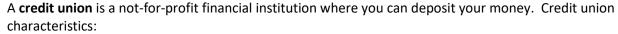
Financial services are the products and services offered by financial institutions (banks) Examples include:

- Checkbook issuing
- ATMs
- Online banking
- Debit cards
- Financial advice

A **bank** is a *for-profit* financial institution where you can deposit your money. Bank characteristics:

- Owned by investors who buy its stock
- Anyone can open an account (all ages)
- Serve people and businesses
- Offer a variety of services



- Owned by its customers
- Only members (and immediate family members) of special groups can join
- Churches, teachers, firefighters, etc.
- Fees and loan interest rates are typically lower than banks
- Offer same types of services as banks

Agencies that protect financial institutions in the case that the institution were to fail:

- Banks: FDIC (Federal Deposit Insurance Corporation) insures accounts up to \$250,000
- Credit Unions: NCUA (National Credit Union Administration) insures accounts up to \$250,000

Pros and cons of banks and credit unions:

Credit Unions	Banks		
Keep fees at a minimum	Charge higher fees		
 Offer many services for free 	 Offer most services for a fee 		
 Pays a higher interest rate to their customers Charges their customers a lower interest rate for loans Typically the customer must belong to a specific group to join 	 Pay customers a lower interest rate on deposits Charge its customers a higher rate of interest for loans. ATMS are more conveniently located Offers larger range of services More recognized by the public 		

Bank accounts that are interest or non-interest bearing:

An interest-bearing account will earn interest

A **non-interest-bearing account** will not earn interest



Common bank fees:

- Overdraft fee is withdrawing more money than exists in your account
- Monthly account fee is a monthly charge for having an active account
- Minimum balance fee is when your balance drops below the required amount
- ATM fee is using an ATM that does not belong to your bank
- Checkbook fee is charged when ordering checkbooks

Common savings tools:

Checking Account	Savings Account	Money Market Account	Certificate of Deposit (CD)
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Checking account description:

- Used to withdraw cash by:
 - Checks
 - □ ATM
 - Debit/ATM Card
- Used to deposit cash by:
 - Direct deposit
 - Standard deposit
 - Transferred in from savings account
- Used to make bill payments
- Usually not interest-bearing
- Accessed frequently
- Overdraft fees

Savings account description:

- Used to save money for goals
- Interest-bearing account
 - Higher interest than checking
- Can be transferred into checking account
- May require a minimum balance
- Usually not accessed as frequently
- Receive quarterly statements

Money market account description:

- Offers higher interest rates
- Interest rates (tiered interest rates) increase and decrease depending on current account balance
- Cannot be accessed typically more than 5 times per month.
- Requires a higher opening balance (\$1,000+)
- Requires minimum balance (\$1,000)

Certificate of deposit (CD) description:

- Earns high interest rates for a specific amount of time
- Guaranteed fixed interest
- Once money is deposited, a CD cannot be accessed until maturity date is reached
- Penalty fees if accessed early



Most CDs aren't longer than 5 years

A **personal check** is a written form that states a written amount to withdraw directly from the payer's account.

A **routing number** is a nine digit magnetic code that identifies the financial institution that must pay funds. (The payer's bank)

A bank account number identifies the payer's bank account.

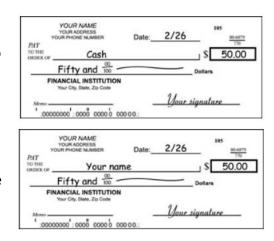
Example of a completed check:



When withdrawing more than \$500 from an ATM:

ATMs have a cash withdrawal limit (usually \$500), In order to withdrawal larger amounts of cash you will need to:

- Complete a withdrawal slip inside the bank OR
- Make a check out to "cash"
- Since making a check out to "cash" does not designate a persons name, anyone can cash this check if it got into the wrong hands.
- Making a check out to your name will serve the same purpose and better prevent someone else from cashing your check.



Endorsing a check:

- An Endorsement is a signature on the back of a check to approve it to be deposited or cashed
 - A check must be endorsed to be deposited
- Three types of endorsements:
 - Blank
 - Restrictive
 - Special

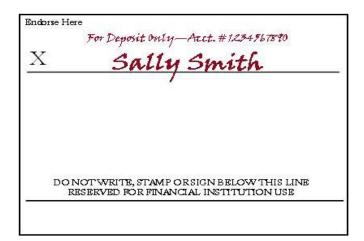
A **blank endorsement** consists only of the endorser's signature.

This is the least secure method to endorse a check. Once a signature has been written, permission is granted to any person who wishes to cash or deposit the check.

DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE
Reserved for Financial Institution Use

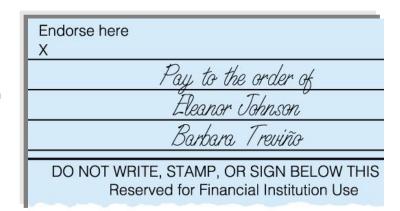
A **restrictive endorsement** restricts further transfer of a check's ownership.

This is the most secure way to endorse a check.



A **special endorsement** indicates a new owner of a check. (a.k.a. 3rd party)

In this example, Barbara Trevino was given a check made out to her. Barbara is allowing Eleanor Johnson to take ownership of her check. Once Eleanor Johnson is handed this check, she will then endorse her signature on the top line next to the 'X'.



Forms of deposit:

Remote deposit (aka mobile deposit) is the use of a computer scanner or mobile phone to scan images of checks and deposit them electronically.

A deposit is money that is placed into a bank account

A withdrawal is money that is removed from a bank account

Cashier Checks vs. Money Orders:

- More expensive transactions may require you pay for an item using a cashier's check instead of cash or even a regular check.
 - A cashier's check requires a bank to draw on its own in-house funds but also charge a service fee (usually \$10) to the customer
- A cashier's check is proof to the payee that the funds are fully backed
- A money order is meant for someone who does not have a checking account and who wants to send a payment through the mail
- You must present cash to the cashier who will then convert your cash into a money order
- Money orders usually have a limit of \$1,000 and charge a fee of \$1.00-\$2.00
- Can be processed at post offices, grocery stores, and convenience stores

Opting in vs. Opting Out:

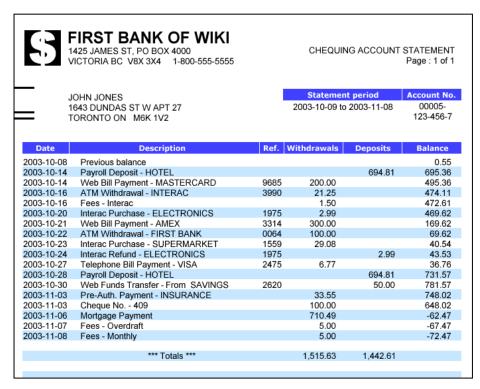
When you sign-up for a checking account, you will be asked whether or not you want to opt-in or opt-out when making transactions using your debit card.

- Opt-in (by default)
 - If there are insufficient funds in an account when making a transaction, the transaction will clear by opting-in, but the consumer will be charged \$20-30 per transaction
- Opt-out
 - If there are insufficient funds in an account when making a transaction, the transaction will be declined if you opt-out, and no fee will be charged

Bank Statements:

A bank statement shows all transactions that have occurred in a specific timeframe; usually a month.

- Transactions include:
 - Deposits
 - Withdraws
 - Current balance
 - Interest earned
- ALWAYS check for accuracy



Reconciling (aka Balancing) a Checkbook:

Reconciling a checkbook allows you to compare information in your own records to the information from the bank's records. You will compare your checkbook register to your bank statement. Once your records and the bank's records match, you have balanced your checkbook.

Outstanding checks are checks which have been issued by the payer (you), but have not yet been printed on a bank statement.

Outstanding deposits are deposits made at a bank but have not yet been printed on a bank statement.

A **bank reconciliation form** accounts for the differences between the bank statement and a checkbook balance

What information is printed in your checkbook register that does not appear on the bank statement?

What information is printed on your bank statement that does not appear in your checkbook register?

