

Banking Services

A Component of BestPrep's Financial Matters Program



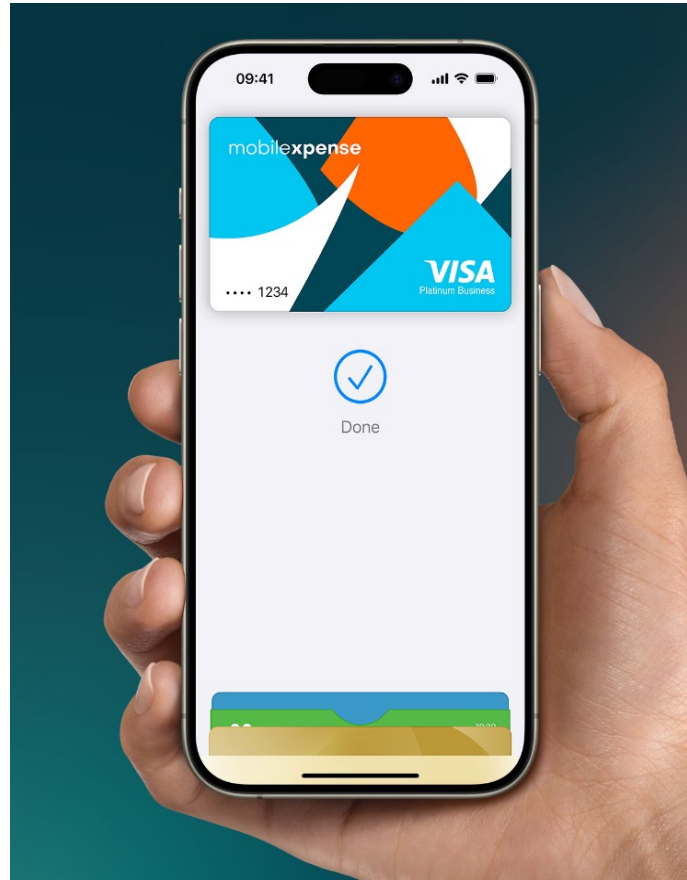
How much do you understand about different Banking Services?

I'm
clueless!



I'm an
expert!

Why are Banks and Financial Institutions Important?



What Services do Financial Institutions Offer?

- Debit and Credit Cards
- Checks and Check Cashing
- Wiring Money
- Loans
- ACH and Electronic Transfers
- Issue Cashier's Checks
- Mobile Deposit
- ATM Machines
- Safe Deposit Boxes
- Currency Exchange
- Bill Pay



What is a Credit Union?

- Not for profit financial cooperative
 - Members are owners of the credit union
 - Eligibility: membership is available to a group of people identified by where they work or live



Banks and Credit Unions: Two Basic Functions

Holding Money



Lending Money

Car Loans



Home Loans

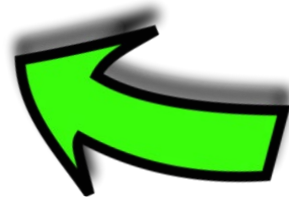
Money In, Money Out



\$53,000,000



+ 2%
Yearly
Interest



\$88,333/month

How Does This Work?

+
4%
Yearly
Interest



\$10,000,000

LOAN

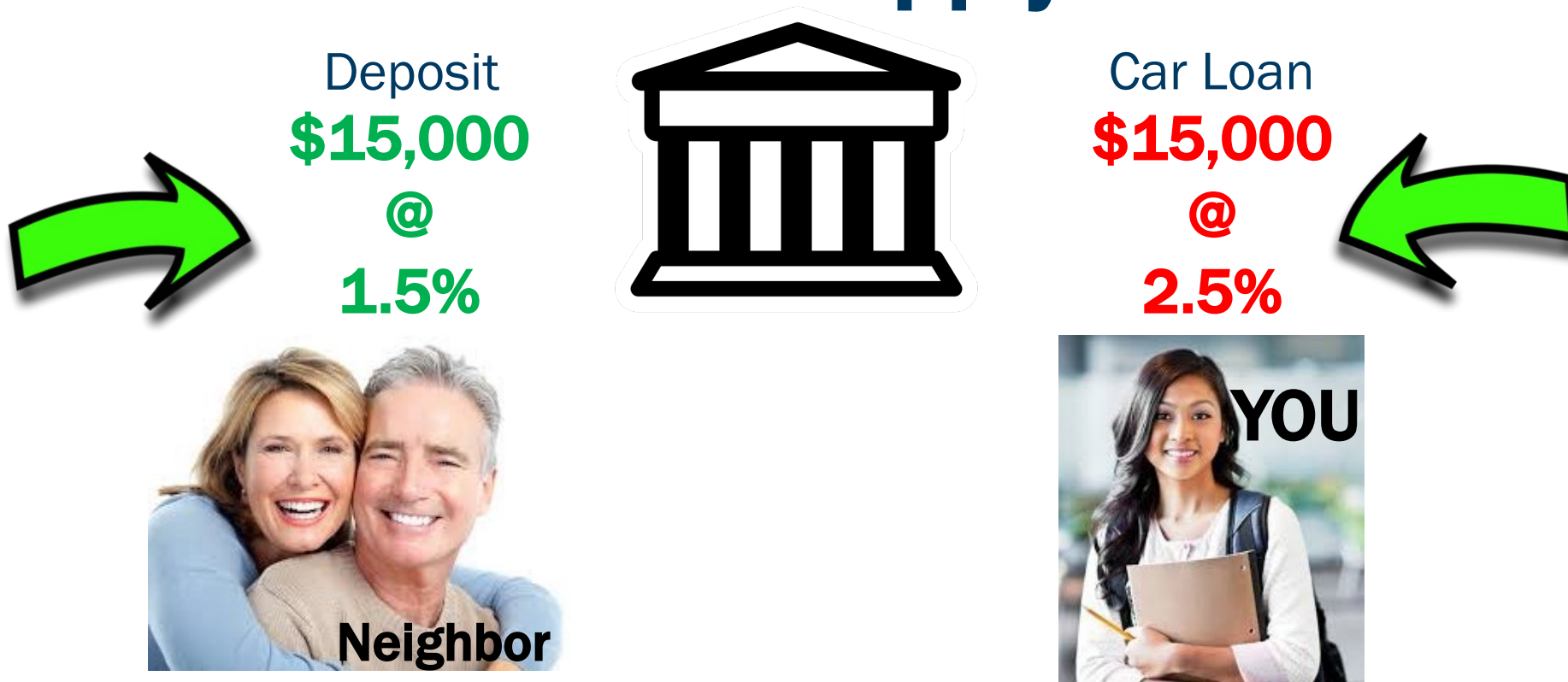


\$33,333/month

**Get a
calculator
out!**



How Does This Apply to You?



How much will your neighbor receive annually? Monthly?

How much will you pay in interest for the car purchase annually? Monthly?

What if the Interest Changes?



How much will your neighbor receive annually? Monthly?

How much will you pay in interest for the car purchase annually? Monthly?

How do you choose a financial institution?

Shout them out!



How do you choose a financial institution?

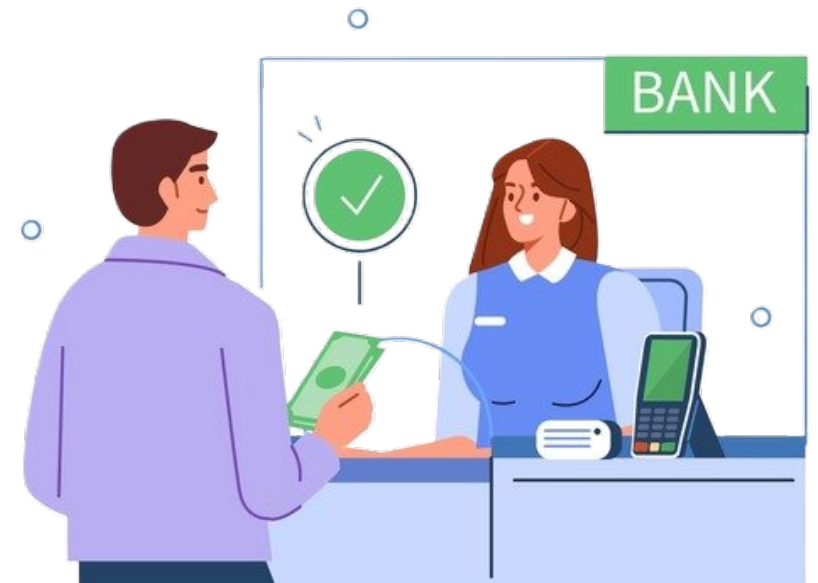
- Location
- Ease of use (lots of ATMs near you)
- Accessible website and online or mobile banking
- Access to free services
- Mobile deposits
- Low fees
- Nice, friendly, and helpful employees
- Credit or debit cards with rewards

Who has a checking/savings account?



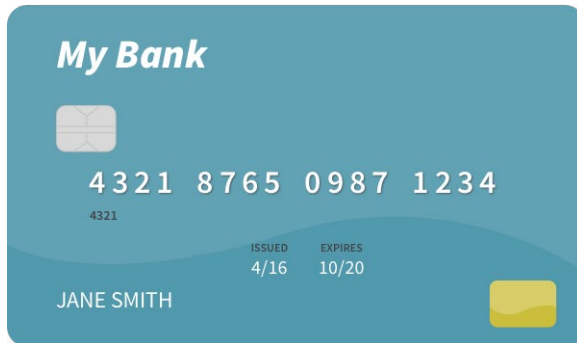
How Do You Open an Account?

- ☐ Need a parent until age 18, then you can open on your own
- ☐ Need a name and address
- ☐ Need a social security number
- ☐ Need a valid form of identification – passport, driver's license
- ☐ Must sign documents
- ☐ Money to deposit*



You Have Choices!

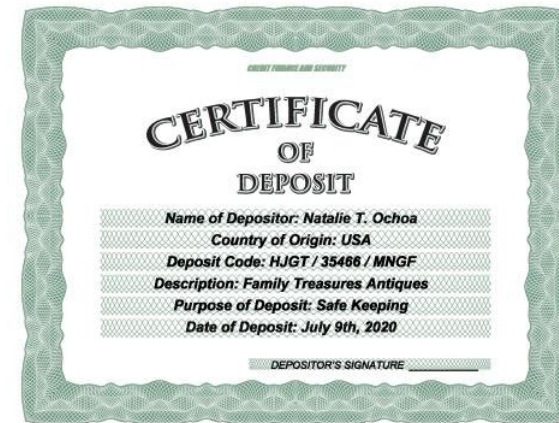
Checking
Accounts



Savings
Accounts

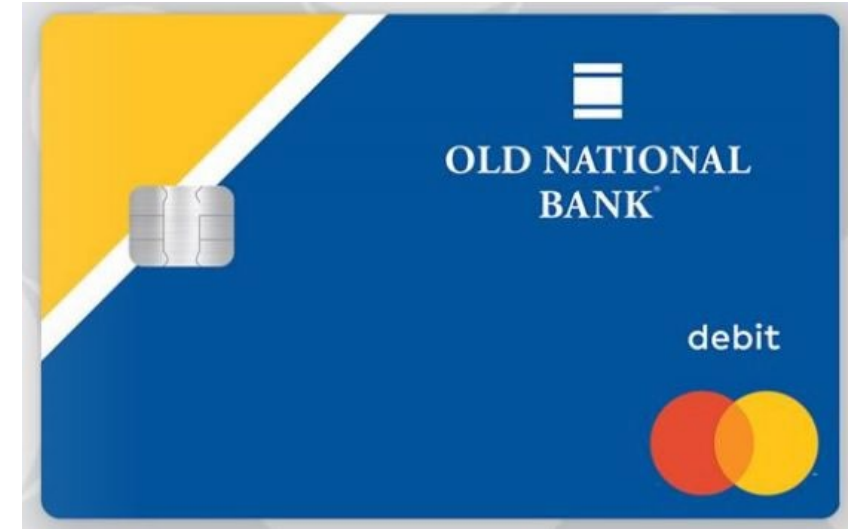


Certificate of
Deposit (CD)



Checking Accounts

- Liquid
- Easy to access via debit card, check, or ATM
- Returns very little interest
- Few withdrawal restrictions
- Minimum balance requirement
- Service fees often apply



Writing Checks

Your Name
Your Address

Today's Date
DATE

PAY TO THE ORDER OF **Name of who you are paying** \$ **100.00** **1000**

One hundred and no/100s DOLLARS

Bank Logo Bank Address

For _____ **Your Signature**

|: 091000019 |: 12345678910" 01000

Routing Number (RTN) Bank Account # Check #

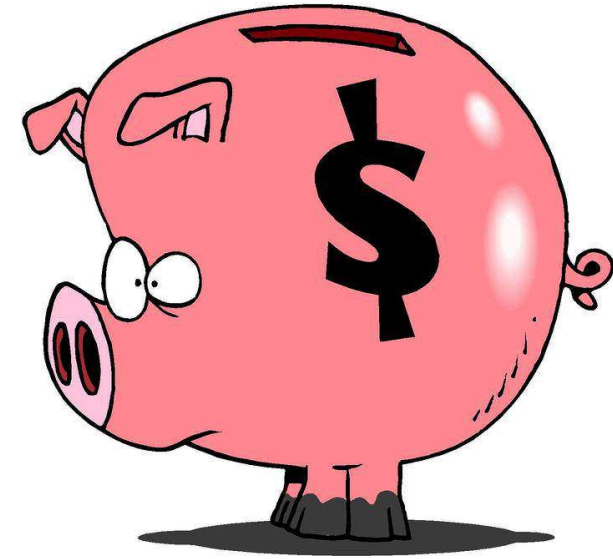
Writing Bad Checks

- It is illegal to knowingly write a bad check
- Lack of funds may result in fees or lose banking privileges.



Savings Accounts

- Semi-liquid
- Accessed via ATM, online, or at a branch
- Returns higher interest than checking accounts
- Limited to 6 electronic withdrawals per month
- May have a minimum balance requirement



Certificate of Deposit (CD)

- Agree to a term length (3 or 6 months, 1-5 years)
- The higher the length, the higher the interest
- Money is non-liquid during the term
- If you must access the money, you may have to pay a penalty to do so



Balancing Your Account

When money moves in and out of your account, you need to make sure you keep track of how much you have.



**Get into
groups of 3-4!**



SOLVE #1:

If you open an account with \$1,000, then you write three checks (or electronic debit): one for \$50, \$277 and \$2.50. Plus, you added \$25 to your account and were paid 1% on the \$1,000.

How much is now in your account?

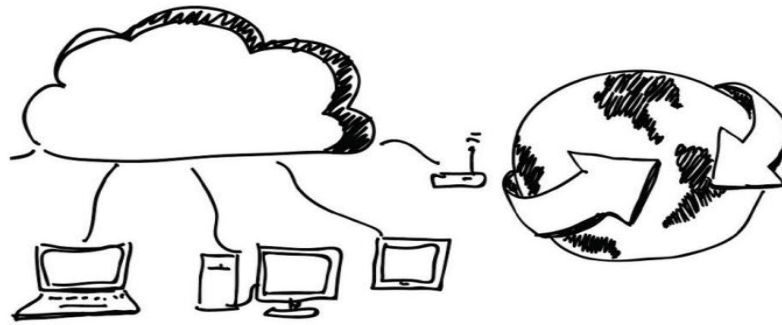
SOLVE #2:

If you write a check for \$700, will you have enough money?

SOLVE #3:

If there is an **NSF of \$35**, how much do you have to put in your account to get it up to \$100 (after the \$700 check and NSF fee)?

Let's use
that
calculator
again!



CHANGE



SUCCESS



My Balance Is....

Starting balance: \$152.27

Transactions:

- \$22.46 – grocery store
- \$14.00 – gas pump
- \$20.00 – friend owed you money
- \$35.00 – car insurance
- \$10.22 – movie theater
- \$13.50 – gas pump
- \$69.99 – new shoes
- \$175.82 – paycheck from part-time job
- \$16.72 – dinner with friends
- \$37.26 – new clothes
- \$4.68 – coffee
- \$85.09 – cell phone bill
- \$163.90 – paycheck from part-time job
- \$4.68 – coffee
- \$78.00 – check for car tabs

What's the Difference?

Debit Cards

- Your own money
- No interest charges
- Tied to a checking/savings account
- Fees apply if you spend more than you have

Credit Cards

- Borrowed money
- Interest is charged if balance is not paid back in full each month
- Credit limit applies
- Minimum payment amount applies
- Late fees may apply

The Evolution of Banking

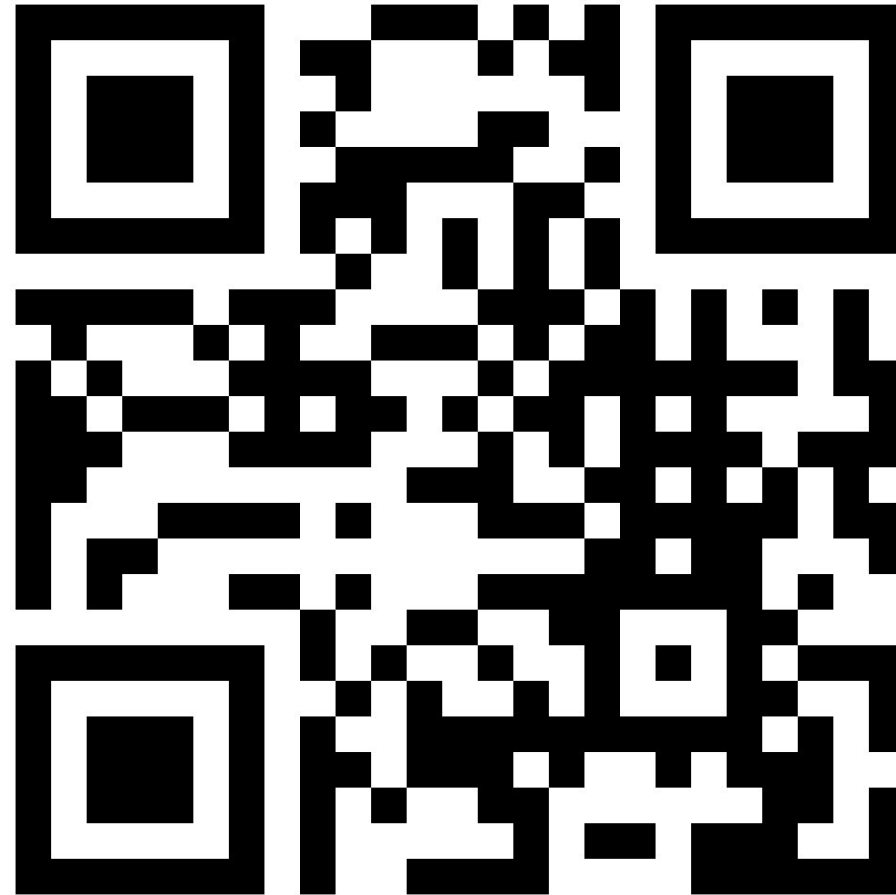
- Tellers
- Branches
- Drive-thru Banking
- ATM Machines
- Debit Cards
- Bill Pay
- Mobile and Online Banking
- Mobile Payments
- Security Issues



Questions?



Student Survey



Thank You!

BestPrep gratefully acknowledges the financial and volunteer support provided by MoneyBags, LLC to offer Banking Services as a part of Financial Matters.

