The following websites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “com” are commercial; “.org” are nonprofit; and “.gov” are government.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Website</th>
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<tbody>
<tr>
<td>American Bankers Association</td>
<td>aba.com</td>
</tr>
<tr>
<td>Board of Governors of the Federal Reserve System</td>
<td>federalreserve.gov</td>
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<td>Federal Deposit Insurance Corporation</td>
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overview

“Where is the safest place to keep my money?” “If I put all my money in savings, how will I be able to purchase an item or pay a bill?”

While most students know that banks offer savings and checking services, few understand how to make the best use of them. As electronic banking services expand, awareness of benefits and costs must expand.

Lesson 6 begins with an introduction to how banks operate. Students are then familiarized with the vocabulary that helps them understand the variety of bank services. They also examine electronic banking options, including mobile deposit and cashless transactions.

Next, students learn to complete several of the forms necessary for opening and maintaining a bank account. They will practice completing these forms in a step-by-step manner.

Finally, students use basic mathematics skills to keep a running record of their bank accounts and to reconcile their monthly bank statements.

student performance goal:
  ■ The student will increase his or her understanding of the services offered by banks and perform a variety of banking tasks.

lesson objectives: the student will...

  6-1 recognize financial services that banks offer.
  6-2 complete a variety of banking forms (signature authorization form, deposit form, check).
  6-3 demonstrate skills needed to maintain a checking or debit account (maintain a check register, interpret an account statement, reconcile a checking account).
The student will recognize financial services that banks offer.

What services do banks offer?

- Explain how a bank works and how it helps people manage their money. Define a credit union and how it compares to a bank.
- Define and discuss banking terms (slide 6-1a).
- Discuss the advantages of keeping money in a savings account, rather than keeping it at home in a piggy bank. Explain to students how their money can grow by earning interest. Define annual interest as the money a bank pays its depositors for the use of their money, expressed as a percentage rate for a one-year period of time.
- Help students calculate simple interest for a savings account.
- List as many banking services as students can think of. Have students share what they know about these services.
- Discuss checking accounts. Tell students that there are a variety of considerations and options available when choosing a checking account (slide 6-1b). Discuss some of the responsibilities of being a checking account customer, as well as consequences of not acting responsibly.
- Discuss debit cards. Provide advantages and disadvantages of using debit cards. Stress to students that like a checking account, the use of a debit/check card is a privilege that can be revoked by the bank if there are insufficient funds for purchases made.
- Discuss electronic banking services (slide 6-1c). Most students are probably aware of ATMs. Discuss terms they need to understand to operate an ATM and go over components of an ATM (slide 6-1d). Explain that there are a variety of other electronic banking services, such as funds transfers, mobile check deposits and bill pay.
- Warn students that some banks charge a fee each time they use an ATM. Tell students that some ATMs also charge a transaction fee. They need to understand which kind of ATM accepts their particular cards at no additional cost. A fee of $2.50 may not seem like much, but these charges add up quickly!
how does a bank work?
Banks use the money that people deposit to either lend to others or invest. They make money by charging interest to people who borrow money. They pay interest to customers who keep their money in the bank.

what is a credit union?
A financial cooperative owned by its members. It offers the same financial services as a bank. It usually does so at a lower cost than banks because its non-profit status makes its operating costs lower. A credit union can only serve its members; it does not serve the general public.

banking terms you should know (slide 6-1a)
Account — Money deposited with a bank for safekeeping.
ATM — Acronym for “automated teller machine”.
Automatic payments — Utility companies, loan payments, and other businesses use an automatic payment system with bills paid through direct withdrawal from a bank account.
Bank— A business that keeps money safe for its customers, lends money to borrowers, and provides other financial services.
Checking account — An account that allows you to deposit money and write checks on that account. Checking accounts pay less interest than savings accounts or none at all.
Credit union — A financial cooperative owned by its members to serve its members. It offers the same financial services as a bank.
Direct deposit — Earnings (or government payments) automatically deposited into bank accounts, saving time, effort, and money.
Electronic cash — Companies are developing electronic replicas of all existing payment systems—cash, check, credit cards, and coins.
Interest — The money a bank pays for the use of a person’s money. Interest is referred to in terms of annual percentage rate (APR).
Joint account — A savings or checking account set up in the names of more than one person, i.e. parent/child.
Minimum deposit — The least amount of money a bank requires when opening an account.
Mobile banking — 24/7 account access, cashless payments, mobile account alerts, check deposit, fund transfers, bill pay.
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.

Point-of-sale transactions — Acceptance of ATM/debit card at retail stores and restaurants for payment of goods and services.

Savings account — A bank account that allows you to put money away to use later. The bank pays interest in exchange for use of the money in the account.

Stored-value cards — Prepaid cards for telephone service, transit fares, highway tolls, laundry service, library fees, and school lunches.

Teller — A bank employee who performs banking services for the public, such as cashing checks and accepting deposits.

Simple interest — Interest calculated on the principal amount but not on any interest that has been earned. example: Your bank pays 5% interest per year — 5 cents for every dollar. If you put $100 in a savings account at the bank, you'll earn an extra $5.00 by the end of the year. Your savings will grow to $105.00. Now, how much interest would you earn if you put $1000 into savings?

banking services: financial-related activities such as:
- Automatic deposit and payment
- Storage of valuables
- Transfer of money
- Checking accounts
- Savings accounts
- Debit cards
- ATMs

choosing a checking account (slide 6-1b)
Location — bank 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
Interest — rate earned; minimum deposit to earn interest
Restrictions — minimum balance; holding period for deposited checks
Special features — direct deposit; automatic payments; overdraft protection; online and mobile banking; discounts or free checking for students
**Electronic Banking Services (Slide 6-1c)**

- **Automatic Payments** — an automatic payment system where bills are paid through direct withdrawal from a bank account.
- **Automatic Teller Machines (ATM)** — allow customers to get cash and conduct banking transactions.
- **Direct Deposit** — earnings automatically deposited into bank accounts.
- **Funds Transfer** — this online banking feature allows you to transfer money between your personal accounts and outside accounts. It may also allow family members and others to send you money instantly.
- **Online Bill Pay** — an online banking feature that allows you to send payments from your account to a specified payee almost instantaneously.
- **Point-of-Sale Transactions** — ATMs/debit cards accepted at stores or restaurants as payment.

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**ATM Terms You Should Know (Slide 6-1d)**

- **Balance** — The amount of money currently in an account.
- **Deposit** — The money put into a bank account. An ATM can accept bills only, for deposit; it cannot accept change.
- **Inquiry** — Tells how much money you currently have in your account (account balance).
- **Transaction** — Business done with a bank, including deposits and withdrawals.
- **Withdrawal** — An amount of money taken out of an account.
- **Debit Card** — A banking card that can be used to purchase goods and services electronically. The card replaces cash or checks. The amount of purchase is transferred immediately from the customer’s account to the receiver’s account. It allows you to withdraw money at an ATM and make point-of-sale purchases without writing a check. It often requires that the cardholder enter a PIN.
- **PIN (Personal Identification Number)** — A secret number or code that protects the security of an account.

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**Benefits of Using a Debit Card:**

- Makes paying at the checkout counter quicker and more convenient than writing a check.
- You don’t need to carry a checkbook or a lot of cash.
Can be used out of town or at places where personal checks are not accepted.

**warning:** always keep track of your checking account balance so sufficient funds are available for a purchase.

**how do you keep track of your debit card/check card transactions?**

- It is wise to track checks written, debit card transactions made and cash withdrawn from your checking account either in a check register or spreadsheet. By reconciling those numbers and comparing them to your online account statement, you can ensure that no errors have occurred.

**lesson 6 quiz: electronic banking**

6-2 The student will complete a variety of banking forms (signature authorization form, deposit form, check).

**how do you fill out bank forms? how do you write a check?**

- Explain the forms banks require their customers to fill out in order to obtain access to financial services. Tell students that some forms may be completed online. All physical bank forms need to be completed in ink, not pencil. Ask them why they think this is so important.
- Define the terms: “signature authorization card,” “check,” “endorse,” and “deposit slip.”
- Explain that to open an account, customers may be required to complete a signature authorization card. The bank may require a birth certificate as proof of identification. Check to see if students have memorized their social security number. If not, have them write it down and practice memorizing their number.
- Demonstrate the correct way to complete a signature authorization card (slide 6-2a). Have students complete a sample form (activity 6-2a).
- Identify the parts of a completed check by answering questions (slide 6-2b).
- Discuss how to endorse a check to be deposited in an account. Tell students that if the check is to be deposited, rather than being cashed, the account...
number should be written in the check's endorsement area. Clarify that this is done so that if a check is misplaced or stolen, it cannot be deposited into another person's account.

- Examine a deposit slip. Demonstrate the correct way to complete a deposit slip (slide 6-2c) for ATM or in-brand deposits.

- Ask a local bank for a number of the envelopes used in issuing cash. Make copies of blank checks (activity 6-2e) and complete them in various amounts. Give each student different amounts of "play" money (both coins and bills) and several completed checks. Put each student's amount in an envelope. Have students count their money and fill out a deposit slip for the amount in their envelopes. They may or may not want cash back (activity 6-2b).

- Demonstrate how to complete a check using words to express the dollar amount. Show an example (slide 6-2d), model, and involve students in the process of converting other dollar amounts to words on the slide or board. Give students more practice using activity 6-2c.

- Explain to students that a check, just like cash, can be stolen. They need to keep their checkbooks in a safe place at all times. They should never loan their checkbooks to friends.

- Help students understand that they also need to safeguard their money by filling out a check carefully, so that it cannot be tampered with. List precautions a check writer should take so his or her check cannot be changed in any way: always write a check in ink (rather than pencil); do not leave any space between numbers in a written amount; draw a line from the completion of the written out number to the end of the line.

- Remind students that their social security numbers are personal identifiers that can be stolen or misused by others. They should never give wide access to their social security numbers by writing them on their personal checks.

- Demonstrate the correct way to write a check (slide 6-2e).

- Have students pretend to pay for their utility bill by writing a check for $42.06 to "Utilities USA." (activity 6-2d)

- Use Activity Templates to provide students with additional practice writing checks, endorsing checks, and completing deposit slips.
Signature authorization card — The card that a customer signs when he/she opens a bank account. The signature is a form of personal identification.

Check — A written document instructing the bank to pay a specific amount of money from the check-writer’s account to a specific person or company.

Endorse — To sign the back of a check before cashing or depositing it.

Deposit slip — An itemized slip showing the exact amount of paper money, coin, and checks being added to an account.

Net deposit — The final amount of a deposit, less cash received.

6-3 The student will demonstrate skills needed to maintain a checking or debit account (maintain a check register, interpret an account statement, reconcile a checking account).

how do you maintain a checking or debit account?

■ Familiarize students with the terminology associated with checking accounts. (slide 6-3a)

■ Discuss the advantages of using a checking account. Compare the features of a check to those of cash or a debit card.

■ Explain the extra costs that may be associated with a checking account.

■ Stress the importance of keeping accurate records with regards to maintaining a checking account. If the checking account is linked to an ATM card or a debit card, the individual must also keep track of ATM withdrawals and debit card purchases (slide 6-3b).

■ Take students through the process of maintaining a running account balance (activity 6-3a). As a group, have students read the items. Record the transactions on slide 6-3d as students complete the “running balance” worksheet at their desks. Have students answer related questions (activity 6-3a).

■ Create a variety of scenarios in which students enter data and keep a running balance of transactions.

■ Explain that a bank helps its customers stay on track by sending out a monthly statement of all activities on an account. Item by item, help students read and interpret a bank statement (slide 6-3c).
Have students read and interpret a bank statement to answer specific questions (activity 6-3c).

Outline the steps for reconciling a checking account using slide 6-3e. Ask students to reconcile a checking account using activity 6-3d.

Checking terms you should know

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.”

Bounced check — A check that a bank has refused to cash or pay because the check-writer did not have enough money to cover it in his or her account. This is referred to as having “insufficient funds.”

Canceled check — A “used” check. It has been paid and subtracted from the check-writer’s account.Canceled checks have extra information on them from the bank tracking the payment process.

Clear — A check “clears” when its amount is paid and subtracted from your checking account. Allow three business days for a check to clear.

Mobile check deposit — A check deposited to your account via a mobile device.

Stop payment — A request made to a bank to not pay a specific check. There is often a charge for this service.

Service charge — A monthly fee a bank charges for handling a checking account.

Voided check — An invalid check that cannot be cashed. To “void” a check means to mark the check with the word “VOID.”

Advantages of a checking account:

- You don’t have to carry cash, which can get lost or stolen.
- You can safely send it in the mail as payment.
- A cancelled check is proof of payment.

Extra costs of a checking account:

- Monthly fees
- Per-check charges
- Balance requirements
- Interest rate
using banking services teaching notes

- Bounced-check charges
- ATM charges
- Stop-payment fees
- Charges for printed checks
- Interest on checking

interpreting a bank statement and reconciling an account:
1. Reading a bank statement
2. Reconciling an account
   - Checking the bank statement
   - Verifying checks in the check register
   - Verifying deposits and ATM transactions
   - Verifying check card transactions
   - Correcting entry errors in the check register
   - Correcting deposit or ATM transaction amounts in the check register
   - Correcting check card transaction amounts in the check register
   - Correcting errors of omission in the check register
   - Finding outstanding transactions
3. Practice reading a bank statement
4. Practice reconciling an account
additional activities for practice and generalization of concepts related to using banking services

- Take a field trip to a local bank to allow students to view various banking processes.

- Set up a classroom “bank” where students practice making deposits, making withdrawals, and cashing checks using “play” money. Stock the student bank with mock checks, deposit and withdrawal forms, and check registers.

- Construct a classroom ATM with keypad numbers and written instructions. Have students practice punching in a password and selecting desired transactions.

- Establish a classroom checking system that allows students to “earn” money for their account by completing assignments, then “buy” desired activity options or rewards by writing checks. Students are responsible for maintaining a record of their deposits, debit card purchases and check withdrawals in a check register or spreadsheet.

- Invite a representative from a local bank to speak to the class about various banking services, including debit cards and mobile services. Ask the representative to provide a variety of forms for students to complete.
choose the correct answer.

1. **b** The bank pays for the use of money in the form of:
   a. a minimum deposit.
   b. interest.
   c. savings.
   d. cash from an ATM.

2. **d** Electronic banking services often require the use of:
   a. an inquiry.
   b. a checking account.
   c. a deposit.
   d. a PIN.

3. **a** If you and your mother open a bank account together, it’s called:
   a. a joint account.
   b. an electronic banking service.
   c. an automatic payment.
   d. a checking account.

4. **d** Which of the following tasks will an ATM not allow?
   a. withdraw cash
   b. find the current balance in your account
   c. make a deposit
   d. cash a check

5. **c** Which of these statements about a debit card is not true?
   a. It is faster and easier to use than paying with a check.
   b. You don’t have to carry as much cash if you have one.
   c. You don’t have to worry about your balance like you do with a checkbook.
   d. It allows you to withdraw money at an ATM.