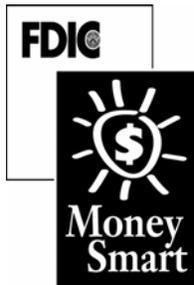


Bank On It



Participant Guide



Building: Knowledge, Security, Confidence

FDIC Financial Education Curriculum

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MONEY SMART MODULES

- **Bank On It**
an introduction to bank services
- **Borrowing Basics**
an introduction to credit
- **Check It Out**
how to choose and keep a checking account
- **Money Matters**
how to keep track of your money
- **Pay Yourself First**
why you should save, save, save
- **Keep It Safe**
your rights as a consumer
- **To Your Credit**
how your credit history will affect your credit future
- **Charge It Right**
how to make a credit card work for you
- **Loan to Own**
know what you are borrowing before you buy
- **Your Own Home**
what home ownership is all about

BANKING BASICS

What is a bank?

A bank, credit union, or thrift is a business that offers you a safe place to keep your money and uses your deposits to make loans. This business is also called a financial institution.

Banks offer you many financial services.

Why should you keep your money in the bank?

Reasons why you should keep your money in a bank include:

- Safety – Money is safe from theft, loss, and fire.
- Convenience – You can get money quickly and easily. Using direct deposit, for example, saves you time and allows you quicker access to your money. Funds electronically deposited in your account are available sooner than if you deposited a check.
- Cost – Using a bank is probably cheaper than using other businesses to cash your check.
- Security – The Federal Deposit Insurance Corporation (FDIC) insures deposits up to the maximum amount allowed by law. This means that if for some reason a bank closes and cannot give its customers the money they had in the bank, the FDIC will return the money to the customers.

You can tell if the FDIC insures a bank by the FDIC logo. Most credit unions are insured by the National Credit Union Administration (NCUA). The deposit insurance rules are the same at NCUA-insured credit unions as they are at FDIC-insured banks.

The FDIC has an online tool called the Electronic Deposit Insurance Estimator (EDIE). It lets you calculate the insurance coverage of your accounts at each FDIC-insured institution.

You can find EDIE online at www.fdic.gov.

- Financial future – Building a relationship with a bank will establish a record of paying bills, can help you save money, and is necessary for getting a loan.

OPENING AND MAINTAINING A BANK ACCOUNT

Steps to opening and maintaining a bank account

1. Open the account and go through account verification.
2. Make deposits and withdrawals.
3. Record interest and fees.
4. Keep track of account balance.

Account verification

The first thing you need to do to open a bank account is go through a process called account verification.

The bank wants to make sure that you will be a responsible bank account customer. If you have not been a good banking customer in the past, they may not want to risk having you as a customer now.

The bank also needs to make sure that you are who you say you are and that you are able under the law to open a bank account.

- The bank may review your history of using checking accounts through companies such as TeleCheck or ChexSystems. It may also run a full credit report.
- The bank will need your photo identification, such as a driver's license, and your Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN) to verify your identity.

If you are not a citizen of the United States, some banks may accept other forms of photo identification. Other types of identification may include the matrícula consular card, resident alien card (Green Card), or passport.

Ask the bank what type of identification you need to open an account.

- If the bank determines that you are eligible to open an account, you can deposit money into your new account.
- If you are unable to open an account, ask whether you are eligible for any “second chance” checking programs. These programs may allow you to open a checking account after meeting certain requirements, such as completing a check-writing workshop.
- Ask your local financial institution and/or any reputable credit counseling agency if there are any programs in your area.

CHOOSING A BANK CHECKLIST

When looking for a bank, carry this checklist with you. The questions below can help you choose a bank that is right for you.

	Bank A	Bank B	Bank C
Name of Bank			
Does it offer the services I need? List the services you need here:			
Is it close to home?			
Does it have reasonable hours?			
Does it have ATMs? If so, are they located near where I live, work, or shop?			
If I am choosing a credit union, am I eligible?			
Do any employees speak my language?			
What, if any, fees will be charged?			
Is this bank insured?			



PRACTICE EXERCISE: MAKING DEPOSITS AND WITHDRAWALS

Purpose

To give you some practice depositing money into and withdrawing money from a bank account.

Instructions:

1. Read the scenario carefully.
2. Answer the question.

Scenario

Carl just opened a bank account and deposited \$500 in cash. The next day, he wrote a check to pay his electric bill. It was \$70. At the end of the week, he received a paycheck for \$870 and deposited it into his account.

What is the balance in Carl's account after he made the withdrawal and deposit?

Answer:

CHOOSING AN ACCOUNT CHECKLIST

When looking for an account, take this checklist with you. The questions below can help you choose an account that is right for you.

	Bank A	Bank B	Bank C
Type of Account			
How much money do I need to open the account?			
How much do I have to keep in my account to avoid fees?			
What are the fees for bounced checks?			
How many checks can I write before extra fees are charged?			
How many withdrawals can I make each month?			
Does this account pay interest?			
Does an ATM or debit card come with this account?			
Will I be charged to use the ATM or debit card at this bank?			
Will I be charged to use the ATM or debit card at another bank?			
Are there any other fees?			

ADDITIONAL BANKING SERVICES

Instructions

Fill in the blank with the name of the service that best describes it.

Banking services

Direct Deposit

Money transfer

Money order

Debit card

Telephone banking

Stored value card

Online banking

Loan

Automated Teller Machine (ATM)

Description of services

A method of electronically transferring money from one bank to another.

A kiosk or terminal where you can deposit, withdraw, or transfer money from one account to another 24 hours a day.

This allows you to check your account balance by phone.

This is used like a check to pay a bill.

One method your employer or a government agency might choose to give you your paycheck or benefits check.

ADDITIONAL BANKING SERVICES (Continued)

Money you borrow from a bank with a written promise to pay it back later.

This allows you to check your account balance on the computer.

When you use this card to buy something from a store or another business, the money comes out of your bank account immediately.

A card on which you can “load” money to be used for future purchases.

BANK EMPLOYEE ROLE PLAY

Instructions

Read your part of the script when the instructor asks you to.

Bank Employees

Customer Service Representative

As a customer service representative, I can:

- Help you open your account.
- Explain services.
- Answer general questions.
- Refer you to a person who can help you.
- Provide written information explaining the bank products.

Teller

Hi, I'm the teller. I stand behind a counter and:

- Deposit your money for you.
- Cash your checks.
- Answer questions.
- Refer you to the person who can help you with other bank services.

I'm often the main contact at the bank. Anytime you come into the bank, you can go to any teller.

Loan Officer

Hi, I'm the loan officer. My job is to:

- Take applications for loans offered at the bank.
- Answer questions.
- Provide written information explaining loan products.
- Help you fill out a loan application.

Branch Manager

Hi, I'm the branch manager. My job is to:

- Supervise the bank's operations that take place at this branch.
- Help fix problems that the other bank employees can't solve.

WHAT DO YOU KNOW? – BANK ON IT

Instructor: _____ Date: _____

This form will allow you and the instructors to see what you know about banks both before and after the training. Read each statement below. Please circle the number that shows how much you agree with each statement.

	Before-the-Training				After-the-Training			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
I know:								
1. How to identify the major types of insured financial institutions.	1	2	3	4	1	2	3	4
2. How to identify five reasons to use a bank.	1	2	3	4	1	2	3	4
3. How to describe the steps involved in opening and maintaining a bank account.	1	2	3	4	1	2	3	4
4. How to describe two types of deposit accounts.	1	2	3	4	1	2	3	4
5. How to identify additional bank services that come with deposit accounts.	1	2	3	4	1	2	3	4
6. How to describe the primary functions of the bank customer service representative, teller, loan officer, and branch manager.	1	2	3	4	1	2	3	4

EVALUATION FORM

This evaluation will allow you to assess your observations of the Bank On It module. Please indicate the degree to which you agree with each statement by circling the appropriate number.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
1. Overall, I felt the module was: <input type="checkbox"/> Excellent <input type="checkbox"/> Very Good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor						
2. I achieved the following training objectives: a. Identify the major types of insured financial institutions. b. Identify five reasons to use a bank. c. Describe the steps involved in opening and maintaining a bank account. d. Describe two types of deposit accounts. e. Identify additional bank services that come with deposit accounts. f. Describe the main functions of the bank customer service representative, teller, loan officer, and branch manager.	1	2	3	4	5	
3. The instructions were clear and easy to follow.	1	2	3	4	5	
4. The overheads were clear.	1	2	3	4	5	
5. The overheads enhanced my learning.	1	2	3	4	5	
6. The time allocation was correct for this module.	1	2	3	4	5	
7. The module included sufficient examples and exercises so that I will be able to apply these new skills.	1	2	3	4	5	
8. The instructor was knowledgeable and well-prepared.	1	2	3	4	5	
9. The worksheets are valuable.	1	2	3	4	5	
10. I will use the worksheets again.	1	2	3	4	5	
11. The students had ample opportunity to exchange experiences and ideas.	1	2	3	4	5	
12. My knowledge/skill level of the subject matter before the module.	None		Advanced			
	0	1	2	3	4	5
13. My knowledge/skill level of the subject matter upon completion of the module.	0	1	2	3	4	5

Continued on next page ...

EVALUATION FORM (Continued)

Instructor Rating

Please use the response scale and circle the appropriate number.

Response Scale:	Name of Instructor				
5 Excellent					
4 Very Good					
3 Good					
2 Fair					
1 Poor					
Objectives were clear & attainable	5	4	3	2	1
Made the subject understandable	5	4	3	2	1
Encouraged questions	5	4	3	2	1
Had technical knowledge	5	4	3	2	1

What was the most useful part of the training?

What was the least useful part of the training?

GLOSSARY

Account Verification

A procedure that lets a bank determine that:

- You will be a responsible bank account customer.
- You are who you say you are.
- You are able under the law to open a bank account.

The bank may review your history of using checking accounts through companies such as TeleCheck or ChexSystems. It may also run a full credit report.

Automated Teller Machine (ATM)

This is a kiosk or terminal where you can deposit, withdraw, or transfer money from one account to another 24 hours a day. Use of an ATM requires a card issued by the bank and a personal identification number (PIN). A PIN is a special password or set of numbers needed to use your debit or ATM card. The PIN is used for security purposes so no one else can access your account.

You can use the ATM for many services, but there might be a fee involved. Most people use the ATM to get cash from their account. If you use another bank's ATM, you might be charged an additional fee. Generally, you can make deposits at your bank's ATM only.

Balance

The balance is the amount of money you have in your bank account.

Bank

A bank is a business that offers you a safe place to keep your money and uses your deposits to make loans.

This business is also called a financial institution. Banks offer you many financial services.

Branch Manager

A branch manager is the person who supervises the bank operations at that branch and helps fix problems that cannot be solved by other bank workers.

Checking Account

A checking account is an account that lets you write checks to pay bills or buy goods. The financial institution takes the money from your account and pays it to the person named on the check. The financial institution sends you a monthly record of the deposits made and the checks written.

GLOSSARY (Continued)

Credit Union

A non-profit financial institution owned by people who have something in common. You have to become a member of the credit union to keep your money there.

Customer Service Representative or New Account Officer

The customer service representative is the person who can help you open your account. The representative explains services, answers general questions, refers you to a person who can help you, and provides written information explaining the bank products.

Debit Card

A debit card is a plastic card sometimes called a check card. The debit card has a MasterCard or Visa logo and a magnetic strip on the back that allows you to pay for goods and services at stores and other businesses that accept MasterCard or Visa credit cards. When you use a debit card, the money comes out of your bank account immediately.

The bank might give you a debit card that also functions as an ATM card. With a debit card, you can make deposits to or withdrawals from your checking account at ATMs. Some debit card uses might require a PIN if you use the card as an ATM card.

Deposit

A deposit is money you add to your account. When you add money to your account, you must fill out a deposit slip. A deposit slip tells the bank how much money you are adding to your account. Depending on what you deposit – cash, a payroll check, or a check drawn on an out-of-state bank – you may not have immediate use of the funds. The bank must first make sure there are funds at the originating bank (the bank of the person who wrote the check) to cover your check. You can ask the bank when you can use the money you deposited.

Deposit Products

Deposit products are bank accounts that allow you to add money to the account. Checking and savings accounts are two examples of deposit products.

Direct Deposit

Direct deposit is one method your employer or a government agency might choose to give you your paycheck or benefit check. With direct deposit, your paycheck or benefit check is electronically transferred and directly deposited into your account. Some banks will not charge monthly fees if direct deposit is used.

GLOSSARY (Continued)

Fees

Financial institutions charge different fees for different services. For example, a monthly maintenance fee might be charged for keeping your account open. You might also be charged a penalty fee if you misuse your account, such as by bouncing a check or taking out more money than you have in it. When this happens, you have overdrawn your account.

Interest

Interest is a percentage of your balance that the bank pays you for keeping your money at that bank. One of the main advantages of having a deposit account is the interest you earn.

Loan

A loan is money you borrow from a bank with a written promise to pay it back later. Banks charge you fees and interest. This is extra money you pay to borrow the money. You can talk to the customer service representative for more information about loans offered at a bank.

Loan Officer

The loan officer is the person who takes applications for loans offered at the bank. The officer can answer your questions, provide written information explaining loan products, and help you fill out a loan application.

Money Order

A money order is similar to a check. It is used to pay bills or make purchases in cases where cash is not accepted. Many businesses sell money orders for a fee. If you need to use a money order, it is best to shop around for the best price.

Money Transfer

Money transfer is a method of electronically transferring money from one bank to another. A wire transfer is a form of money transfer from one bank to another. A remittance is a money transfer that goes to a bank or a person in another country.

GLOSSARY (Continued)

Non-deposit Investment Products

Many banks also offer non-deposit products that are not insured by the FDIC. Stocks, bonds, and mutual funds are examples of non-deposit investment products.

Bank personnel are supposed to provide a written explanation stating that these products are not insured by the FDIC and may lose value. You can find out more about non-deposit products at your bank.

Online and Telephone Banking

Bank services which allow you to use the computer or telephone to:

- Check account balances.
- Transfer money between accounts.
- Obtain account history, such as most recent deposits or withdrawals.
- Stop payment on a check.
- Obtain information on branch hours or other information.
- Report a lost, stolen, or damaged credit, debit, or ATM card.

With online banking, you can also pay your bills on the Internet, at the bank's website.

Privacy Notices

Notices that banks and other financial companies involved in financial transactions must send to their customers. They explain:

- What personal financial information the company collects.
- Whether the company intends to share your personal financial information with other companies.
- What you can do to limit some of that sharing if the company intends to share your personal financial information.
- How the company protects your personal financial information.

If you prefer to limit the promotions you receive or do not want marketers and others to have your personal financial information, you must take some important steps.

First, review the privacy notice to determine whether the company shares information with others.

GLOSSARY (Continued)

Privacy Notices (Continued)

Not all companies will share information. If your company does share information, federal privacy laws give you the right to stop or “opt out” of **some** sharing of your personal financial information. You have the right to opt out of some information sharing with companies that are:

- Part of the same corporate group as your financial company (or affiliates).
- Not part of the same corporate group as your financial company (or non-affiliates).

If applicable, your privacy notice will contain instructions to opt out.

Second, you can tell the credit bureaus not to share information on you with lenders and insurers who use the information to decide whether to send you unsolicited offers of credit or insurance.

You can opt out of receiving these prescreened offers by calling 1-888-5-OPTOUT (1-888-567-8688) or visiting www.optoutprescreen.com.

Savings Account

A savings account is an account that earns interest. You can open a savings account with a few dollars, but you might pay a monthly fee if your balance is below a certain amount. Some banks will give you a booklet called a “passbook” to keep track of your money.

Stored Value Card

A card onto which you can “load” money for use in making future purchases. Stored value cards include:

- Telephone cards with pre-paid minutes.
- International gift cards that can be used anywhere the VISA or MASTERCARD logo is displayed.
- Payroll cards.

Teller

The teller is the person behind the counter who takes money, answers questions, cashes checks, or refers you to the person who can help you. Tellers are the main contact people at the bank. You can go to any teller in the bank.

GLOSSARY (Continued)

Thrift

A thrift is a savings bank or savings and loan association that is similar to a bank. Thrifts were created to promote homeownership and must have a majority of their assets in housing-related loans.

Withdrawal

A withdrawal is the process of taking money from your bank account. You do this by writing a check, using an ATM, or by giving a teller a withdrawal slip. A withdrawal slip looks similar to a deposit slip, except you are taking money out rather than adding money to your account.

You need to be sure you do not withdraw more money than you have in your account. If you do, you will be overdrawn, or bounce a check, and be charged a fee.

For Further Information

Federal Deposit Insurance Corporation (FDIC)

Division of Supervision & Consumer Protection
2345 Grand Boulevard, Suite 1200
Kansas City, Missouri 64108
1-877-ASK-FDIC (1-877-275-3342)
Email: consumer@fdic.gov
www.fdic.gov

National Credit Union Administration (NCUA)

The NCUA is the federal agency that insures savings in most credit unions.
1775 Duke Street
Alexandria, VA 22314-3428
800-827-9650
www.ncua.gov

Go Direct

To quickly and easily sign up for direct deposit of your Social Security or Supplemental Security Income payments, contact Go Direct, a campaign sponsored by the U.S. Department of the Treasury and the Federal Reserve Banks.
www.GoDirect.org
(800) 333-1795

U.S. Financial Literacy and Education Commission

MyMoney.gov is the U.S. Government's website dedicated to teaching all Americans about financial education.
Whether you are planning to buy a home, balancing your checkbook, or investing in your 401k, the resources on MyMoney.gov can help you.
Throughout the site, you will find important information from 20 federal agencies.
www.mymoney.gov
1-888-My-Money (1-888-696-6639)

For Further Information (Continued)

Federal Consumer Information Center (FCIC)

The FCIC provides free online consumer information to help the public. The FCIC produces the Consumer Action Handbook, which is designed to help citizens find the best source for assistance with their consumer problems and questions.

www.pueblo.gsa.gov

1-800-688-9889