*



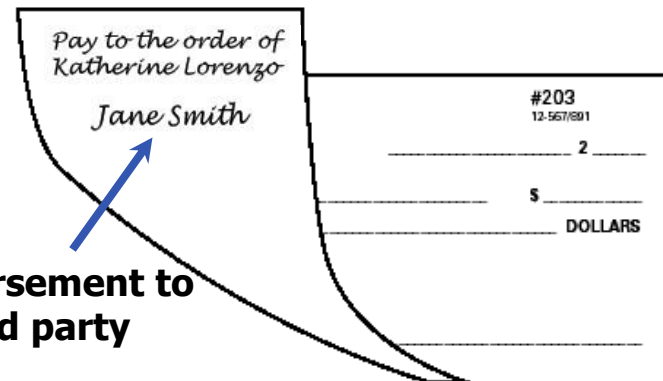
The Back Side of a Check



**Blank Endorsement
(least secure)**




**Restrictive
Endorsement
(most secure)**



**Endorsement to
a third party**


Making a Deposit: *Completing a Deposit Slip*



 YOUR BANK 123 MAIN STREET ANYTOWN, USA	CASH	Currency		
		Coins		
DATE _____	List checks singly			
ACCOUNT # _____				
NAME _____	Total from other side			
SIGNATURE _____ <i>(SIGN ONLY IF CASH IS RECEIVED FROM DEPOSIT)</i>	TOTAL			
	LESS CASH RECEIVED			
	NET DEPOSIT			

Reconciling a Banking Statement



 YOUR BANK 123 MAIN STREET ANYTOWN, USA		Checking Account Statement		
JAMES SMITH JANE SMITH 321 OAK ST ANYTOWN, USA ACCOUNT NUMBER: 9944444433				
CHECKING	Statement Period: 1/8/06-2/6/06			
	Beginning Balance			\$375.00
ACCOUNT SUMMARY	Credits			\$1310.88
	Debits			- \$188.99
	Available Balance			\$1496.89
CHECKS AND OTHER DEBITS	CHECK #	RECIPIENT	DATE PAID	AMOUNT
	475	Joe's Car Repairs	1/16	\$85.79
	476	Alice's Bakery	1/20	\$15.25
		ATM Withdrawal at ATM #9573FC	1/25	\$10.00
		Out of Network ATM Fee	1/25	\$2.00
	477	City Utilities	1/28	\$75.95
DEPOSITS AND OTHER CREDITS	Direct Deposit		1/15	\$1275.88
	Deposit at ATM #1200		1/25	\$35.00

Overdrafts and Bounced Checks



Overdrafts and bounced checks occur when you complete a financial transaction (e.g., write a check) for more than what is available in the account.

Your financial institution may pay the amount and charge you a fee, known as an “overdraft fee” or a “nonsufficient funds fee.”

Tip: Avoid overdraft or non-sufficient funds fees by making a habit of monitoring the balance in your checking account.

Activity 4:

Savings Accounts



○ *Overview:*

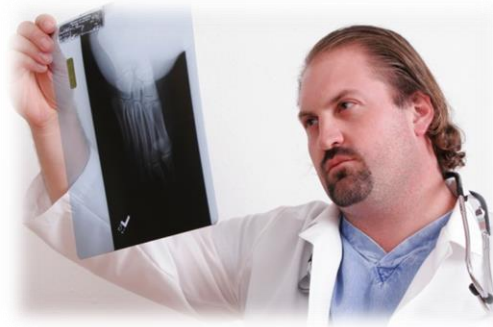
- Purpose of a savings account
- Shopping for a savings account
- Applying for a savings account
- Monthly bank statement checkup



Reasons to Save



- Emergencies
- Future Purchases
- Future Investments



Shopping for a Savings Account



Factors to consider:

- Safety
- Risk
- Minimum Account Balance Requirements
- Fees and Service Charges
- Interest Rate
- Returns (Earnings)
- Automatic Transfer
- Direct Deposit

Opening a Savings Account



YB YOUR BANK
123 MAIN STREET
ANYTOWN, USA

ACCOUNT TYPE

- INDIVIDUAL
- JOINT
- BUSINESS
- PARTNERSHIP

SAVINGS ACCOUNT APPLICATION

■ PRIMARY OWNER

NAME _____

ADDRESS _____

TELEPHONE HOME _____ WORK _____ EXT. _____

DATE OF BIRTH ___ / ___ / ___ SOCIAL SECURITY NO. ___ - ___ - ____

LENGTH OF TIME AT CURRENT ADDRESS _____

CURRENT EMPLOYER _____

EMPLOYER ADDRESS _____

LENGTH OF TIME WITH THIS EMPLOYER _____

DRIVER'S LICENSE OR PHOTO ID NUMBER _____

LAST ADDRESS PRIOR TO CURRENT ADDRESS _____

DO YOU CURRENTLY HAVE A CHECKING ACCOUNT WITH **Your Bank**? YES NO

IF SO, PLEASE LIST: ACCOUNT # _____ DATE OPENED _____



Bank Statements



Savings Account Statement

**JAMES SMITH
JANE SMITH
321 OAK ST
ANYTOWN, USA
ACCOUNT NUMBER: 885555566**

SAVINGS ACCOUNT SUMMARY	Statement Period: 1/8/06-2/6/06	
	Beginning Balance	\$654.69
	Credits	\$.40
	Debits	-\$.00
	Available Balance	\$655.09

ACCOUNT ACTIVITY	DATE	AMOUNT
Interest Earned	2/6	\$.40

ACCOUNT INTEREST SUMMARY	Average Balance	Average Interest Rate	Annual Percentage Yield Earned
	\$654.69	0.75%	0.75%

In Summary...



Activity 1

Why Do You Need A Bank?

Activity 2

The Many Services of a Bank

Activity 3

Checking Accounts 101

Activity 4

Savings Accounts