



LESSON 6

Banking Services
Teacher's Guide

Grades 7-8



Banking Services

LESSON OUTLINE

OVERVIEW

If the fee for an ATM transaction to withdraw money is \$2 and a person withdraws money twice a week, the banking fees for that person will be \$208 a year. Over a five-year period, those fees invested at five percent would grow to more than \$1,140.

Most students know that banks and other financial institutions (credit unions, savings and loan associations) offer a variety of services. However, few people know how to make wise choices when using financial services. In this lesson, students will learn about the different types of financial service products available and the features of each.

When selecting a checking account, remind students to consider the required balance, monthly fees, interest earned, and charges for other fees and services.

GOALS

Provide practice in comparing and evaluating various banking services, including checking and savings accounts, debit cards, and online banking. Perform the tasks associated with maintaining checking and savings accounts.

LESSON OBJECTIVES

- Understand the services offered by banks, savings and loans, and credit unions
- List some of the factors to consider when shopping for bank services
- Understand the responsibilities of having a checking account
- Write checks and keep a running balance in a checkbook
- Describe how to deposit a check
- Read and interpret a checking account statement
- Reconcile a checking account using a checking account statement and a check register
- Describe what a debit card is and explain how it is used

PRESENTATION SLIDES

6-A beware of these high-cost financial services

6-B comparing checking accounts

6-C opening a checking account

6-D making a deposit

6-E endorsing a check

6-F writing a check

6-G keeping a running balance: check transaction, debit card transaction

6-H reading a bank statement

6-I reconciling a checking account

6-J electronic banking services

6-K cashless transactions

STUDENT ACTIVITIES

6-1 Choosing a Checking Account

- Using the guidelines provided in class, have students shop for a checking account
- Discuss what they found. Which bank or credit union would they choose? Why?

6-2 Keeping a Running Balance

- Using the examples provided, have students keep a running balance by reviewing account statements online and using a check register spreadsheet

6-3 Reading and Interpreting a Bank Statement

- Have students answer the questions regarding the sample bank statement

6-4 Reconciling an Account

- Using the examples provided, have students reconcile the example account

6-5 Lesson Six Quiz

SUPPLEMENTAL MATERIALS

- Banking Terms
- A Primer on Debit Cards

TARGET AUDIENCES

Learning activities appropriate to varied target audiences for Lesson Six

ACTIVITY	TEENAGERS 14-18	YOUNG ADULTS 19-25	ADULTS 26+
Survey/Interview	●	●	
Student Activity 6-1	●	●	●
Student Activity 6-2	●	●	
Student Activity 6-3	●	●	●
Student Activity 6-4	●	●	●
Web Activity	●	●	●
Lesson Six Quiz 6-5	●	●	●

Banking Services

TEACHING NOTES

FINANCIAL INSTITUTIONS AND SERVICES

1. **Bank services**
 - Checking and savings accounts
 - Earning interest
 - Direct deposit
 - Transfer of money
 - Mobile banking overdraft protection
 - Traveler's checks
 - FDIC (Federal Deposit Insurance Corporation) coverage
 - Credit and debit cards
 - Certificates of Deposit (CDs)
 - ATMs
 - Automatic payments
2. **Savings & loans (S&Ls)**
3. **Credit unions**
4. **How banks differ from savings & loans and credit unions**

Discussion

Survey/Interview:
Have students talk to others to obtain information about financial services they use.

Supplemental Materials

Advantages/disadvantages of having a checking account

Discussion

Choosing a Checking Account

1. Monthly fees
2. Per-check charges
3. Balance requirements
4. Interest rate
5. How rates are calculated
6. How soon you can draw against a deposit
7. Bounced check charges
 - On your check
 - On a check you deposited
8. ATM charges
9. Debit card charge
10. Stop payment fees
11. Security features
12. Charges for printed checks
13. Locations/number of branches
14. Bank hours
15. Online banking services
16. Automatic bill pay

Discussion

Student Activity 6-1

Shopping for a checking account

Student Activity 6-1

OPENING A CHECKING ACCOUNT

1. Signature authorization card
2. The contract and what it means
3. Initial deposit

Discussion

Slide 6-C

Making a Deposit

1. Writing a deposit slip for an ATM or branch deposit
2. Endorsing a check
 - Blank endorsement
 - Restrictive endorsement
 - Special (or full) endorsement
3. Depositing a check
 - Direct deposit
 - Manual deposit
 - Mobile deposit

Slides 6-D & 6-E

Writing a check and keeping a running balance

1. Writing a check
2. Keeping a running balance by reviewing account statements online and using a check register or spreadsheet

Discussion

Student Activity 6-2

Slides 6-F & 6-G

Using a debit card and keeping a running balance

Because debit cards are widely used, a local bank employee would be a good guest speaker for this topic.

1. What a debit card is
2. What it looks like
3. Advantages of using it
4. Disadvantages of using it
5. Difference from a credit card
6. How to use it
7. What it costs
8. Where it is accepted
9. What it replaces
10. Keeping a running balance by reviewing account statements online and using a budgeting app or a spreadsheet

Discussion

Supplemental Material

INTERPRETING A BANK STATEMENT AND RECONCILING AN ACCOUNT

1. Reading a bank statement
2. Reconciling an account
 - Checking the bank statement
 - Verifying check transactions on your online statement
 - Verifying deposits and ATM transactions
 - Verifying debit card transactions
 - Correcting entry errors in a check register or spreadsheet
 - Correcting deposit or ATM transaction amounts in the spreadsheet
 - Correcting errors of omission
 - Finding outstanding transactions
3. Practice reading a bank statement
4. Practice reconciling an account
 - Have students supplement this activity by balancing their parents' accounts

Discussion

Student Activity 6-3

Student Activity 6-4

Slide 6-H

ONLINE AND ELECTRONIC BANKING

- 24/7 account access
- Direct deposit
- Automated bill payments
- Money transfers
- Mobile check deposit
- Mobile account alerts

LESSON SIX QUIZ

Quiz 6-5

Keeping a Running Balance *Answer Key*

CHECK NO.	DATE	DESCRIPTON	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE
					\$612.04
161	6/4	SoundOut	\$216.30		\$395.74
		New electronics			
162	6/7	Cell USA	\$82.87		\$312.87
		Acct. #7M3406 mobile services			
ATM	6/9	Withdrawl	\$200.00		\$112.87
		Spending money			
ATM	6/14	Mobile deposit		\$1235.18	\$1348.05
		Paycheck			
163	6/15	Woodland Apartments	\$1000.00		\$348.05
		Rent			
Debit	6/18	Foodland Groceries	\$55.00		\$293.05
		Food			
ATM	6/18	Withdrawl	\$35.00		\$258.05
		Movie and pizza			
ATM	6/19	Deposit		\$1200.00	\$1458.05
		Transfer from savings			
164	6/25	Tracy's	\$26.31		\$1431.74
		New clothes			
165	6/26	E-Z Mart	\$10.00		\$1421.74
		Snacks			
Debit	6/26	City Transport	\$54.11		\$1397.63
		Transportation			
ATM	6/27	Withdrawl	\$20.00		\$1347.63
		Spending money			
166	6/27	Lawn Wranglers	\$55.00		\$12.292.63
Direct Deposit	6/30	ACH Deposit		\$986.00	\$2278.63
		Refund			

Keeping a Running Balance *Answer Key*

1. What was your account balance on June 8?

\$312.87

2. Could you have written check #163 on June 6 instead of June 26? If not, why?

No — the payment was \$1000.00, but the account balance on June 6 was only \$395.74

3. The love of your life has been in a bad mood lately, and you think an expensive present might help.

You've found a leather jacket on sale for \$189.00. Can you afford to buy the jacket on June 10?

What will your account balance be if you do?

No — the account will be overdrawn by \$76.13

4. The hottest new band in town has just released a CD. It costs \$21.99. Can you afford to buy the CD on June 5? What will your account balance be if you do?

Yes — \$373.75

5. What was your account balance after you withdrew \$20.00 on June 27?

\$1,347.63

6. What was the amount of check #161, to whom did you write it, and for what?

\$216.30, to SoundOut for new electronics.

Reading a Bank Statement *Answer Key*

1. What period does this statement cover?

6/1/18 through 6/30/18

2. What is the account number of this statement?

0471-678

3. How many deposits were made and what were the amounts?

Three, for the amounts of \$1,235.18, \$1,200.00 and \$986.00

4. How many checks cleared and what was the total dollar amount of the checks that cleared?

Five, for a total of \$1,335.48

5. Were there any ATM withdrawals? If so, how many were there and what was the total amount?

Yes, three, for a total of \$255.00

6. What is the total of all withdrawals (checks, ATM transactions, check card transactions, service charges)?

\$1,699.59

7. What is the new balance of the account?

\$2,333.63

8. Did check #162 clear?

Yes

9. What was the amount of check #163?

\$1,000.00

10. Did check #165 clear?

Yes

11. What was the amount of check #161?

\$216.30

Reconciling an Account (cont.) *Answer Key*

OUTSTANDING ITEMS

NUMBER	AMOUNT
TOTAL	

Enter	
The new balance shown on your statement	\$2,333.63
Add	\$100.00
Any deposits or transfers listed in the spreadsheet that are not shown on your statement	\$ _____
	\$ _____
Total	+\$100.00
Calculate the Subtotal	\$2,433.63
Subtract	-\$55.00
Your total outstanding checks and withdrawals	
Calculate the Ending Balance	\$2,378.63
This amount should be the same as the current balance in your budgeting spreadsheet	

Use the information on this and the previous page to answer the following questions:

1. What is the new balance shown on the statement?
\$2,333.63
2. What is the total amount of deposits listed in the spreadsheet but not shown on the statement?
\$100.00
3. What is the sum of the new balance and the deposits not shown on the statement?
\$2,433.63
4. What is the total amount of outstanding checks and withdrawals?
\$55.00
5. What is the ending balance?
\$2,378.63

Banking Services Quiz Answer Key

True or False

1. **F** A pawn shop offers loans to people starting their own business.
2. **T** Opening a checking account requires completing a signature card.
3. **T** A blank endorsement allows anyone to cash a check.
4. **T** Debit card transactions are deducted from the cardholder's checking account.
5. **F** An outstanding check refers to one written on an account with a very low balance.

Multiple Choice

6. **C** The highest loan rates usually occur when borrowing from a:
A. bank
B. credit-card company
C. pawn shop
D. credit union
7. **B** A _____ is used to add funds to a bank account.
A. check
B. deposit slip
C. signature card
D. withdrawal slip
8. **A** Obtaining cash from an ATM is similar to:
A. writing a check
B. making a deposit
C. opening a new account
D. earning interest on your account
9. **B** A service charge on your bank statement will result in:
A. a higher balance
B. a lower balance
C. earning more interest
D. more outstanding checks

Case Application

A recent bank statement for Tracy Gray revealed various service charges and fees of over \$10. How might Tracy reduce her costs for banking fees?

Tracy should start by analyzing her financial services habits. For example, if she uses an ATM often, the fees could be high. Or, if her checking account gets too low or drops below zero, she may have to pay a monthly fee or other charges for overdrawn accounts. If her fees are still high after careful use of banking services, she should compare the costs at other banks or a credit union and consider moving her account.



LESSON 6

Banking Services
Student Activity Sheets

Grades 7-8



Choosing a Checking Account

Name of Bank: _____

Branch Information

Branch nearest your home: _____

Branch nearest your work: _____

Number of branches: _____

Number of ATMs: _____

Bank hours: _____

Types of accounts: _____

Security features: _____

Mobile features: _____

Fees

Must maintain a minimum daily balance of: _____

Must maintain an average daily balance of: _____

Monthly maintenance charge: _____

Interest

How much interest do you earn on your account? _____

How is it calculated? _____

Charges

Checks

Mobile check deposits _____

Bouncing checks _____

Stopping checks _____

View images of checks _____

Certifying checks _____

Withdrawals at

Bank branches _____

In-network ATMs _____

International network ATMs _____

Balance inquiries

Online - At a bank branch _____

At ATMs _____

By phone _____

Special services

Funds transfer _____

Automatic bill payment _____

Signature guarantee _____

Deposits

Keeping a Running Balance

Record deposits and keep a running balance in the check register below.

1. On June 1, your balance is \$612.04.
2. On June 4, you write check #160 to SoundOut, for \$236.10 to buy some new electronics.
3. Then you realize the check to SoundOut should have been for \$216.30, so you void the first check and write a new check (#161) for \$216.30.
4. On June 7, you write check #162 to CellUSA for \$82.87 to pay for mobile services on acct #7M3406.
5. On June 9, you make an ATM withdrawal of \$200.00, so you'll have some spending money.
6. On June 14, you make a mobile deposit of your paycheck, which is for \$1,235.18.
7. On June 15, you write check #163 for \$1,000.00 to Woodland Apartments for rent.
8. On June 18, you use your debit card at Foodland Groceries for a \$55.00 purchase.
9. On June 18, you make an ATM withdrawal for \$35.00 to pay for a movie and pizza.
10. On June 19, you used an ATM to transfer \$1,200.00 from your savings account to checking.
11. On June 25, you write check #164 for \$26.31 to buy some new clothes at Tracy's.
12. On June 26, you write check #165 for \$10.00 to get some snacks at E-Z Mart.
13. On June 26, you use your debit card to pay City Transport \$54.11 for transportation costs.
14. On June 27, you take \$20.00 out of the ATM for spending money.
15. On June 27, you write check #166 for \$55.00 to the Lawn Wranglers.
16. On June 30, you get an ACH deposit for \$986.00 for your IRS tax refund.

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE

Keeping a Running Balance (cont.)

Use the check register you just completed to answer the following questions.

1. What was your account balance on June 8?
2. Could you have written check #163 on June 6 instead of June 26? If not, why?
3. The love of your life has been in a bad mood lately, and you think an expensive present might help. You've found a leather jacket on sale for \$189.00. Can you afford to buy the jacket on June 10? What will your account balance be if you do?
4. The hottest new band in town has just released a CD. It costs \$21.99. Can you afford to buy the CD on June 5? What will your account balance be if you do?
5. What was your account balance after you withdrew \$20.00 on June 27?
6. What was the amount of check #161, to whom did you write it, and for what?

Reading a Bank Statement

Using the bank statement on the next page, answer the following questions.

1. What period does this statement cover?
2. What is the account number of this statement?
3. How many deposits were made and what were the amounts?
4. How many checks cleared and what was the total dollar amount of the checks that cleared?
5. Were there any ATM withdrawals? If so, how many were there and what was the total amount?
6. What is the total of all withdrawals (checks, ATM transactions, check card transactions, service charges)?
7. What is the new balance of the account?
8. Did check #162 clear?
9. What was the amount of check #163?
10. Did check #165 clear?
11. What was the amount of check #161?

Reading a Bank Statement (cont.)

**CHECKING
ACCOUNT**
0471-678

Previous Statement Balance on 6/1/18	\$612.04
Total of 3 Deposits For	\$3421.18
Total of 10 Withdrawals For	\$1754.59
New Balance	\$2278.63

TRANSACTION HISTORY | CHECKS & OTHER DEBITS

DATE PAID	CHECK #	DESCRIPTION	DEPOSITS/ CREDITS	WITHDRAWALS/ DEBITS	ENDING DAILY BALANCE
6/4	161			\$216.30	\$395.74
6/5	164			\$26.31	\$369.43
6/9		Withdrawal #29848 at ATM		\$200.00	\$169.43
6/14	165			\$10.00	\$159.43
6/15		Mobile Deposit	\$1235.18		\$1394.61
6/18		DebitCard		\$55.55	\$1339.61
6/18		Withdrawal #00281 at ATM #423C		\$35.00	\$1304.61
6/19		Transfer from 4039-557 at ATM #423C	\$1200.00		\$2504.61
6/24	162			\$82.87	\$2421.74
6/26	163			\$1000.00	\$1421.74
6/26		DebitCard		\$54.11	\$1367.63
6/27		Withdrawal from #08744 at ATM #430E		\$20.00	\$1347.63
6/27	166	Lawn Wranglers		\$55.00	\$1292.63
6/30		ACH Deposit	\$986.00		\$2278.63
			\$3421.18	\$1754.59	\$2278.63

**ATM LOCATIONS
USED**

423A: 2500 Main St, Anytown, USA
423E: 945 Hamilton Ave, Big City, USA

Reconciling an Account

Use the bank statement, spreadsheet, and reconciliation worksheet to balance this checkbook.

CHECK NO.	DATE	DESCRIPTON	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE
					\$612.04
161	6/4	SoundOut	\$216.30		\$395.74
		New electronics			
162	6/7	Cell USA	\$82.87		\$312.87
		Acct. #7M3406 mobile services			
ATM	6/9	Withdrawl	\$200.00		\$112.87
		Spending money			
ATM	6/14	Mobile deposit		\$1235.18	\$1348.05
		Paycheck			
163	6/15	Woodland Apartments	\$1000.00		\$348.05
		Rent			
Debit	6/18	Foodland Groceries	\$55.00		\$293.05
		Food			
ATM	6/18	Withdrawl	\$35.00		\$258.05
		Movie and pizza			
ATM	6/19	Deposit		\$1200.00	\$1458.05
		Transfer from savings			
164	6/25	Tracy's	\$26.31		\$1431.74
		New clothes			
165	6/26	E-Z Mart	\$10.00		\$1421.74
		Snacks			
Debit	6/26	City Transport	\$54.11		\$1397.63
		Transportation			
ATM	6/27	Withdrawl	\$20.00		\$1347.63
		Spending money			
166	6/27	Lawn Wranglers	\$55.00		\$12,292.63
Direct Deposit	6/30	ACH Deposit		\$986.00	\$2278.63
		Refund			

Reconciling an Account (cont.)

OUTSTANDING ITEMS

NUMBER	AMOUNT
TOTAL	

Enter \$ _____
 The **new balance** shown on your statement

Add \$ _____
 Any deposits or transfers listed
 in the spreadsheet that are not
 shown on your statement \$ _____
 \$ _____

Total +\$ _____

Calculate the Subtotal \$ _____

Subtract -\$ _____
 Your total outstanding checks and withdrawals

Calculate the Ending Balance
 This amount should be the same as the current
 balance in your budgeting spreadsheet \$ _____

Use the information on this and the previous page to answer the following questions:

1. What is the new balance shown on the statement?
2. What is the total amount of deposits listed in the spreadsheet but not shown on the statement?
3. What is the sum of the new balance and the deposits not shown on the statement?
4. What is the total amount of outstanding checks and withdrawals?
5. What is the ending balance?

Banking Services Quiz

True or False

1. _____ A pawn shop offers loans to people starting their own business.
2. _____ Opening a checking account requires completing a signature card.
3. _____ A blank endorsement allows anyone to cash a check.
4. _____ Debit card transactions are deducted from the cardholder's checking account.
5. _____ An outstanding check refers to one written on an account with a very low balance.

Multiple Choice

6. _____ The highest loan rates usually occur when borrowing from a:
A. bank
B. credit-card company
C. pawn shop
D. credit union
7. _____ A _____ is used to add funds to a bank account.
A. check
B. deposit slip
C. signature card
D. withdrawal slip
8. _____ Obtaining cash from an ATM is similar to:
A. writing a check
B. making a deposit
C. opening a new account
D. earning interest on your account
9. _____ A service charge on your bank statement will result in:
A. a higher balance
B. a lower balance
C. earning more interest
D. more outstanding checks

Case Application

A recent bank statement for Tracy Gray revealed various service charges and fees of over \$10. How might Tracy reduce her costs for banking fees?

Community Bank

LESSON 6

Banking Services

Grades 7-8

Beware the High Cost of 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

Provides “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

Allows 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.

Compare 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; fee charged for falling below necessary balance

Interest

Rate earned; minimum deposit to earn interest; compounding method

Restrictions

Minimum balance; deposit insurance; holding period for deposited checks

Special Features

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

Opening a Checking Account

ACCOUNT NUMBER _____

DATE _____

SIGNATURE AUTHORIZATION CARD

NAME _____

ADDRESS _____

PHONE _____

SOCIAL SECURITY NO.

TYPE OF ACCOUNT

Individual

Joint

Business

Partnership

YOU ARE HEREBY AUTHORIZED TO RECOGNIZE ANY* OF THE SIGNATURES SUBSCRIBED HERE IN THE PAYMENT OF FUNDS OR THE TRANSACTION OF ANY BUSINESS FOR THIS ACCOUNT. IT IS AGREED THAT ALL TRANSACTIONS BETWEEN THE BANK AND THE DEPOSITOR SHALL BE GOVERNED BY THE CONTACT PRINTED ON THE REVERSE SIDE OF THIS CARD.

AUTHORIZED SIGNATURE _____ AUTHORIZED SIGNATURE _____

** If you wish to use two signatures, sign both signatures on the form.*

Making a Deposit In Person

DEPOSIT SLIP

John Doe
255 Elm Street
Anytown, USA

DATE _____

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

① _____
② _____
③ _____
④ _____
⑤ _____
⑥ _____
⑦ _____
⑧ _____
⑨ _____

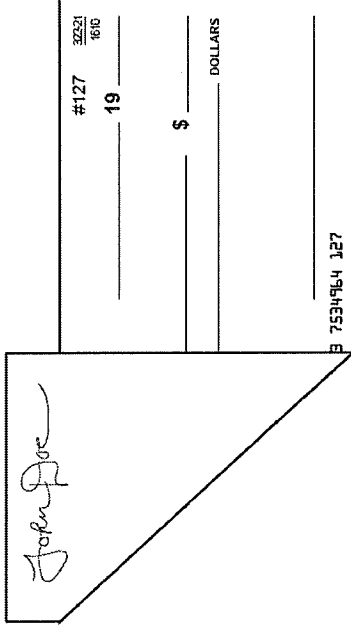
CASH	CURRENCY	
	COINS	
LIST CHECKS SINGLY		
TOTAL FROM OTHER SIDE		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

- Write the date of the deposit in this field.
- If you are depositing currency (paper bills), write the total amount here.
- If you are depositing coins, write the total amount here.
- 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.
- Write the amount of the check here.
- 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.
- Write the total amount you are depositing here
- 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.
- Write the total amount (less cash back) of your deposit in this field.

Endorsing a Check

Blank Endorsement

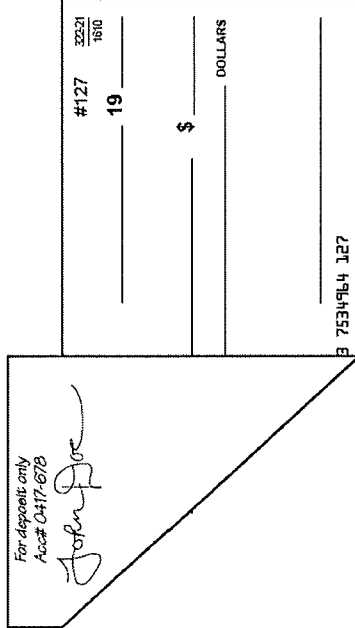
Anyone can cash check



A diagram of a check with a blank endorsement. The top left corner is a triangle containing a signature "John Doe". The rest of the check is a rectangle with the following fields: "#127" and "3221 1610" in the top right; "19" in the middle right; "\$" in the bottom right; "DOLLARS" in the bottom right; and "B 7534964 127" in the bottom right.

Restrictive Endorsement

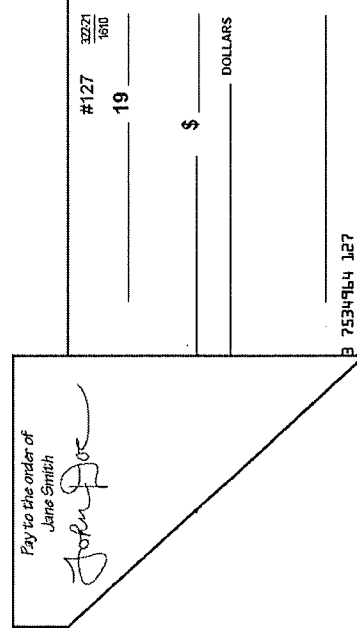
More secure than blank endorsement



A diagram of a check with a restrictive endorsement. The top left corner is a triangle containing the text "For deposit only" and "Acc# 0417-678" above a signature "John Doe". The rest of the check is a rectangle with the following fields: "#127" and "3221 1610" in the top right; "19" in the middle right; "\$" in the bottom right; "DOLLARS" in the bottom right; and "B 7534964 127" in the bottom right.

Special (or Full) Endorsement

Transfer check to another party



A diagram of a check with a special endorsement. The top left corner is a triangle containing the text "Pay to the order of" and "Jane Smith" above a signature "John Doe". The rest of the check is a rectangle with the following fields: "#127" and "3221 1610" in the top right; "19" in the middle right; "\$" in the bottom right; "DOLLARS" in the bottom right; and "B 7534964 127" in the bottom right.

Writing a Check

5 John Doe
 255 Elm Street
 Anytown, USA

2 PAY TO THE ORDER OF

1 DATE

3 200

4 TWO HUNDRED

6 MEMO

7 1:5212212761:

8 45445532924910200

DOLLARS

- 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.

Writing a Check cont.

The diagram shows a check with the following fields and callouts:

- 1**: Points to the address: John Doe, 255 Elm Street, Anytown, USA.
- 2**: Points to the "PAY TO THE ORDER OF" field.
- 3**: Points to the amount in words: TWO HUNDRED.
- 4**: Points to the amount in numbers: 200.
- 5**: Points to the name and address: John Doe, 255 Elm Street, Anytown, USA.
- 6**: Points to the MICR line: @ 5212212761 45445532924910200.
- 7**: Points to the word "MEMO" above the MICR line.
- 8**: Points to the MICR line itself.

Other visible text on the check includes: "DATE", "\$", "DOLLARS", and "90-22871811 6867".

- 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

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE
161	6/4	Sound Out	216 30		366 97
		new tape deck			216 30
					150 67

(b) Keeping a Running Balance: Check Cards

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE
161	6/4	Sound Out	216 30		366 97
		new tape deck			216 30
ATM	6/18	withdrawal	35 00		150 67
		spending money			35 00
ChkOrd	6/18	check card	55 00		115 67
		Foodland groceries			55 00
					60 67

Reading a Bank Statement

THIS STATEMENT COVERS
6/1/18 through 6/30/18

CHECKING ACCOUNT 0471-678	Previous Statement Balance On 6/1/18	\$612.04
	Total of 3 Deposits For	\$3,421.18
	Total of 10 Withdrawals For	\$1,754.59
	New Balance	\$2,278.63

TRANSACTION HISTORY | CHECKS & OTHER DEBITS

DATE PAID	CHECK #	DESCRIPTION	Deposits/Credits	Withdrawals/Debits	Ending Daily Balance
6/4	161			\$216.30	\$395.74
6/5	164			\$26.31	\$369.43
6/9		Withdrawal #29848 at ATM		\$200.00	\$169.43
6/14	165			\$10.00	\$159.43
6/15		Mobile Deposit	\$1,235.18		\$1,394.61
6/18		DebitCrd		\$55.00	\$1,339.61
6/18		Withdrawal #00281 at ATM #423A		\$35.00	\$1,304.61
6/19		Transfer from 4039-557 at ATM #423C	\$1,200.00		\$2,504.61
6/24	162			\$82.87	\$2,421.74
6/26	163			\$1,000.00	\$1,421.74
6/26		DebitCrd		\$54.11	\$1,367.63
6/27		Withdrawal #08744 at ATM #430E		\$20.00	\$1,347.63
6/27	166	Lawn Wranglers		\$55.00	\$1,292.63
6/30		ACH Deposit	\$986.00		\$2,278.63
			\$3,421.18	\$1,754.59	\$2,278.63

ATM LOCATIONS USED
 423A: 2500 Main Street, Anytown, USA
 423E: 945 Hamilton Avenue, Big City, USA

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 or spreadsheet 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 spreadsheet.

Note:

The balance in your spreadsheet 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.

Electronic Banking Services *cont.*

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 online.

Mobile Banking

24/7 account access, cashless payments, mobile account alerts, check deposit, fund transfers, bill pay.

Cashless Transactions

Cashless transactions, include those made via digital wallets, payment-enabled phone, smart card, wearable like a smart watch and online payment systems for transactions. They serve as an electronic alternative to checks and cash.

- convenient, safe and fast way to pay
- you tap your card or device at a checkout terminal, your card is scanned and you get confirmation the transaction is complete via a beep, checkmark or green light
- more and more stores are beginning to accept cashless forms of payment
- smart technology and its uses for banking are constantly expanding

Questions?



LESSON 6

Supplemental Materials

Grades 7-8

Banking Terms

account

Money deposited with a financial institution for investment and/or safekeeping purposes.

assets

Items of monetary value (e.g., house, land, car), owned by an individual or a company.

atm

Acronym for automated teller machine.

balance

An outstanding amount of money. In banking, balance refers to the amount of money in a particular account. In credit, balance refers to amount owed.

bank

An establishment for lending, issuing, borrowing, exchanging, and safeguarding money.

bond

An IOU issued by a corporation, the U.S. government, or a city and held by the lender as receipt that the business or institution has borrowed a specific amount of money. Most bonds pay interest annually or semiannually and are payable in full at a specified date written on the bond.

bounced check

A check that a bank has refused to cash or pay because there are insufficient funds to cover it in the account.

canceled check

A "used" check that has been paid and subtracted from the check-writer's account. Canceled checks have extra data on them from the bank.

capital

A stock of accumulated wealth used or available for producing more wealth.

cash

Money in the form of paper and coins (e.g., U.S. dollars and cents). In banking, the act of paying a check.

cashier's check

A check issued by a bank, drawn on its own funds rather than on one of its depositors.

certificate of deposit

A savings account in which an individual promises to deposit the money for a set period of time, for which the bank typically pays higher interest than a regular savings account.

charge card

A plastic card that gives access to a line of credit. Users are expected to repay their balance in full every month.

check

Any written document instructing a bank to pay money from the writer's account.

check card

See debit card

checking account

An account for which the holder can write checks. Checking accounts pay less interest than savings accounts, or none at all.

clear

A check "clears" when its amount is debited (subtracted) from the payer's account and credited (added) to the payee's account.

collateral

Anything that a bank accepts as security against the debtor's not repaying a loan. If the debtor fails to repay the loan, the bank is allowed to keep the collateral. Collateral is most commonly in the form of real estate (e.g., a home).

commercial bank

Nongovernmental financial institutions. Sometimes called full-service banks because they provide a wide range of services, such as checking and savings accounts, credit and loan arrangements, and safety deposit box rentals. Commercial banks also sell and redeem U.S. savings bonds.

compound interest

Interest calculated not only on the original principal, but also on the interest already accrued.

credit

In business, buying or borrowing on the promise to repay at a later date. In any credit arrangement there is a creditor (a person, bank, store, or company to whom money is owed) and a debtor (the person who owes money). In bookkeeping, a sum of money due to an individual or institution.

credit bureau

An agency that checks credit information and keeps a complete file on people who apply for and use credit.

credit card

A plastic card that gives access to a line of credit. Users are limited in how much they can charge, but they are not required to repay the full amount each month. Instead the balance (or “revolve”) accrues interest like a loan. No interest is owed if the balance is paid in full each month.

credit score

A credit score is a rating of your use of credit based on: your payment history; amount owed; the length of your credit history; new credit; and the types of credit you use. Scores can range from 300 to 850, and the higher the score, the better your rating. Scores affect the terms and interest rates on the loans you receive.

credit union

A member-owned financial institution, either state or federally chartered.

currency

Money—anything used as a common medium of exchange. In practice, currency means cash, particularly paper money. Bankers often use the phrase “coin and currency” to refer to cents and dollars.

debit card

A banking card enhanced with ATM (automated teller machine) and point-of-sale (POS) features that can be used to purchase goods and services electronically. Transactions are deducted from the cardholder’s checking account either immediately or within one to three days. Depending upon the type of card, a debit card may require a signature or entering a PIN

debit

A bookkeeping term for a sum of money owed by an individual or institution; a charge deducted from an account.

demand deposit

A checking account.

deposit slip

An itemized slip showing the exact amount of paper money, coin, and checks being deposited to a particular account.

depositor

An individual or company that puts money in a bank account.

endorse

To write the payee’s own signature on the back of a check before cashing, depositing, or giving it to someone else. The first endorsement must be made by the payee to authorize the transaction. Later endorsements may be made by whoever receives the check.

federal reserve system

A governmental agency established by Congress to organize and regulate banking throughout the United States. The twelve reserve banks keep paper and currency reserves for affiliated banks.

interest

The fee paid for the use of money. Interest may be paid, for example, by an individual to a bank for a credit card loan, or by a bank to an individual for holding a savings account; interest is expressed in terms of annual percentage rate (APR).

joint account

A savings or checking account established in the names of more than one person (e.g., parent/child, wife/husband).

liabilities

Money owed to individuals, businesses, or institutions.

line of credit

An authorized amount of credit given to an individual, business, or institution.

market economy

An economic system permitting an open exchange of goods and services between producers and consumers, such as is found in the United States.

money

Anything generally recognized as a medium of exchange.

mortgage

A legal agreement that creates an interest in real estate between a borrower and a lender. Commonly used to purchase homes, mortgages specify the terms by which the purchaser borrows from the lender (usually a bank), using his or her title to the house as security for the unpaid balance of the loan.

overdraft

A check written for more money than is currently in the account. If the bank refuses to cash the check, it is said to have "bounced."

passbook

A booklet given by the bank to the depositor to record deposits, withdrawals, and interest earned on a savings account.

payee

An individual or company to whom a check is written; one who receives money as payment.

payer

An individual or company who writes a check; one who gives money as payment.

principal

The original amount of money borrowed, deposited, or invested before interest accrues.

refinance

To revise a loan agreement to make the terms of payment more suitable to a borrower's present income and ability to repay.

savings account

A bank account that accrues interest in exchange for use of the money on deposit. savings and loan association State-chartered or federally chartered financial intermediary that accepts deposits from the public and invests those funds primarily in residential mortgage loans.

service charge

A monthly fee a bank charges for handling a checking account.

stop payment

A request made to a bank to not pay a specific check. If requested soon enough, the check will not be debited from the payer's account. Normally there is a charge for this service.

terms

The period of time and the interest rate arranged between creditor and debtor to repay a loan.

withdrawal

An amount of money taken out of an account.

A Primer on Debit Cards

The following information has been gathered in order to assist you as you introduce your students to the usage and features of debit cards.

what is a debit card?

A debit card is a service provided by a bank. It is a banking card enhanced with automated teller machine (ATM) and point-of-sale features to become a debit card. It can be used for purchases at merchants. Debit cards are linked to an individual's checking account, allowing funds to be withdrawn at the ATM and point-of-sale without writing a check.

what is an example of a debit card?

A debit card is a financial institution's ATM card with point-of-sale features that incorporates a specific acceptance mark (like Visa). Payment is completed by signing a sales draft or by entering a PIN, and then the amount of the sale is deducted from the cardholder's checking account within one to three days.

what does it do?

A debit card enables the cardholder to pay for purchases via a bank card linked to their checking account.

how is a debit card used?

When using a debit card to pay for goods and services, the purchase amount is deducted from the cardholder's checking account. Depending on the type of card, processing a debit card transaction requires the cardholder either to sign a sales draft, or to enter a PIN into special terminal, just like at an ATM.

benefits of using a debit card:

- Convenience. The payment process at the checkout counter is made quicker and more convenient. No need to fill out a check or to present identification and wait while the identification is written down or verified.
- Eliminates the need to carry a checkbook and a lot of cash.
- Useful budgeting tool to track purchases.
- Doesn't deplete the available cash in your wallet.
- Can be used out of town or at locations where personal checks are not accepted.
- Reduces the possibility of loss or theft of cash.
- Is not a loan, no interest accrues on purchases

disadvantages of using debit cards:

- The cardholder must be certain of his or her checking account balance as it might be possible to make purchases beyond the funds available, resulting in fees.
- Can encourage impulse spending.

where are debit cards accepted?

Debit cards can be used at merchant locations wherever the card logo is displayed, and for online purchases.

what does it cost?

Banks determine if there are any fees for each card and/or transaction.

how do you keep track of your debit card transactions?

Debit card holders typically track debit card purchases and other account activity by viewing account statements online.