Presentation Slides

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

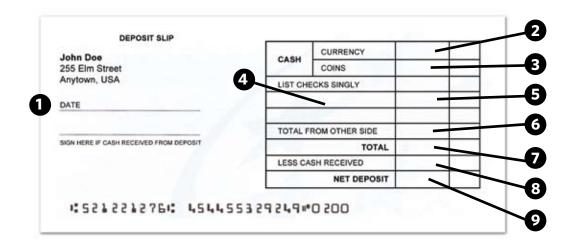
direct deposit; automatic payments; overdraft protection; online banking; discounts or free checking for students, seniors, or employees of certain companies



opening a checking account

		ACCOUNT NUMBER
	SIGNATURE A	AUTHORIZATION CARD
NAME ADDRESS		TYPE OF ACCOUNT Individual Joint
PHONE SOCIAL SEG	CURITY NO.	☐ Business ☐ Partnership
SUBSCRIBEI BUSINESS FO BETWEEN T	HERE IN THE PAYMEN OR THIS ACCOUNT. IT IS HE BANK AND THE DEI	O RECOGNIZE ANY* OF THE SIGNATURES IT OF FUNDS OR THE TRANSACTION OF ANY IS AGREED THAT ALL TRANSACTIONS POSITOR SHALL BE GOVERNED BY THE USES SIDE OF THIS CARD.
	D SIGNATURE	AUTHORIZED SIGNATURE

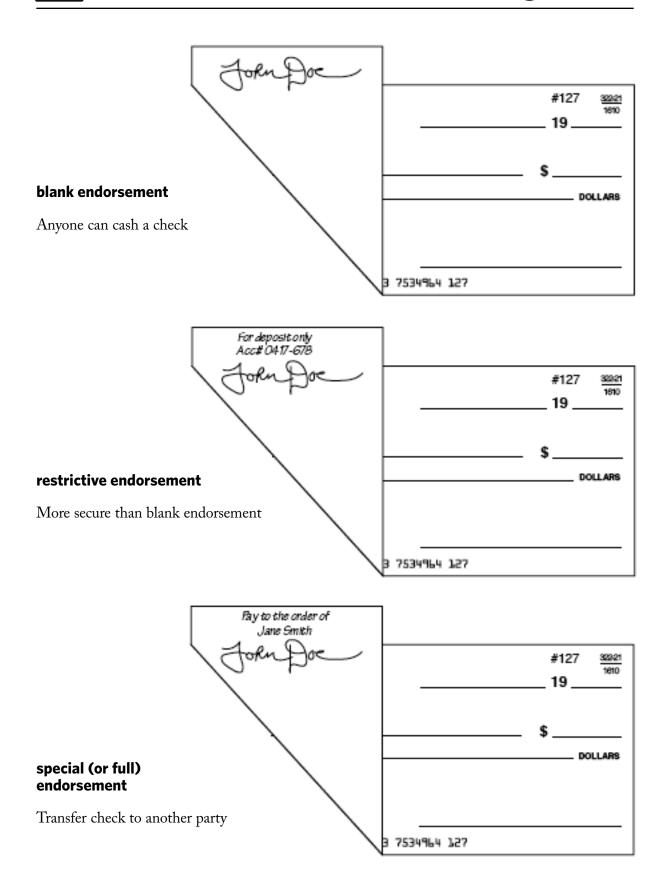
making a deposit



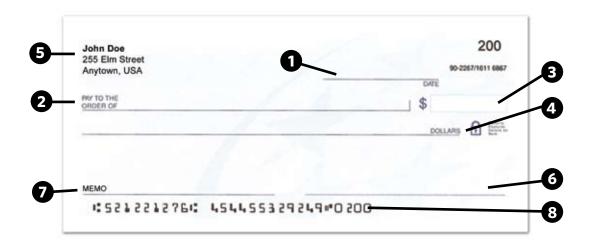
- **1.** Write the date of the deposit in this field.
- **2.** If you are depositing currency (paper bills), write the total amount here.
- **3.** If you are depositing coins, write the total amount here.
- **4.** If you are depositing a check, write the bank transit number here, which is the top portion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







- **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 preprinted 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	TRANSAC		DEPOSIT AMOUNT	366 97
161	64	SoundOut	216	30		216 30
		new tape deck				150 67
						\perp
						-
						-
_		_				
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(b) Keeping a Running Balance: ATM Cards

NO.	DATE	DESCRIPTION	TRANSACI		DEPOSIT	BALA	
	c.,	2 12-	216		AMOORE	366	
161	6/4	Sound Out	210	30		216	30
		new tape deck				150	6
ATM	6/18	withdrawal	35	00		35	00
		opending money				115	6
				\perp	\perp		L
				\vdash	-		L
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(c) Keeping a Running Balance: Check Cards

CHECK NO.	DATE	DESCRIPTION	TRANSACI		DEPOSIT	DALA	_
161	6/4	Sound Out	216		Alloone	366 216	
		new tape deck		\top		150	
АТМ	6/18	withdrawal	35	00		35	
		openaling money				115	67
ChkCrel	618	check carel	55	00		55	00
		Foodland grocertee		\perp		60	67
				+			



reading a bank statement

					5/20/09 through	
CHECKING ACCOUNT 0471-678	Total of 3	Statement Bala Deposits For 0 Withdrawals I		9		612.04 1,980.68 1 1,705.25 -
	New Bala	nce				883.97 +
CHECKS &	CHECK	DATE PAID	AMOUNT	CHECK	DATE PAID	AMOUNT
OTHER DEBITS	181	5/24	15.00	184	5/17	1232.27
0471-678	182	6/04	17.00	*186	5/30	54.47
	183	5/26	217.54	187	6/03	53.97
	Withdraw	wal #00281 at AT	ΓM #423A		5/24	40.00
	Withdrav	wal #02628 at A1	ΓM #423A		5/30	20.00
	Withdraw	wal #08744 at AT	ΓM #430E		6/15	20.00
DEPOSITS &					DATE POSTED	AMOUNT
OTHER CREDITS	Transfer	from 4039-557	at ATM #423C		5/27	1200.00
	Custome	er Deposit at ATI	M #423A on 5/1	12	6/14	521.78
	Direct D	eposit from #053	23 on 5/17		6/18	258.90
ATM LOCATIONS USED	423C: 35	500 Centre Plaza 500 Centre Plaza 45 Hamilton Ave	a, Anytown, US	A		



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.