lesson six banking services



presentation slides



beware of these high-cost financial services

pawn shops charge very high interest for loans based on the value of tangible assets (such as jewelry or other valuable items).

rent-to-own programs offer an opportunity to obtain home entertainment systems or appliances for a small weekly fee. However, the amount paid for the item usually far exceeds the cost if the item were bought on credit.

check-cashing outlets charge high fees (sometimes 2 or 3 percent) just to have a paycheck or government check cashed.

rapid-refund tax services provide "instant refunds" when you pay to have your federal tax return prepared. However, this "instant refund" is a loan with interest rates as high as 120 percent.

check-deferral services allow consumers to get a cash advance on their next paycheck. However, these short-term loans are very expensive. A \$200, two-week advance may cost over \$30 (with annual costs exceeding \$900).



comparing checking accounts

location

branch offices; hours of operation; availability of ATMs

fees

monthly fees; per check fees; printing of checks; balance inquiry fees; ATM fees

other charges

overdraft charge; stop-payment fees; certified check fees

interest

rate earned; minimum deposit to earn interest; compounding method; fee charged for falling below necessary balance

interest

minimum balance; deposit insurance; holding period for deposited checks

special features

direct deposit; automatic payments; overdraft protection; online banking; discounts or free checking for students, seniors, or employees of certain companies

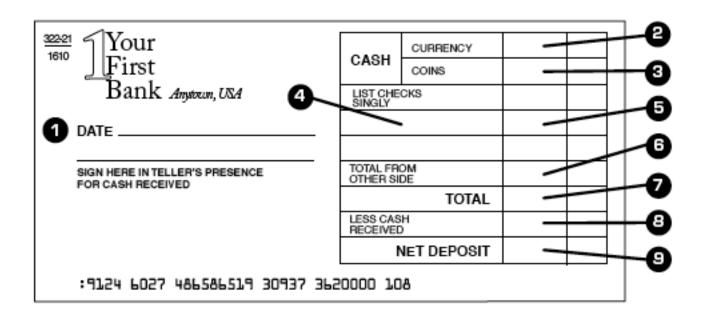


opening a checking account

| J Firs Ban | - | |
|---------------------------|---|---|
| | NATURE AUTHORIZ | ATION CARD |
| NAME _ | | TYPE OF ACCOUNT |
| ADDRESS _ | | Individual |
| - | | Joint |
| PHONE - | | Business |
| SOCIAL SEC | URITY NO. | ☐ Partnership |
| THE PAYMENT AGREED THAT A | BY AUTHORIZED TO RECOGNIZE ANY OF THE OF FUNDS OR THE TRANSACTION OF ANY B ALL TRANSACTIONS BETWEEN THE BANK AND TO ACT PRINTED ON THE REVERSE SIDE OF THIS CA | BUSINESS FOR THIS ACCOUNT. IT IS THE DEPOSITOR SHALL BE GOVERNED |



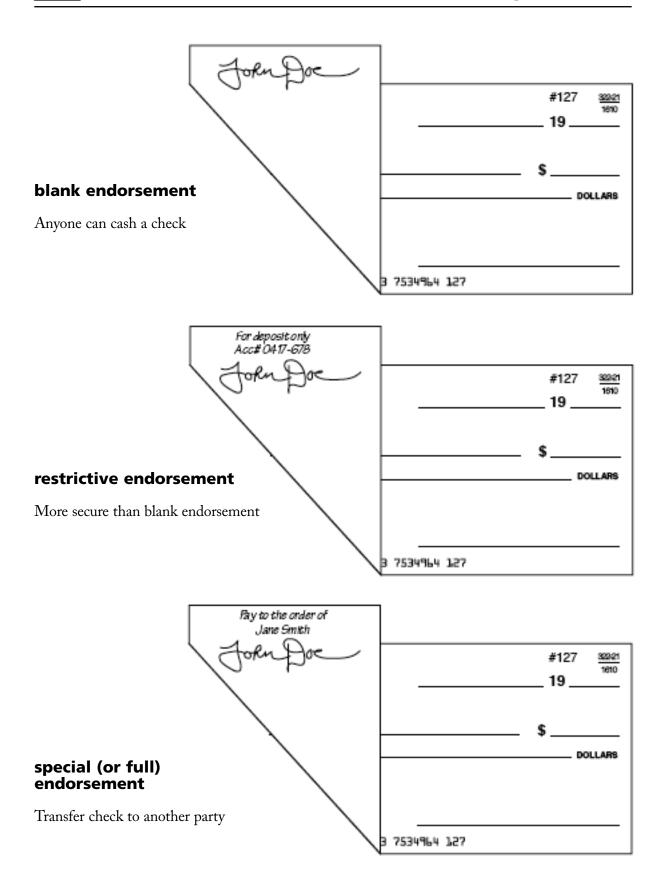
making a deposit



- **1.** Write the date of the deposit in this field.
- **2.** If you are depositing currency (paper bills), write the total amount here.
- **3.** If you are depositing coins, write the total amount here.
- **4.** If you are depositing a check, write the bank transit number here, which is the top portion of the two-part number printed in the upper corner of the check.
- **5.** Write the amount of the check here.

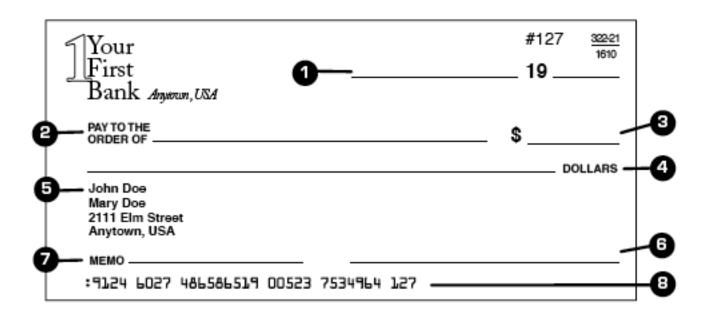
- **6.** If you are depositing more checks than can be listed on the front, continue to list them on the back, and write the total amount of the checks on back here.
- **7.** Write the total amount you are depositing here.
- **8.** If you are making a deposit inside a bank with a teller and you want to receive cash back from your deposit, write the amount you want in this field.
- **9.** Write the total amount (less cash back) of your deposit in this field.

endorsing a check





writing a check



- **1. Date** Enter the date on which you are writing the check.
- **2. Payee** Enter the name of the person or the company you are going to give the check to.
- 3. Amount of check in numerals

Enter the amount of the check, in numbers. Don't leave any space between the pre-printed dollar symbol (\$) and the numbers indicating the amount of the check; there should be no room for someone to add in extra numbers.

4. Amount of check in words

Enter the amount of the check in words. Start writing at the far left side of the line. Follow the dollar amount by the word "and," then write the amount of cents over the number 100. Draw a line from the end of the 100 to the end of the line.

- **5. Name** Your personal information is printed here. Never list your Social Security number on your printed check.
- **6. Signature** Sign your check exactly the way you signed your name on the signature card you filled out when you opened your account.
- **7. Memo** Use this space to note why you wrote the check. If you are paying a bill, this is a good place to put information requested by the company.

8. Identification numbers

These numbers are used to identify the bank, your account number, and the check number. They are printed in a special magnetic ink that machines can read.



keeping a running balance

(a) Keeping a Running Balance: Check Transaction

| NO. | DATE | DESCRIPTION | TRANSACTIO | N | DEPOSIT | BALAN | _ |
|-----|------|---------------|------------|---------|---------|------------|---|
| 161 | 64 | Sound Out | 216 30 | + | 7410011 | 366 216 | |
| | | new tupe deck | | | | 150 | |
| | | | | + | - | | |
| | | | | + | | | |
| | | | | | | | |
| | | | | \perp | | | _ |

(b) Keeping a Running Balance: ATM Cards

| CHECK NO. | DATE | DESCRIPTION | TRANSACI | | DEPOSIT | 366 | |
|--------------|------|----------------|----------|----------|---------|-----|----|
| 161 | 6/4 | Sound Out | 216 | 30 | | 216 | - |
| | | new tape deck | | | | 150 | 67 |
| ATM | 6/18 | withdrawal | 35 | 00 | | 35 | 00 |
| | | spending money | | | | 115 | 6 |
| | | | | | | | L |
| _ | | | | \vdash | | | L |

(c) Keeping a Running Balance: Check Cards

banking services: practicalmoneyskills.com 03/08

| OHECK NO. | DATE | DESCRIPTION | TRANSACT | | DEPOSIT AMOUNT | 366 | _ |
|--------------|------|-------------------|----------|----|-------------------|-----|----|
| 161 | 6/4 | Sound Out | 216 | 30 | | 216 | |
| | | new tape deck | | | | 150 | 67 |
| AIM | 6/18 | withdrawal | 35 | 00 | | 35 | oc |
| | | openaing money | | | | 115 | 67 |
| ChkCrel | 618 | check carel | 55 | 00 | | 55 | 00 |
| | | Fandand grocertee | | + | | 60 | 67 |
| _ | | | | + | | | ┝ |



reading a bank statement

STATEMENT FOR

Jane Doe 4 Primrose Lane Anytown, USA

THIS STATEMENT COVERS

12/20/07 through 1/18/08

CHECKING ACCOUNT 0471-678

Previous Statement Balance On 12/19/07 1,980.68 + Total of 3 Deposits For 1,705.25 -Total of 10 Withdrawals For

3.50 -Total Service Charges

883.97 +

612.04

New Balance

CHECK CHECK DATE PAID AMOUNT DATE PAID AMOUNT CHECKS AND OTHER DEBITS 181 12/24 15.00 184 1232.27 12/17 182 1/04 17.00 ***186** 12/31 54.47 183 12/26 217.54 187 1/03 53.97 Monthly Maintenance Charge 1/18 3.50 Withdrawal #00281 at ATM #423A 12/24 40.00 Withdrawal #02628 at ATM #423A 12/31 20.00 Withdrawal #08744 at ATM #430E 1/15 20.00 Withdrawal #02456 Check Card 1/16 35.00

DEPOSITS AND DATE POSTED AMOUNT OTHER CREDITS Transfer from 4039-557 at ATM #423C 1200.00 12/27 Customer Deposit at ATM#423A on 1/12 1/14 521.78 Direct Deposit from #05323 on 1/17 1/18 258.90

ATM 423A: 2500 Centre Plaza, Anytown, USA LOCATIONS 423C: 2500 Centre Plaza, Anytown, USA USED 430E: 945 Hamilton Ave., Big City, USA

> Your First Bank THANK YOU FOR BANKING WITH



reconciling a checking account

- **step 1:** Obtain the current balance from your bank statement.
- **step 2:** Add any deposits that you have recorded in your check register but that are not on this statement.
- **step 3:** Subtract any outstanding checks (checks you have written but that have not yet cleared the banking system).
- **step 4:** Compare the result with the current balance in your check register.

Note:

The balance in your check register should be adjusted to include: (a) deductions for service fees or other charges; (b) additions for direct deposits and interest earned.



electronic banking services

direct deposit... earnings (or government payments) automatically deposited into bank accounts, saving time, effort, and money.

automatic payments... utility companies, loan payments, and other businesses use an automatic payment system with bills paid through direct withdrawal from a bank account.

automatic teller machines... allow customers to obtain cash and conduct banking transactions; some ATMs sell bus passes, postage stamps, gift certificates, and mutual funds.

point-of-sale transactions... acceptance of ATM/debit card at retail stores and restaurants for payment of goods and services.

stored-value cards... prepaid cards for telephone service, transit fares, highway tolls, laundry service, library fees, and school lunches.

electronic cash... companies are developing electronic replicas of all existing payment systems—cash, check, credit cards, and coins.

online banking... banking through online services. Bank websites allow customers to check balances, pay bills, transfer funds, compare savings plans, and apply for loans on the internet.





smart cards, sometimes called "electronic wallets," look like ATM cards; however, they also include a microchip.

- This minicomputer stores prepaid amounts for buying goods and services.
- A smart card can also store data about a person's account balances, transaction records, insurance information, and medical history.
- Uses for smart cards may expand in the future.