



INTERNATIONAL  
INSTITUTE  
SAINT LOUIS

# BANKING WITH A FINANCIAL INSTITUTION

What I need to learn to keep my  
money safe and help it grow

Financial Education Supported by:



**National City**



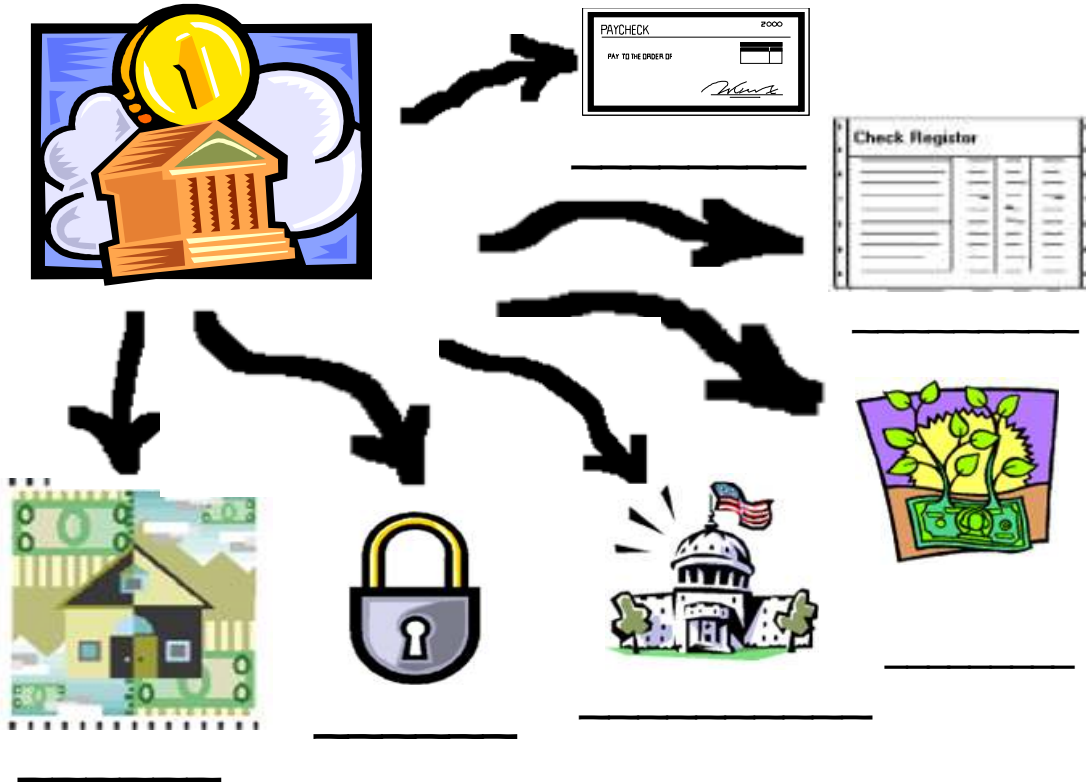
# Concept Checklist

What will I learn today?

- [ ] Financial Institutions
- [ ] Types of Accounts
- [ ] Choosing a Financial Institution
- [ ] Checking Account Basics
- [ ] Using ATMs
- [ ] Debit & Other Cards
- [ ] Deposits
- [ ] Bank Statements

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# Reasons to use Financial Institutions



## Banks are not your only option!

Credit Unions can also be great options.  
Just imagine yourself being the co-owner of a financial institution!

- When you open an account with a credit union, you become a shareholder
- You can join a credit union by working for a certain company, or working or living in a certain neighborhood.

Specialized financial companies may offer the same services as banks

The best advice is:

**SHOP AND COMPARE!**

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To find out which Credit Unions are available to you, call:

For Missouri: 1-800-446-3620

For Illinois: 1-800-942-7124 ext. 3299

You: Hello, I am trying to find out what Credit Union I can join in St. Louis. I live at (-----) in St. Louis, Missouri and the zip code is (---).

Credit Union Representative: OK, according to your address, here is a list of all credit unions you can join.

You: I also work at (-----) in St. Louis, Missouri (ZIP code) and my company's name is (-----).

Credit Union Representative: That will make you able to join even more credit unions, here is an additional list.

# What can you do with your Money in a Financial Institution?

- Checking Accounts
- Savings Accounts
- Time Deposits/Certificates of Deposit (CD's)
- Money Market Accounts
- Investment Accounts
- Safe Deposit Boxes

## Types of Accounts

Type of account	Will I earn interest?	May I write checks?	Withdrawal limitations?	Insured?
<b>Regular Checking</b>	No	Yes	No	Yes
<b>Interest Checking</b>	Yes	Yes	No	Yes
<b>Savings</b>	Yes, more than interest checking	No	Yes	Yes
<b>Money Market Deposit(MMDA)</b>	Yes, more than Savings	Yes, but limited	Yes, more than savings	Yes
<b>Time Deposit (CD)</b>	Yes, more than MMDA's	No	Yes, more than MMDA	Yes

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## Is your Money Insured?

- The United States government protects the money you deposit with banks and credit unions.
- If anything goes wrong with the bank or credit union, the government will give you back your deposited money (up to \$100,000).
- Do not use the services of a financial institution that are not INSURED by the government.

Look for these signs on the documents of the bank:



Look for these signs on the documents of the credit union:



## Are Investment Accounts Insured too?

- Not considered a deposit account.
- Not government insured.
- Not insured by the financial institution.
- You could lose the money.

## Simple Interest? Compound Interest? Annual Percentage Yield?

How much interest you earn depends on:

- What your interest rate is
- Whether it is simple or compound interest
- How long you keep the money with the financial institution

## Simple & Compound Interest

For a deposit of \$10,000 for one year:

<p><b>Simple Interest</b> <u>Interest Rate of 5%</u></p> <p><math>\\$10,000 \times 5\% = \\$500</math></p> <p>—————→</p>	<p><b>Interest Compounded Monthly</b> <u>Interest Rate of 5%</u></p> <p><math>\\$10,083.50 \times 5\% / 12 = \\$42.01</math></p> <p><math>\\$10,041.66 \times 5\% / 12 = \\$41.84</math></p> <p><math>\\$10,000 \times 5\% / 12 = \\$41.66</math></p>
<p>Year End Balance = \$10,500</p> <p>Interest Rate: 5%</p> <p>APY: 5%</p>	<p>Year End Balance = \$10,506</p> <p>Interest Rate: 5%</p> <p>APY: 5.06%</p>

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## Which Account is best for me?

It depends upon:

- How much risk you are willing to take.
- How much income you expect to earn from your money.
- How often you need to make withdrawals.

There are many different Financial Institutions. Where should I go?

Shop around

Know what to ask

Know what you need





# Your First Visit to a Bank

*You: Hello. I am interested in opening an account with your bank.*

**Banker:** Checking or savings account?

*You: I would like to know about all accounts you offer to see which one is best for me.*

**Banker:** OK, we have checking, savings, money market and CD accounts.

*You: How about interest checking accounts?*

**Banker:** Yes, we have those accounts too.

*You: Are they all insured by the government?*

**Banker:** Yes, they are.

*You: Can you tell me how much the minimum deposit is to open each account?*

**Banker:** -----

*You: Are there any fees for having any of the accounts?*

**Banker:** -----

*You: What is the minimum balance for each account to avoid fees?*

**Banker:** -----

*You: What other services can I get as an accountholder, and are they free?*

**Banker:** -----

*You: Can I make direct deposits to all of these accounts? Is there a fee for this?*

**Banker:** -----

*You: Can I use the phone and Internet to do banking transactions? Are there fees for these services?*



*You: How about ATM machines? Do you have them for all the accounts?*

**Banker:** Yes, we do.

*You: Do I have to pay for the service?*

**Banker:** No, it is free when you use our ATMs.

*You: Do you have safe deposit boxes? Are they free for accountholders?*

**Banker:** Yes, we do and yes, they are!

*You: What other free services do accountholders get?*

**Banker:** -----

*You: OK then, I would like to open a checking account.*

**Banker:** OK, will this be a joint account?

*You: Yes, I would like my spouse to be able to use the account.*

**Banker:** All you have to do is to fill out this application.

\*\*\*\*\*

**Banker:** How much are you depositing today?

*You: I will deposit more than the minimum required balance to avoid any fees.*

**Banker:** That is fine. Fill out this deposit slip please, and I will open your account. Here are your temporary checks. Use these until you get your permanent checks in the mail.

*You: Great.*

**Banker:** Is there anything else I can do for you?

*You: No, thank you.*

## Checklist for Choosing a Bank

Type of Account Available	Minimum Deposit to Open	Minimum Balance to Maintain	APY	Federally Insured?	Other Fees or Charges
<input type="checkbox"/> Checking					
<input type="checkbox"/> Interest Checking					
<input type="checkbox"/> Savings					
<input type="checkbox"/> Money Market					
<input type="checkbox"/> CD					

## Other Services

<input type="checkbox"/> ATM	<input type="checkbox"/> Free	<input type="checkbox"/> Fee	How much? \$ <input type="text"/>
<input type="checkbox"/> On-Line or Internet Banking	<input type="checkbox"/> Free	<input type="checkbox"/> Fee	How much? \$ <input type="text"/>
<input type="checkbox"/> Bank by Mail	<input type="checkbox"/> Free	<input type="checkbox"/> Fee	How much? \$ <input type="text"/>
<input type="checkbox"/> Direct Deposit	<input type="checkbox"/> Free	<input type="checkbox"/> Fee	How much? \$ <input type="text"/>
<input type="checkbox"/> Bank by Phone	<input type="checkbox"/> Free	<input type="checkbox"/> Fee	How much? \$ <input type="text"/>
<input type="checkbox"/> Safe Deposit Boxes	<input type="checkbox"/> Free	<input type="checkbox"/> Fee	How much? \$ <input type="text"/>

Ask the Bank for their Fee Disclosures

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## Information you will need to open an Account with a Financial Institution

- My Full Name
- My Mother's Maiden Name
- My Social Security Number
- My Birthplace
- My Date of Birth
- My Full Home Address
- My Full Work Address
- My Daytime and Evening Phone Numbers

If I apply For a joint account (in addition to the above):

- My Joint Applicant's Full Name
- My Joint Applicant's Mother's Maiden Name
- My Joint Applicant's Social Security Number
- My Joint Applicant's Birthplace
- My Joint Applicant's Date of Birth
- My Joint Applicant's Full Home Address
- My Joint Applicant's Full Work Address
- My Joint Applicant's Daytime and Evening Phone Numbers

The financial institution will also ask for:

- Signatures of Both My Joint Applicant and Me
- Social Security Cards for Both My Joint Applicant and Me
- Interest-earning accounts will require a social security number. Non-interest-earning checking accounts can be opened with an I-94 document before receiving social security number. (You will receive a tax form at the end of the year reporting how much money you made from interest)



## I opened a Bank Account. What are the Financial Institution's responsibilities?

- Protecting my money and personal information.
- Providing all the services that they have agreed to in their disclosures.
- Providing me with access to my money as described in the disclosures.

## I opened a Bank Account. What are my responsibilities?

- Selecting the type of account that will fit my banking needs.
- Understanding and meeting the requirements (found in disclosures) of the accounts I opened.
- Protecting all my financial information including my check book and ATM card.
- Keeping records of all deposits and withdrawals and comparing them monthly with my bank statements.

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## How to Withdraw Money from a Checking Account?

- Go to any branch of the bank where you hold an account (With proper photo ID and account information)
- Write a check. (It is important to learn the safe and correct way to write and endorse checks)
- Use ATM cards. (Make sure nobody sees you enter your PIN number into the machine)
- Use the phone. (Do not use wireless phones)
- Use the Internet from a secure site or source.

## Correct way to Write a Check

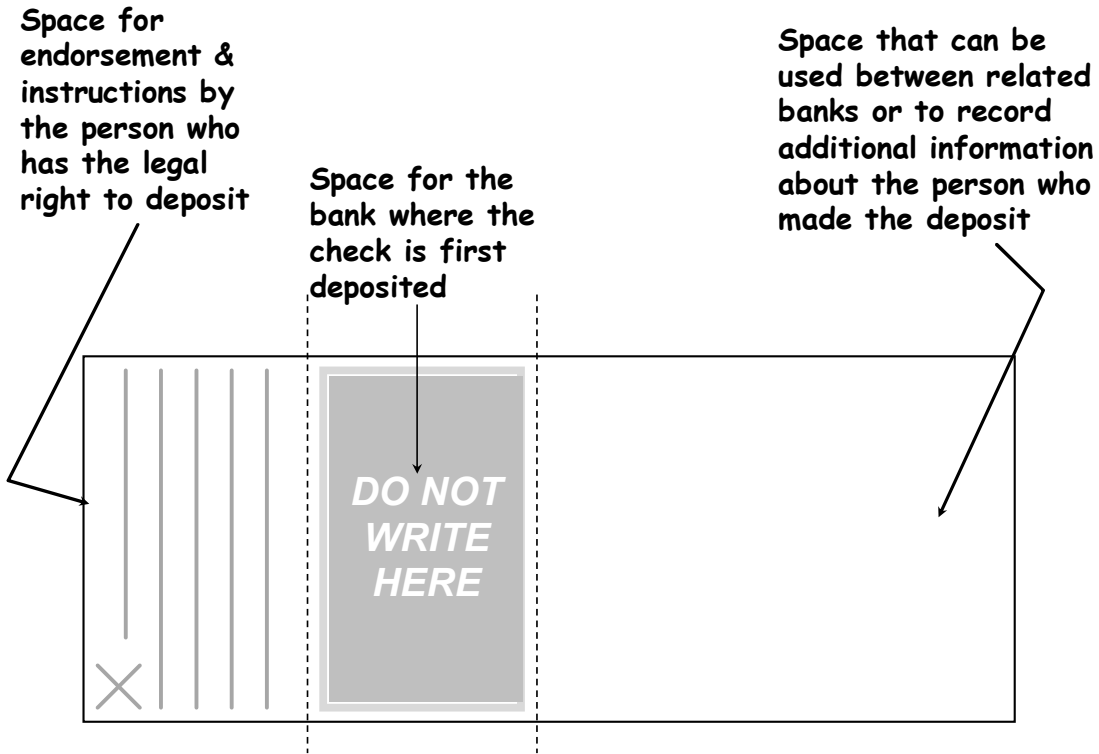
The diagram shows a check form with the following fields and labels:

- Your name/address:** Mrs. Great Customer, 12345 Any Street, St. Louis, MO 63118
- Name of the person/business you are paying:** (Blank line)
- Check number:** 101
- Date you wrote the check:** (Blank line)
- Pay to the order of:** (Blank line)
- Amount in numbers:** \$ [Grey box] Dollars
- Name of your bank:** The Friendly Bank, 56789 Any Ave. St. Louis, MO 63016
- For:** (Blank line)
- Bank routing, account number and check number:** \*\*\*\*\*246659\*\*\*78765465454\*\*\*101\*\*\*\*\*
- Use this space to write the purpose of the check:** (Blank line)
- Your signature:** (Blank line)

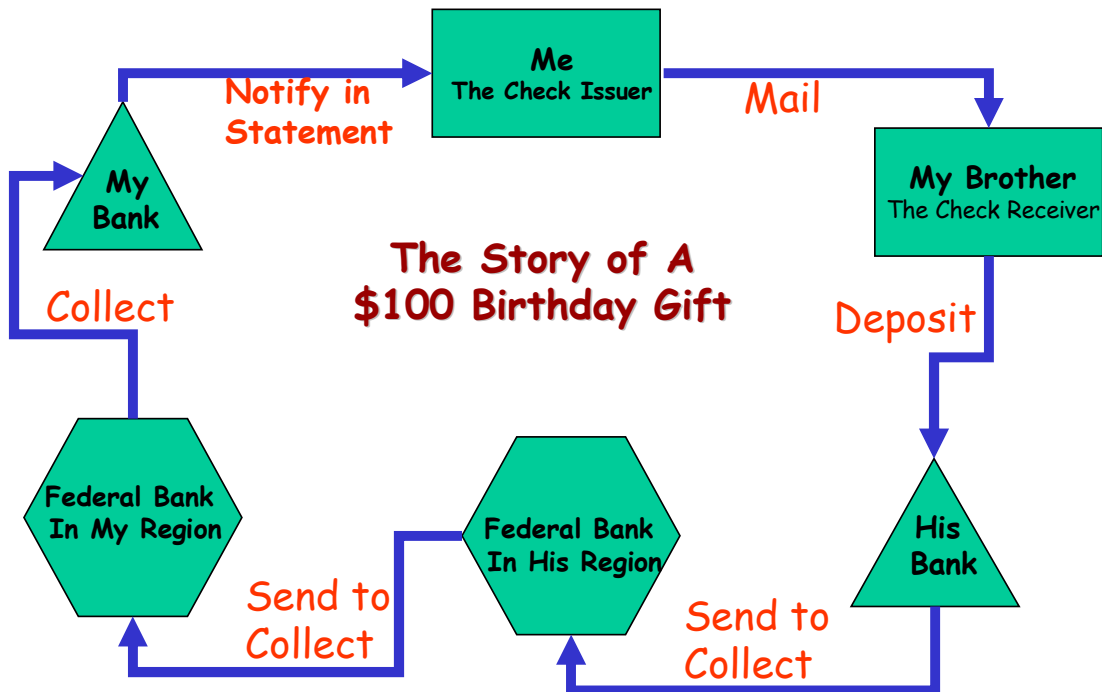
Labels at the bottom of the diagram:

- The amount of check in words:** (Points to the 'Dollars' label)
- Amount of check in numbers:** (Points to the '\$ [Grey box]' label)

# Endorsing a Check



What happens to my Check after I write it? What is Check 21?



## Check Writing Basics: How to correctly write the date

Always use the current date on a check. Write out the date instead of numbers.



Example:

March 1, 2006



3/1/2006

## How to correctly write the dollar amount

- When writing a check, start as far to the left as possible on each line. Draw a line through any remaining space.



Example:

one hundred and 25/100 Dollars.



one hundred and 25/100 Dollars.



## Check Writing Basics: How to correctly write the payee

- Do not use abbreviations on the "pay to the order of" line. Here is what can happen if you do so:

Example:



Pay to the order of IBM

Pay to the order of IBMorgan

## How to correctly write the amount of the check

- When writing the amount of the check, print do not write in cursive.

Example:



*one hundred and 25/100*



one hundred and 25/100

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## Check Writing Basics: How to correctly endorse your check

- Always sign your name in the same way it is on file with the bank.

Example:



If your signature on file is: Great Customer

then, do not sign: Great Customer

## Always use a pen when writing a check

- Always write with a pen on the check. Do not write with a pencil or any ink that is easy to erase.

Example:

If you write with a pencil,

one hundred



~~one hundred~~



one thousand

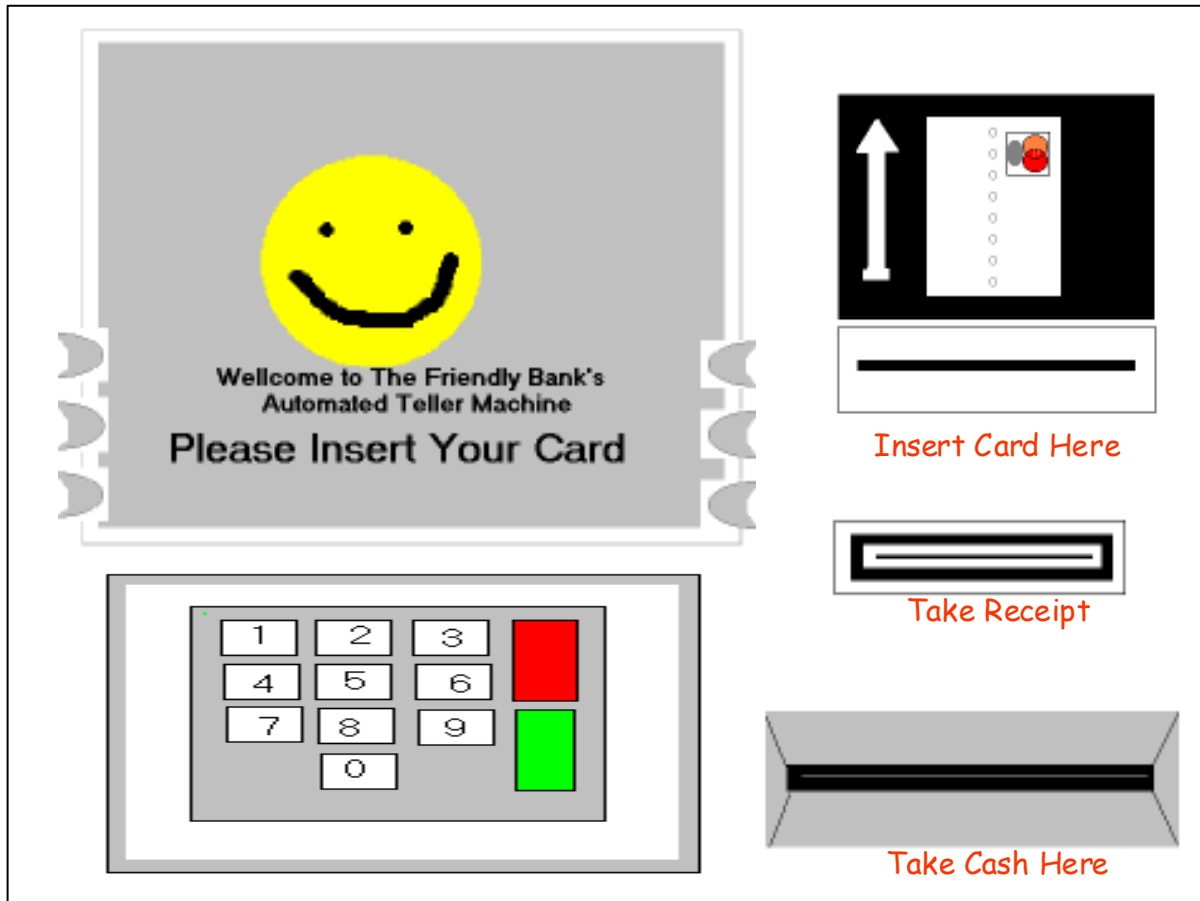


## Reasons Banks may not Accept Your Check

- **Not enough money in your account (non-sufficient funds).**  
(This depends on who you bank with, the type of your account, your credit history and the amount of the check)
- **Handwriting and signature do not match the bank's signature card on file.**
- **Check is dated wrong.**
- **No legal endorsement.**
- **An error when the check was deposited.**
- **A stop-payment order was issued.**
- **A hold order on your account.**

## Other Types of Checks

- Certified Checks
- Cashier's Checks
- Money Orders
- Travelers Checks

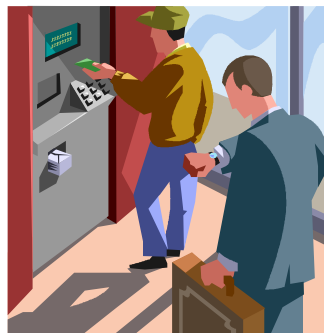


## Important!

If you need to learn how to use the ATM, please schedule an appointment with an IDA staff person. The IDA staff person will go with you to one of your bank's ATM machines to teach you how to use the machine.

## Using ATM cards Effectively and Safely

- Do not give your Personal Identification Number (PIN) to anyone.
- If anyone is waiting for their turn to use the ATM after you, stand so that the person behind you cannot see what you are doing.
- Save all receipts and record all of your transactions in your check register.
- Report a lost or stolen card immediately by calling the appropriate number at your bank.

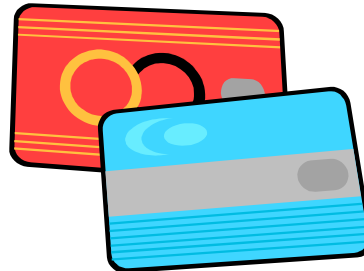


- Be aware of your surroundings when you use an ATM, especially at night. Use ATMs only in well-lit areas.
- If you noticed anything unusual, cancel your transaction, put your card back in your pocket, go to a safe place, and call the police if you suspect dangerous or illegal activities.
- Treat your ATM card as cash.
- Do not write down your PIN on your ATM card. Keep it where you put important documents and memorize it.

# Debit & Other Cards



Debit Cards



Phone Cards,  
Stored Value Cards &  
Smart Cards



Electronic Benefit  
Transfer Cards (EBT)  
(Food Stamps)

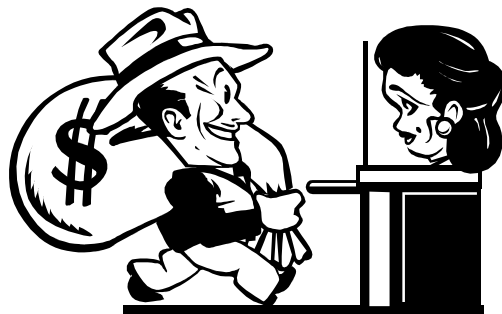


ATM Cards

It is important to understand and know the differences between each of these cards

## How to Deposit Money into a Bank Account

- Going to the bank yourself (for cash and checks)
- Do not mail cash
- By direct deposit (for payroll checks)
- Using the ATM (for cash and checks)
- By mail (if you are sending a check or money order)
- By phone (if you are transferring between your accounts)
- On the Internet (if you are transferring between your accounts)



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## How to correctly complete a Deposit Slip

Mrs. Great Customer 12345 Any Street St. Louis, MO 63118		CURRENCY		
Date _____		COIN		
Signature _____		C		
		H		
		E		
		C		
		K		
		S		
		TOTAL FROM OTHER SIDE		
		SUB-TOTAL		
		LESS CASH		
***** 246659****78765465454*****		TOTAL DEPOSIT		

1 → Signature  
2 → CURRENCY  
3 → COIN  
4 → SUB-TOTAL  
5 → TOTAL DEPOSIT

1. Your signature is required for you to receive cash from your deposit.
2. If you have several checks to deposit, you need to list them all on the back of the deposit slip and write their total in this space.
3. The total of your deposit before any cash back.
4. The amount of cash you want to take out of your deposit.
5. The total of your final deposit.

CHECK No.	AMOUNT
TOTAL	

The check numbers of each check to be deposited

The amount of each check to be deposited

Total amount deposited by checks

This amount must be shown in the total deposit field on the front of the deposit slip



# Making a Deposit

*You: Good Morning.*

**Banker:** Good Morning. What can I do for you today?

*You: I want to deposit this check into my checking and savings accounts. I would like to deposit \$100 into my savings account and the rest into my checking account.*

**Banker:** Do you have your account numbers?

*You: Yes, I do. My checking account number is (---) and my saving account number is (---).*

**Banker:** OK, I need you to fill out this deposit slip as if you are depositing the entire amount into the checking account, taking out \$100 cash and then fill out the other deposit slip as if you are depositing that \$100 dollars again, but this time into your savings account.

*You: I think I understood what you said, but I need you to help me with it please.*

**Banker:** Certainly. And I need to see a photo ID, either your drivers license or state ID please.

*You: Of course, here you are.*

**Banker:** Thank you.

*You: You're welcome.*



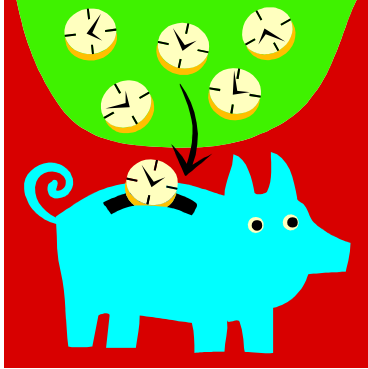
# Reading your Bank Statement

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THE FRIENDLY BANK		CHECKING ACCOUNT STATEMENT			
ACCOUNT NUMBER: 78765465454		ACCOUNT CODE: 96E			
<b>MRS. GREAT CUSTOMER</b> 12345 ANY STREET ST. LOUIS, MO 63118					
STATEMENT DATE 10/01/2006					
BEGINNING BALANCE	+DEPOSIT/CREDIT	-WITHDRAWALS/CHARGES	=NEW/ENDING BALANCE		
145.52	140.83	165.59	120.76		
<hr/>					
<b>CHECKS</b>					
	AMOUNT	DATE			
8452	9.86	09/06			
8453	24.50	09/15			
8455*	5.00	09/23			
8456	13.75	09/28			
*Indicates Break in sequence					
<b>--- OTHER DEBIT/WITHDRAWALS ---</b>					
	AMOUNT	DATE			
TRANSFERS TO SAVINGS	20.00	09/15			
ATM WITHDRAWAL	40.00	09/19			
AUTOMATIC LOAN PAYMENT	47.56	09/30			
SERVICE CHARGE	4.90	10/01			
<b>----CREDIT/DEPOSIT-----</b>					
CUSTOMER DEPOSIT	66.95	09/08			
CUSTOMER DEPOSIT	63.88	09/22			
CUSTOMER DEPOSIT	10.00	09/29			
<b>-----DAILY BALANCE SUMMARY-----</b>					
09/06	135.64	09/22	181.97	09/30	125.66
09/08	202.59	09/23	176.97	10/01	120.76
09/15	158.09	09/28	163.22		
09/19	118.09	09/29	173.22		
If you have a question or concern regarding your account, please call us at 1-800-FRIENDLY, or contact any of our local banking centers.					

- I. The account SUMMARY
- II. Detailed SUMMARY of all checks and other withdrawals
- III. Detailed SUMMARY of deposits and other credits
- IV. SUMMARY of daily balances of the account
- V. Information about how to reach customer service

# 26 Direct Deposit, Savings Bonds & Remittances

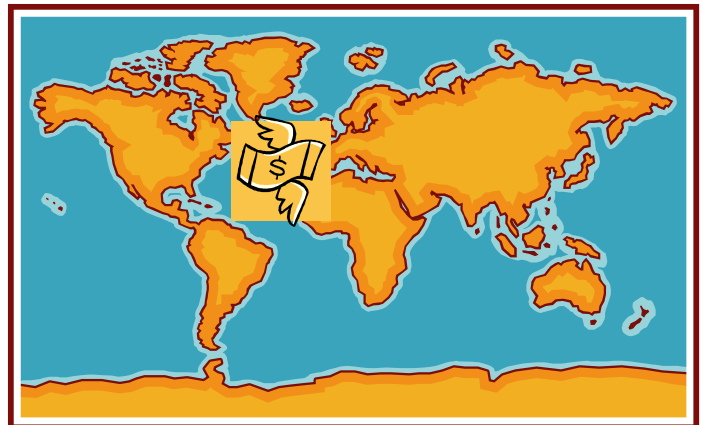


Direct Deposit

- You can make regular electronic "direct deposits" of your paycheck into your bank account



Savings Bonds



Remittances

Do you ever send money home?  
This is called a remittance

- Ways to send cash include:
- Wire Transfer
  - ATM Network
  - MoneyGram
  - Western Union
  - American Express
  - U.S. Postal Service (U.S. only)

# Glossary

## **Account Balance**

The total amount of money in an account at a certain time.

## **Annual Percentage Yield (APY)**

The percentage of compound interest you earn on the money you deposit with a financial institution. The financial institution is required by law to inform you about the APY before opening an account.

## **Bank Statement**

A statement sent on a regular basis by the financial institution where you hold your accounts, to keep you informed of all banking transactions you made with your accounts within a certain period of time.

## **Cash**

The most expected way of exchange. It is money issued by governments in form of coins and paper (like Dollars and Cents).

## **Certificate of Deposit**

A type of account where you deposit money for a certain amount of time when you know you will not need it during that time. You cannot remove the money before the time ends or you will pay a penalty. This type of account should be insured and it earns more interest than a regular savings or money market account.

## **Check**

A form of written order we use to tell our bank or financial institution to pay money or transfer funds from our account to the check-holder.

## **Checkbook**

A book that is made from detachable checks and deposit slips along with a table to record deposits and withdrawals for a checking account.

**Checking Account**

A type of account where you deposit money to have it available for you whenever you want it. With this type of account, you will be able to write checks and usually will not earn any interest, unless it is a special type of checking account. This type of account should be insured by the government.

**Compounding**

Earning interest on interest.

**Confidentiality**

The way information is kept hidden from people who do not have the right to know about it.

**Earned Interest**

The payment a person receives for allowing a financial institution or corporation to use his/her money.

**Fee**

An amount of money you are required to pay to get a certain service or when you do not meet the terms of your agreement. Financial institutions are asked to inform you about all possible fees and charges that you might have when you open an account. This can be different from one financial institution to another. This information is found in the disclosures.

**Financial Institution**

A business that accepts money and lends it or invests it.

**Initial Deposit Required**

The smallest amount of money a financial institution would ask you to deposit to be able to open a certain account. This amount can be different from one financial institution to another.

**Interest**

Payment for the use of money.

**Minimum Balance Required**

The smallest amount of money a financial institution would ask you to keep in your account always to avoid fees or service charges. This amount can be different from one financial institution to another.

**Money**

Anything that has value and is accepted in the exchange of goods and services between people.

**Money Market Account**

A type of account where you deposit money and the financial institution will take all the risk of investing it. You will be able to write limited checks and will earn interest that is higher than a regular savings account. This type of account should insured by the government.

**Safe Deposit Box**

A service provided by some financial institutions where you can put your valuable jewelry, documents or anything of value you want to protect in a safe box with the financial institution. No one will be able to open the box but you. You may be expected to pay for this service in some financial institutions.

**Saving**

Money set aside for short- an/or long-term goals.

**Savings Account**

A type of account where you deposit money you know you will not need for everyday expenses. With this type of account you will usually not be able to write checks, but you can earn interest. This type of account should be insured by the government.

