



Lesson Six

Banking Services



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

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

DEPOSIT SLIP

John Doe
255 Elm Street
Anytown, USA

1 DATE _____

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

4	CASH	CURRENCY		2
		COINS		3
	LIST CHECKS SINGLY			5
	TOTAL FROM OTHER SIDE			6
	TOTAL			7
	LESS CASH RECEIVED			8
	NET DEPOSIT			9

⑆ 52 22 276 ⑆ 454455329249⑈0 200

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

blank endorsement

Anyone can cash a check

A check with a handwritten signature "John Doe" in the endorsement area. The rest of the check is blank. The front of the check shows: "#127 32021 1810", a date line with "19" written, a dollar sign "\$", and "DOLLARS". The MICR line at the bottom reads "B 7534964 127".

restrictive endorsement

More secure than blank endorsement

A check with a handwritten signature "John Doe" and the text "For deposit only" and "Acc# 0417-678" in the endorsement area. The rest of the check is blank. The front of the check shows: "#127 32021 1810", a date line with "19" written, a dollar sign "\$", and "DOLLARS". The MICR line at the bottom reads "B 7534964 127".

special (or full) endorsement

Transfer check to another party

A check with a handwritten signature "John Doe" and the text "Pay to the order of Jane Smith" in the endorsement area. The rest of the check is blank. The front of the check shows: "#127 32021 1810", a date line with "19" written, a dollar sign "\$", and "DOLLARS". The MICR line at the bottom reads "B 7534964 127".



writing a check

The image shows a check form with the following fields and callouts:

- 1**: DATE
- 2**: PAY TO THE ORDER OF
- 3**: 200
- 4**: \$
- 5**: John Doe, 255 Elm Street, Anytown, USA
- 6**: Signature line
- 7**: MEMO
- 8**: MICR line (⑆ 5222276⑆ 454455329249⑈0200)

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

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE
					366.97
151	6/4	Sound Out	216.30		216.30
		new tape deck			150.67

(b) Keeping a Running Balance: ATM Cards

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE
					366.97
151	6/4	Sound Out	216.30		216.30
		new tape deck			150.67
ATM	6/18	w/ withdrawal	35.00		35.00
		spending money			115.67

(c) Keeping a Running Balance: Check Cards

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE
					366.97
151	6/4	Sound Out	216.30		216.30
		new tape deck			150.67
ATM	6/18	w/ withdrawal	35.00		35.00
		spending money			115.67
ChkCard	6/18	check card	55.00		55.00
		Foodland/groceries			60.67



reading a bank statement

THIS STATEMENT COVERS 5/20/09 through 6/18/09						
CHECKING ACCOUNT 0471-678	Previous Statement Balance On 5/19/09		612.04			
	Total of 3 Deposits For		1,980.68 +			
	Total of 10 Withdrawals For		1,705.25 -			
	New Balance		883.97 +			
CHECKS & OTHER DEBITS 0471-678	CHECK	DATE PAID	AMOUNT	CHECK	DATE PAID	AMOUNT
	181	5/24	15.00	184	5/17	1232.27
	182	6/04	17.00	*186	5/30	54.47
	183	5/26	217.54	187	6/03	53.97
		Withdrawal #00281 at ATM #423A			5/24	40.00
		Withdrawal #02628 at ATM #423A			5/30	20.00
		Withdrawal #08744 at ATM #430E			6/15	20.00
DEPOSITS & OTHER CREDITS				DATE POSTED	AMOUNT	
	Transfer from 4039-557 at ATM #423C			5/27	1200.00	
	Customer Deposit at ATM #423A on 5/12			6/14	521.78	
	Direct Deposit from #05323 on 5/17			6/18	258.90	
ATM LOCATIONS USED	423A: 2500 Centre Plaza, Anytown, USA					
	423C: 3500 Centre Plaza, Anytown, USA					
	430E: 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 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

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.