

Participant Guide

FDIC



FDIC Financial Education Curriculum



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Checking In

Welcome

The *Check It Out* module will help participants learn how to open, use, and manage a checking account responsibly. You will discover that having a checking account is convenient and can save you money. You are taking a step to building a better financial future for yourself and your family.

Objectives

After completing this part of the module, you will be able to:

- List four types of electronic banking services
- Explain how debit cards are linked to checking accounts
- Record fees and transactions in your check register
- Reconcile a check register with a bank statement
- Explain overdraft fees and how they affect your checking account
- Describe how to manage a checking account wisely

Participant Materials

This *Check It Out* Participant Guide contains:

- Information and activities to help you learn the material
- Tools and instructions to complete the activities
- Checklists and tip sheets
- A glossary of the terms used in this module

Pre-Test

Test your knowledge about checking accounts before you go through the course.

1. **Electronic banking services include all of the following EXCEPT:**
 - a. Electronic bill pay
 - b. Using special applications or text messages on your cell phone or personal digital assistant (PDA) to access your accounts
 - c. Calling the bank on the phone
 - d. Debit/Automated Teller Machine (ATM) card transactions

2. **A debit card is:**
 - a. Like an ATM card, but you can also use it to make purchases at retail locations and funds are withdrawn directly from your checking account
 - b. The same as a credit card—buy now, pay later—but you can use your checking account with it
 - c. Similar to a gift card from a retail store, since you buy the debit card and replenish the funds once a month
 - d. Only used to get cash from an ATM if you do not have a checking account from which to withdraw funds

3. **Services you may be able to access when you do banking online include:**
 - a. Debit card replacement and check ordering
 - b. Money transfers, deposits, and withdrawals between accounts
 - c. Electronic statements and alerts
 - d. All of the above

4. **Mobile banking allows you to:**
 - a. Use your computer to complete banking transactions
 - b. Use your cell phone to access or receive account information
 - c. Travel from bank to bank to complete transactions
 - d. Make purchases or payments with your cell phone

5. **Which of the following do you do when you *reconcile* your checking account? Select all that apply.**
 - a. Keep it up to date
 - b. Account for any differences between your statement and your check register
 - c. Compare your checking and savings account balances
 - d. Determine which checks have cleared

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- 6. When you take more money out of your account than you have in it, that is called:**
- A debit transaction
 - Balancing your account
 - An overdraft
 - A monthly service fee
- 7. The best way to avoid overdrawing your account or writing “bad checks” is to:**
- Only write one check per month
 - Not use your ATM and a checkbook at the same time
 - Record all of your transactions
 - Use online banking and bill payment services
- 8. Which two of the following overdraft coverage options might be offered by a bank?**
- Ability to link a savings account to a checking account
 - Prepaying for overdrafts
 - Charging overdraft fees to your credit card
 - Flat-fee overdraft programs
- 9. Overdraft programs are:**
- Free at all banks
 - Programs that banks offer in the event you overdraw your account
 - Required by law for bank customers to purchase
 - An account feature that you must pay for only in months when you do not keep a minimum balance in your account
- 10. Which statement about checking account management is false?**
- You could be charged costly overdraft fees if you do not record transactions and monitor your checking account balance
 - You should reconcile your checking account weekly.

Using Electronic Banking

Overview

Electronic banking uses computers to move money to and from your bank account instead of checks and other paper transactions. Examples of electronic banking include:

- Automated Teller Machine (ATM) transactions with use of an ATM or debit card
- Automatic bill pay
- Online bill pay
- Cell phone banking

Debit Cards

A *debit card* is similar to an ATM card but it has more functions. The difference is that you can use a debit card to make purchases at retail locations (e.g., department stores and gas stations).

If someone uses your card without your permission, federal law protects you. But the protection differs depending on whether you used your debit or credit card.

With a debit card, the disputed transaction will have already been withdrawn from your account. If you report the problem promptly, the financial institution will put the money back into your account (less \$50) if it is unable to resolve the matter within 10 business days. You must report errors within 2 business days of discovering them to be fully protected under federal law. Some banks may voluntarily waive all liability for unauthorized transactions if you took reasonable care to avoid fraud or theft.

With a credit card, you do not have to pay the disputed transaction while the company that issued the credit card is investigating the matter. If someone uses your credit card without your permission after it is lost or stolen, federal law limits your losses to a maximum of \$50, although industry practices may further limit your losses.

Temporary Holds

When you swipe a card for a purchase where the exact amount is not known (e.g., at a hotel or when reserving a rental car), a *temporary hold* is sometimes placed on funds in your account until the actual transaction posts to the account. The hold will likely be for an amount greater than you actually spend. This temporary hold could prevent you from buying other things, even if you do have the money available.

For example, imagine you have \$200 in your checking account and you use your debit card to reserve a hotel room that costs \$100. If the hotel places a temporary hold on the funds in your account for the amount of \$200, you will have no money available to use until the hotel posts the charges to your account or releases the hold.

Many car rental companies and hotels allow you to use debit cards to reserve a car or a room. The temporary hold amount is generally more than the cost of the car or room and can last several days. When making travel reservations, be sure to ask about the debit card hold policy.

Here are some differences between a debit card and a credit card:

	Debit Cards	Credit Cards
Payments	<ul style="list-style-type: none"> Buy now, pay now. 	<ul style="list-style-type: none"> Buy now, pay later.
Interest Charges	<ul style="list-style-type: none"> No charges apply as funds are automatically debited from your checking account. 	<ul style="list-style-type: none"> Charges will apply if you carry a balance or your card offers no grace period (time to repay without incurring interest charges).
Fees	<ul style="list-style-type: none"> Fees on certain transactions (e.g., an ATM fee charged for withdrawing funds from an ATM not operated by the financial institution that issued your card). Potentially costly fees if you try to spend more money than you have available in your account. 	<ul style="list-style-type: none"> Fees and penalties can be imposed if payments are not timely. Some cards also have annual fees. Not all cards offer grace periods (time to repay without incurring interest charges).
Other Potential Benefits	<ul style="list-style-type: none"> Easier and faster than writing a check. No risk of losing cash that you cannot replace. Some cards may offer freebies or rebates. As long as you do not overdraw your account, debit cards are a good way to pay for purchases without borrowing money and paying interest. 	<ul style="list-style-type: none"> Freebies sometimes offered (e.g., cash rebates, bonus points, or travel deals). You can withhold payment on charges in dispute. Purchase protections offered by some cards for faulty goods. If you are careful about how you manage your credit card, especially by paying your bill on time, your credit score may go up and you may qualify for lower interest rates on loans.
Other Potential Concerns	<ul style="list-style-type: none"> Usually there are no protections against faulty goods and services. You need another way to pay for unexpected emergencies (e.g., a car repair) if you do not have enough money in your bank accounts. 	<ul style="list-style-type: none"> Over-spending can occur, since the credit limit may be higher than you can afford. If you do not pay your card balance in full each month, or your card does not have an interest-free grace period, you will pay interest. This can be costly, especially if you only pay at or near the minimum amount due each month.

Automatic Bill Payment

Automatic bill payment automatically takes money from your account to pay your bills. If you use automatic bill pay, make sure you have enough money in your account to cover your bills when they are due, and keep track of your account balance. Check your bills regularly to ensure the bill is accurate and the payment is made. You may be responsible for late payments if the bill is not paid automatically as anticipated.

Online Bill Payment

Online bill payment is different from automatic bill payment in that you can designate when bills are paid from your account each month. You may be able to pay bills from your online banking account, through a budgeting software program, and/or by creating an online account with your service provider (electric, water, or cable/satellite companies, etc.).

Cell Phone (Mobile) Banking

Depending on the services offered by your financial institution and your cell phone service provider, you may be able to conduct the following banking transactions from your cell phone:

- Receive text message alerts when your account balance reaches a certain level, or when a certain transaction occurs
- Access your online bank account to check balances, pay bills, and transfer funds between accounts
- Locate your bank's closest ATMs
- Pay for purchases



Safe Electronic Banking

The Internet offers convenient new ways to shop for financial services and conduct banking transactions any day, any time. However, safe electronic banking involves making wise choices that will help you avoid costly surprises, scams, or identity theft. Some precautions you can take include:

- Using a secure and encrypted connection to the Internet
- Disregarding fraudulent emails asking you to send your account number, password, or any personal information via email; legitimate financial institutions do not ask for this information via email
- Confirming that an online bank is legitimate by contacting the Federal Deposit Insurance Corporation (FDIC) (at www.fdic.gov)
- Monitoring your bank account activity closely
- Keeping your information private
- Contacting your bank to find out more about precautions you can take with the online and mobile banking services they offer
- Using anti-virus software, keeping it updated to detect and block spyware and other malicious attacks, and using a “firewall” to stop hackers from accessing your computer

Protection Against Identity Theft

The Internet offers the potential for safe, convenient new ways to shop for financial services and conduct banking business any day, any time. However, safe electronic banking involves making good choices and making decisions that will help you avoid costly surprises or even scams.

The evolution of identity theft includes the spread of fraudulent —phishing” emails. These are unsolicited emails allegedly from a legitimate source—perhaps your bank, utility company, well-known merchants, your Internet service provider; or even a trusted government agency (e.g., the FDIC) attempting to trick you into divulging personal information.

Whether you bank online or in person, there are many ways to keep your identity from being —hacked,” and to assist you if you have become a victim of identity theft:

- Protect your Social Security Number (SSN), credit card and debit card numbers, Personal Identification Numbers (PINs), passwords, and other personal information. Never provide this information in response to an unsolicited phone call, fax, letter, or email—no matter how friendly or official the circumstances may appear.
- Protect your incoming and outgoing mail to prevent thieves from obtaining valuable financial and personal information.
- Keep your financial trash —clean” by limiting the use of your Social Security number and other valuable information. Also, destroy documents containing SSNs, bank account information, and other details a dishonest person can use to commit fraud.
- Keep a close watch on your bank account statements and credit card bills. Monitor these statements each month and contact your financial institution immediately if there is a discrepancy in your records, or if you notice something suspicious (e.g., a missing payment or an unauthorized withdrawal).
- Avoid identity theft on the Internet:
 - Confirm that an online bank is legitimate and that your deposits are insured.
 - Keep your personal information private and secure.
 - Understand your rights as a consumer.
 - Learn where to go for more assistance from banking regulators.
- Make sure your bank requires a password or PIN to use a cell phone for banking, in case your cell phone is lost or stolen. You should also contact your cell phone provider immediately. The provider may be able to deactivate the phone or have sensitive information erased.
- Contact your bank to find out about any additional precautions it may be able to take, or what you can do to protect yourself.
- Exercise your rights to receive one free credit report each year at www.annualcreditreport.com. Review your credit record and report fraudulent activity.

Accurately Recording Account Activity

Steps to Keeping Accurate Account Records

To keep an accurate record of your checking account activity, you should:

1. Record all transactions in your check register or budgeting software.
2. Record maintenance fees, interest, and other bank charges.
3. Review monthly checking account statements.
4. Reconcile your check register with monthly checking account statements.



Receipts

You should get a receipt when you use a debit card to buy goods or perform electronic banking transactions. If the merchant cannot give you a receipt, or if you forget to get a receipt, promptly record the amount so you can record and track the expense later. Remember that all purchases, even small ones, add up. You can avoid costly overdraft fees by recording transactions and monitoring your current account balance regularly.

When using an ATM, make it a practice to always get a receipt. Printed ATM receipts usually include:

- The amount of the transaction
- Any extra fees charged
- The date of the transaction
- The type of transaction (e.g., deposit or withdrawal)
- A code for your account or ATM card and the available balance
- The ATM location or an identification code of the terminal used
- The name of the bank or merchant where you made the transaction

Record All Transactions in Your Check Register

If you do not regularly monitor your banking transactions and account balance online, you should record all transactions (i.e., electronic banking, cash transactions, writing a check) in your check register or enter them into a budgeting software program.

If you have a joint account, or if other family members have an ATM or debit card attached to your checking account, make sure you record their transactions as well.

Record Interest and Fees

With an interest-bearing checking account, review your monthly account statement to determine how much interest you received. Record this interest as a deposit (+) in your check register or budgeting software. Your monthly account statement will also indicate if you are charged any fees. You would record any fees as a payment or debit (-).

Activity 1: Record Transactions in Your Check Register

Complete your check register by entering the following transactions and calculating the new balance each time.

Here is the information we are going to record:

- Date: 3/12/20XX
- Description of Transaction: Debit
- Deposit/Credit (-): \$100.00

And...

- Date: 3/19/20XX
- Description of Transaction: Deposit
- Deposit/Credit (+): \$30.00

And...

- Date: 3/19/20XX
- Description of Transaction: Deposit
- Deposit/Credit (+): \$50.00

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	2/20	Previous Balance			\$200 00
105	2/26	Coffee Mart	19 75		\$180 25

Review Monthly Checking Account Statements

Most checking account statements show:

1. Your bank’s name and address
2. The time period covered by the statement
3. Your name and address
4. Your account number
5. A list of all transactions by date
6. A list of all cashed checks in numerical order by check number; some banks do not provide this
7. Statement summary, including fees and charges (if any)

Y	Your Bank		Your Name				
	1212 Y Street	1	4321 Second Street	3			
Somewhere, US 00001		Somewhere, US 00001		4			
		Account Number 543685321454					
Summary of Account Activity							
For period ending	3/20/20XX	2					
Date of last statement	2/20/20XX						
Date	Transaction Description	Withdrawal/ Deposit Amount		Balance			
2/20	Opening Balance			200.00			
2/26	Check #105	5		-19.75			
3/12	ATM Withdrawal			-100.00			
3/20	Monthly Fee			-5.00			
Ending Balance				75.25			
6		Cleared Checks		Amount			
		Check #					
		105		19.75			
		Summary		7			
<i>Previous Balance</i>	<i>Total Deposits</i>	<i>Total Withdr.</i>	<i>No. of Checks</i>	<i>No. ATM Transactions</i>	<i>No. of Deposits</i>	<i>Service Charge</i>	<i>New Balance</i>
\$200.00	\$0	\$119.75	1	1	0	\$5.00	\$75.25

Reconciling Your Checking Account

When you receive your monthly checking account statement, you may notice a difference between the statement balance and your check register. This difference may occur if:


- You did not record some of the transactions listed on the bank statement.
- Some of your recorded transactions were posted after the bank statement was prepared and sent to you.

Reconciling your checking account helps you find the reasons for the differences and make any necessary corrections. We will review two ways you can reconcile your checking account.

Activity 2: Reconcile Your Check Register

Use the checking account statement to answer the questions below, and reconcile your check register according to the directions on the next page.

Checking Account Monthly Statement

		Your Bank 1212 Y Street Somewhere, US 00001		Your Name 4321 Second Street Somewhere, US 00001 Account Number 543685321454			
Summary of Account Activity							
For period ending		3/20/20XX					
Date of last statement		2/20/20XX					
Date	Transaction Description	Withdrawal/ Deposit Amount		Balance			
2/20	Previous Balance			200.00			
2/26	Check #105	-19.75		180.25			
3/12	ATM Withdrawal	-100.00		80.25			
3/19	Deposit	30.00		110.25			
3/19	Withdrawal	-25.00		85.25			
3/20	Monthly Fee	-5.00		80.25			
				Ending Balance	80.25		
Cleared Checks		Amount					
Check #							
105		19.75					
Summary							
<i>Previous Balance</i>	<i>Total Deposits</i>	<i>Total Withdr.</i>	<i>No. of Checks</i>	<i>No. ATM Transactions</i>	<i>No. of Deposits</i>	<i>Service Charge</i>	<i>New Balance</i>
\$200.00	\$30	\$125	1	1	1	\$5.00	\$80.25

What is the checking account statement balance (see “New Balance” or “Ending Balance” on the statement)?

Does this balance match the balance on your practice check register?

Sample Check Register

Check Number	Date	Description of Transaction	Payment/Debit (-)		Deposit/Credit (+)		Balance	
	2/20	Previous Balance					\$200	00
105	2/26	Coffee Mart	19	75			\$180	25
	3/12	Withdrawal	100	00			\$80	25
	3/19	Deposit			30	00	\$110	25
	3/20	Monthly fee	5	00			\$105	25

Directions

To reconcile your check register:

1. Compare your check register with the monthly account statement. Put a small check mark (✓) beside each item in your check register that matches an item on your statement.
2. Are there any items that are listed on the monthly account statement that do not appear on the check register? If so, which one(s)? _____
3. Add the missing transactions to your check register below the last transaction.
4. Calculate the balance by adding deposits or subtracting withdrawals from your check register balance.
5. What is the new balance in your check register? _____
6. Does this match the checking account statement balance? _____

Activity 3: Checking Account Reconciliation Form

Follow the directions below to use the checking account reconciliation form to reconcile your check register with your monthly account statement.

Checking Account Monthly Statement

Y	Your Bank	Your Name					
	1212 Y Street Somewhere, US 00001	4321 Second Street Somewhere, US 00001 Account Number 543685321454					
Summary of Account Activity							
For period ending		3/20/20XX					
Date of last statement		2/20/20XX					
Date	Transaction Description	Withdrawal/ Deposit Amount		Balance			
2/20	Previous Balance			200.00			
2/26	Check #105	-19.75		180.25			
3/12	ATM Withdrawal	-100.00		80.25			
3/20	Monthly Fee	-5.00		75.25			
				Ending Balance		75.25	
Cleared Checks		Amount					
Check #							
105		19.75					
Summary							
<i>Previous Balance</i>	<i>Total Deposits</i>	<i>Total Withdr.</i>	<i>No. of Checks</i>	<i>No. ATM Transactions</i>	<i>No. of Deposits</i>	<i>Service Charge</i>	<i>New Balance</i>
\$200.00	\$0	\$100	1	1	0	\$5.00	\$75.25

Check Register

Check Number	Date	Description of Transaction	Payment/Debit (-)		Deposit/Credit (+)		Balance	
	2/20	Opening Balance					\$200	00
105	2/26	Coffee Mart	19	75			\$180	25
	3/12	Withdrawal	100	00			\$80	25
	3/19	Deposit			30	00	\$110	25
	3/19	Deposit			50	00	\$160	25
	3/20	Monthly fee	5	00			\$155	25

Account Reconciliation Form

Step 2 List and total all outstanding deposits		Step 3 List and total all outstanding withdrawals or debits	
Date	Amount	Date	Amount
Total		Total	

Step 4	
Account balance	
Add outstanding deposits (Step 2)	
Total	
Subtract outstanding withdrawals (Step 3)	
Balance	
*This balance should agree with the balance in your check register.	

Step 1: Compare your check register with the monthly statement. Put a small check mark (✓) beside each item in your check register that matches an item on your statement. *(Note: this was completed in the previous activity.)*

Step 2: Are there any deposits listed in your check register that are not recorded on your account statement? If so, list and total these deposits.

Step 3: Are there any withdrawals listed in your check register that are not recorded on your account statement? If so, list and total these withdrawals or debits.

Step 4: Complete the reconciliation form.

- Enter the account balance listed on the monthly checking account statement.
- Add the total of deposits outstanding from Step 2.
- Calculate the total.
- Subtract the total of withdrawals outstanding from Step 3.
- Calculate the final total or balance.

Does this equal the balance in your check register? _____

Correcting Errors on Your Statement

Call, write, or visit your bank as soon as you find an error on your bank statement. If you call or visit your bank, it is a good idea to follow up by writing a letter. Keep a copy of the letter for your records. The letter should include:

- Your name
- Your account number
- An explanation and dollar amount of the error
- The date the error occurred
- Any conversations (and the outcomes) with bank personnel regarding this error

The bank must receive notice of the error no later than 60 days after the date of the statement.

Overdraft Fees

An *overdraft* occurs when you do not have enough money in your account to cover a transaction. If you have an overdraft program linked to your account, your bank would cover the transaction and charge you an *overdraft fee*—generally around \$35. If you do not have an overdraft program linked to your account and you overdraw your account, the bank would decline a payment (or return a check, when applicable). For checks that are returned unpaid, both the bank and the company to be paid may charge you a *non-sufficient funds (NSF)* or *returned item fee*, which could range from \$15–50.

Overdrawing your account can be very expensive.

Opt-In Rule for Some Debit Card Transactions

If you have a debit card, the bank will ask you how to handle certain overdrafts generated by:

- ATM withdrawals
- One-time debit card transactions at store point-of-sale (POS) terminals.

If you opt-in to a bank's overdraft program, the bank can charge you a fee – perhaps \$30 or more – to process point-of-sale (POS) or ATM transactions that exceed your account balance. Then, overdrafts and the fee will be deducted immediately, in full, from your next deposit. These deductions will lower your account balance and may increase the risk of more overdrafts.

If you do not opt in, the bank will decline your ATM withdrawals and debit card transactions at POS terminals if you do not have enough money in your account to cover the withdrawal or purchase. You will not be charged fees.

Remember, the opt-in rule only applies to ATM and certain debit card transactions. So, even if you do not opt-in to overdraft coverage for certain ATM/POS transactions, the bank may still charge you overdraft fees for other types of transactions, such as for checks or for bills you automatically pay through your debit card every month.

Check Overdrafts: “Bad Checks” and “Bounced Checks”

If you write a check without enough money in your account to cover the check, it is known as writing a *bad check* or *bouncing a check*. Knowingly writing a bad check, or doing so with fraudulent intent, is a crime in every state. Each state has different civil and criminal penalties (e.g., fines and jail time).

If you repeatedly overdraw your account, your bank might close your account and report negative checking account activity to an account verification company (e.g., ChexSystems or TeleCheck). This can make it difficult to cash or write checks and to open an account in the future.

What should you do if a bank turns you away as a customer because of an unfavorable report about your bank account?

- Ask the bank for the name, address, and phone number of the company that furnished the report.
- Request a free copy and look for and correct any incorrect or missing information.

If you dispute the matter in writing and the check reporting company does not change the record to your satisfaction, you are entitled to add a written statement to your report. If you have a concern involving a bank or a check reporting service, contact the appropriate federal regulator or, in the case of check reporting services, the Federal Trade Commission (FTC).

Avoiding Overdraft Fees

Good account management is the best way to protect your hard-earned money. The best way to avoid overdraft fees is to manage your account so you do not overdraw it. You can do this by:

- Keeping track of how much money you have in your checking account by keeping your check register up to date
- Paying special attention to track your electronic transactions (ATM, debit card, and online transactions)
- Remembering to record automatic bill payments and checks you write
- Reviewing your account statements each month and reconciling them with your check register
- Seeing if you can get email or cell phone alerts from your bank when your balance is running low
- Keeping extra funds in your account as a cushion

Sometimes mistakes happen. If you do overdraw your account, deposit money into the account as soon as possible to cover the overdraft amount plus any fees and charges from your bank; and to provide cushion for future purchases or withdrawals. This will avoid more fees.

Bank Overdraft Programs

It can be a good idea to take time to learn what options you have to handle the (hopefully) rare situation when you spend more than you have in your account. Options may include:

- Linking your checking account to your savings account so the overdrawn amount is taken from your savings account. Essentially, you are borrowing from yourself so you do not have to pay interest or high overdraft fees, although you may pay a small funds transfer fee. Remember, if you use money from your savings account to pay everyday expenses, be sure to repay your savings account.

- Linking your savings account to a line of credit. You will pay interest on any balance you carry and you may be charged an annual fee. The sooner you pay off the money you borrow, the less you will pay in interest. Still, this option may be less expensive than traditional fee-based overdraft options.
- Enrolling in an overdraft program for which you either pay a monthly fee or a per-item charge (which could be \$35 or more per item). Fees can add up very quickly. If you use these repeatedly, they can become a very expensive form of credit. Also, with many of these programs, the bank does not guarantee you that it will cover any or all overdrafts.

Here is some information to help you compare two major categories of overdraft programs.

	Lines of Credit & Linked Savings Accounts	Per-Item Overdraft Programs
How Do I Enroll?	<ul style="list-style-type: none"> • You must request this. 	<ul style="list-style-type: none"> • You may be automatically enrolled except for certain ATM and POS debit card transactions.
Does the program cover ATM and POS debit card usage?	<ul style="list-style-type: none"> • Generally, yes; but refer to your account disclosure. 	<ul style="list-style-type: none"> • You must “opt in” for coverage.
Are There Any Fees?	<ul style="list-style-type: none"> • Possibly a small transfer fee for linked savings. • Interest plus other potential fees for overdraft lines of credit. • Cash advance fees, plus interest at the cash advance rate, if using a credit card. 	<ul style="list-style-type: none"> • Per-item overdraft fee if the bank honors the transaction. • NSF fee if the bank does not honor the transaction. • Possibly daily fees for every day your balance is negative. • Possible interest.
Do I Have to Have Another Account with the Bank?	<ul style="list-style-type: none"> • You must have a savings account, overdraft line of credit, or credit card that can cover the overdraft. 	<ul style="list-style-type: none"> • No.
Must the Bank Pay Overdraft Items?	<ul style="list-style-type: none"> • Yes, if you have sufficient funds in your savings account or available under your line of credit. 	<ul style="list-style-type: none"> • No. Bank is not obligated to pay an overdraft; so, approval of overdraft items is at the bank’s discretion.
Potential benefits	<ul style="list-style-type: none"> • Linking to a savings account or credit line may be the least costly way to handle overdrafts. • Saves the cost of additional charges from returned checks. 	<ul style="list-style-type: none"> • Saves cost and embarrassment of fees from merchant for bad check if bank honors item.
Potential risks?	<ul style="list-style-type: none"> • Linking to a credit card may result in costly cash advance fees and higher interest rates and a never-ending cycle of debt. 	<ul style="list-style-type: none"> • Overdraft fees add up quickly.

Post-Test

Now that you have gone through the course, see what you have learned.

1. **Electronic banking allows you to use which of the following to conduct various banking transactions or services?**
 - a. Cell phones
 - b. Computers
 - c. ATM or debt cards
 - d. All of the above

2. **If using an ATM to withdraw money, which of the following might you need to record in your check register?**
 - a. Withdrawal amount
 - b. Interest earned
 - c. ATM fees, if applicable
 - d. Monthly or annual account fees

3. **You can use a debit card for which of the following?**
 - a. Purchases
 - b. Withdrawals
 - c. Money transfers
 - d. Deposits
 - e. All of the above

4. **Mobile banking allows you to:**
 - a. Use your computer to complete banking transactions
 - b. Use your cell phone to access or receive account information
 - c. Travel from bank to bank to complete transactions
 - d. Make purchases or payments with your cell phone

5. **The best way to keep from overdrawing your account or writing “bad checks” is to:**
 - c. Only write one check per month.
 - d. Not use your ATM and a checkbook at the same time.
 - e. Record all of your transactions.
 - a. Use online banking and bill payment services.

6. **Match the definition with the correct term.**

Balancing: ____	a. Determining the difference between your checking account statement and checkbook register
Reconciling: ____	b. Recording all transactions and maintaining totals so you always know how much money is in your account

-
- 7. When you take more money out of your account than you have in it, that is called:**
- A debit transaction
 - Balancing your account
 - An overdraft
 - A monthly service fee
- 8. You can best avoid any overdraft fees by:**
- Having a checking account
 - Keeping accurate account balance records
 - Depositing money quickly before the bank notices your account is overdrawn
 - Opting-in to an overdraft discount program
- 9. Which of the following overdraft program options might be offered by a bank? Select all that apply.**
- A per-item overdraft fee
 - Prepaying for overdrafts
 - Ability to link a savings account to a checking account
 - Flat-fee overdraft programs
- 10. Overdraft programs are:**
- Free of charge to you at banks
 - Programs that banks offer in the event you overdraw your account
 - Required by law for bank customers to purchase
 - An account feature that you must pay for only in months when you do not keep a minimum balance in your account

Glossary

Automated Teller Machine (ATM): A computer terminal in which you can deposit cash and checks into your account or withdraw cash from your account 24 hours a day, 7 days a week.

Check: A written contract between you and your bank. When you write a check, you are asking the bank to take money from your account and give it to someone else.

Checking Account: An account that allows you to write checks to pay bills and buy goods. The financial institution will send you a monthly statement that lists the deposits, withdrawals, and purchases you made.

Check Register: A booklet to write down all of your deposits and withdrawals from your account, including any fees and monthly charges.

Debit Card: A card that allows you to deposit cash into and withdraw money from your checking account at many Automated Teller Machines (ATMs), and make purchases at retail locations that accept credit cards (e.g., department stores or gas stations).

Deposit: A transaction in which money is added to your account (e.g., you deposit money, the bank pays you interest, or a check is direct deposited into your account).

Deposit Slip: A slip used to let the teller know how much money you are depositing.

Direct Deposit: An electronic method for transferring and depositing money directly into your account.

Endorsement: The act of signing the back of a check so that you can deposit or cash it.

Electronic Banking: The use of computers to move money to and from your account, instead of using checks and other paper transactions. Electronic banking includes debit card transactions, electronic bill pay, and Automated Teller Machine (ATM) transactions.

Electronic Bill Pay: A service that automatically takes money from your account to pay your bills.

Fees: The amount charged by financial institutions for account activities and services.

Fee Schedule: A bank document that lists the fees you might be charged for certain account activities.

Interest: The extra money in your account that the bank pays you for keeping your money.

Reconciliation: The act of resolving the difference between the statement balance and your check register balance.

Signature Card: A form you complete and sign when you open an account indicating you are the account owner.

Substitute Check: An electronic image of your check that has the same standing as the actual check.

Transaction: A banking activity (e.g., depositing or withdrawing money, using your Automated Teller Machine (ATM) or debit card, or having checks direct-deposited into your account).

Withdrawal: The process of taking money from your bank account.

For Further Information

Federal Deposit Insurance Corporation (FDIC)

www.fdic.gov/consumer

Division of Supervision & Consumer Protection

2345 Grand Boulevard, Suite 1200

Kansas City, Missouri 64108

1-877-ASK-FDIC (275-3342)

Email: consumeralerts@fdic.gov

Visit the FDIC's website for additional information and resources on consumer issues. For example, every issue of the quarterly *FDIC Consumer News* provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

U.S. Financial Literacy and Education Commission

www.mymoney.gov

1-888-My-Money (696-6639)

MyMoney.gov is the United States (U.S.) Government's website dedicated to teaching all Americans about financial education. Whether you are planning to buy a home, balance your checkbook, or invest in your 401k the resources on MyMoney.gov can help you. Throughout the site you will find important information from federal agencies.

Federal Trade Commission

www.ftc.gov/credit

1-877-FTC-HELP (382-4357)

The FTC website offers practical information on a variety of consumer topics, including privacy, credit, and identity theft. The FTC also provides guidance and information on how to select a credit counselor.

Go Direct

www.GoDirect.org

1-800-333-1795

To quickly and easily sign up for direct deposit of your Social Security or other federal benefit payments, contact Go Direct, a campaign sponsored by the U.S. Department of the Treasury and the Federal Reserve Banks.

Electronic Transfer Account

www.eta-find.gov/

1-888-382-3311

Generally anyone who receives (or represents someone who receives) one of the following Federal Government payments is eligible to receive his or her monthly payments electronically through an Electronic Transfer Account (ETA): Social Security, Supplemental Security Income (SSI), Veterans Benefits, Civil Service Wage Salary or Retirement Payments, Military Wage Salary or Retirement Payments, Railroad Retirement Board Payments, or Department of Labor (DOL)/Black Lung.

What Do You Know? – Check It Out, Part 2

Instructor: _____ Date: _____

This form will allow you and the instructors to see what you know about checking accounts both before and after the training. Read each statement below. Please circle the number that shows how much you agree with each statement.

	Before the Training				After the Training			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
I can:								
1. List four types of electronic banking services	1	2	3	4	1	2	3	4
2. Explain how debit cards are linked to checking accounts	1	2	3	4	1	2	3	4
3. Record fees and transactions in your check register	1	2	3	4	1	2	3	4
4. Explain overdraft fees and how they affect your checking account	1	2	3	4	1	2	3	4
5. Reconcile a check register with a bank statement	1	2	3	4	1	2	3	4
6. Describe how to manage a checking account wisely	1	2	3	4	1	2	3	4

Evaluation Form

This evaluation will enable you to assess your observations of the *Check It Out* module. Please indicate the degree to which you agree with each statement by circling the appropriate number.

<p>1. Overall, I felt the module was:</p> <p><input type="checkbox"/> Excellent</p> <p><input type="checkbox"/> Very Good</p> <p><input type="checkbox"/> Good</p> <p><input type="checkbox"/> Fair</p> <p><input type="checkbox"/> Poor</p>					
<p>2. I achieved the training objectives.</p> <p>3. The instructions were clear and easy to follow.</p> <p>4. The overheads were clear.</p> <p>5. The overheads enhanced my learning.</p> <p>6. The time allocation was correct for this module.</p> <p>7. The module included sufficient examples and exercises so that I will be able to apply these new skills.</p> <p>8. The instructor was knowledgeable and well-prepared.</p> <p>9. The worksheets are valuable.</p> <p>10. I will use the worksheets again.</p> <p>11. The participants had ample opportunity to exchange experiences and ideas.</p>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<p>12. My knowledge/skill level of the subject matter before taking the module.</p> <p>13. My knowledge/skill level of the subject matter upon completion of the module.</p>	None		Advanced		
<p>14. Name of Instructor:</p> <p>Instructor Rating:</p> <p>Please use the response scale and circle the appropriate number.</p>	<p>Response Scale:</p> <p>5 Excellent</p> <p>4 Very Good</p> <p>3 Good</p> <p>2 Fair</p> <p>1 Poor</p>				
<p>Objectives were clear & attainable</p>	1	2	3	4	5
<p>Made the subject understandable</p>	1	2	3	4	5
<p>Encouraged questions</p>	1	2	3	4	5
<p>Had technical knowledge</p>	1	2	3	4	5

What was the most useful part of the training?

What was the least useful part of the training and how could it be improved?
