




Banking Services

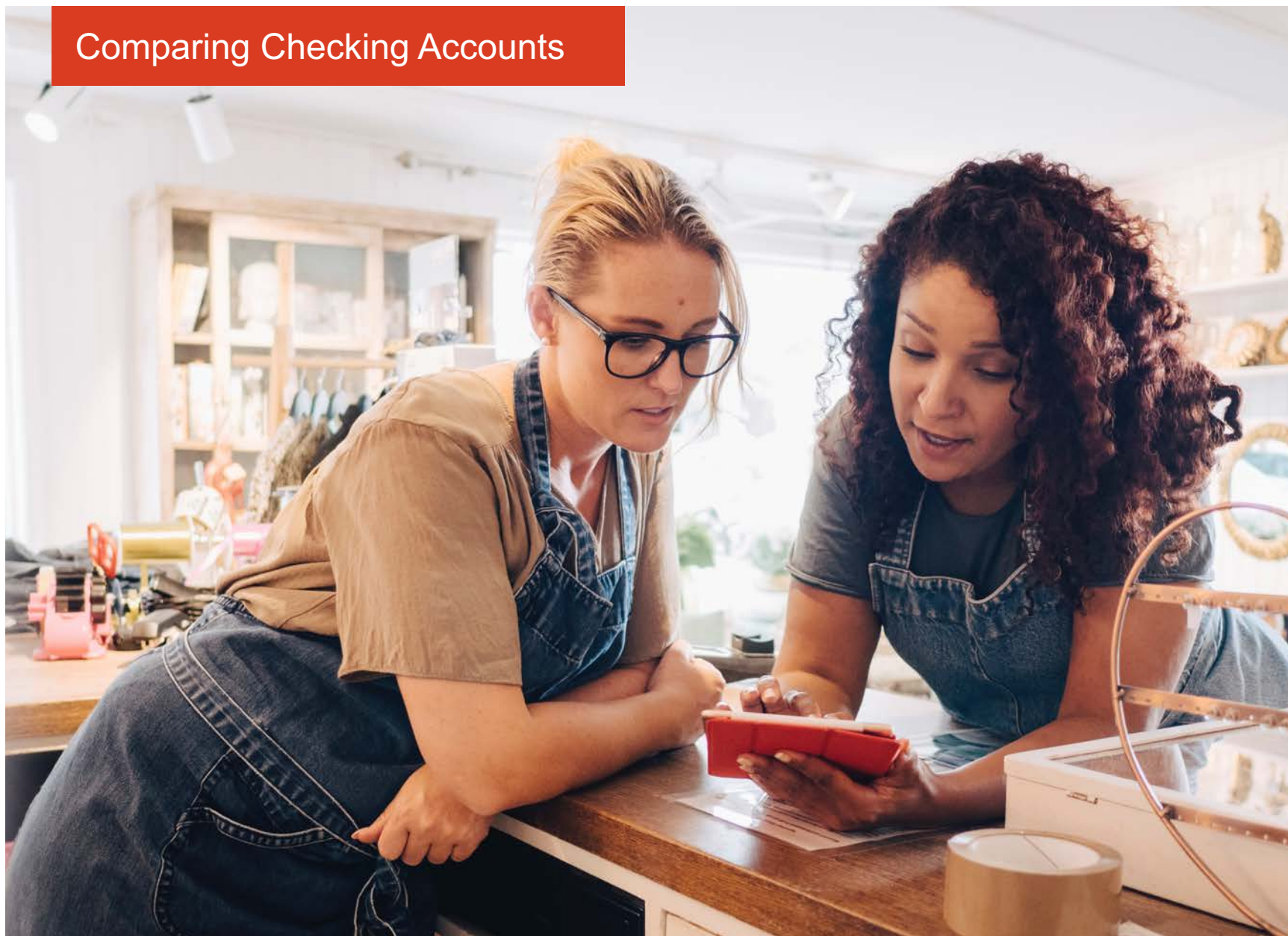
Community
 Bank N.A.

 Practical
Money Skills

What are some services that banks provide?

- Checking and savings accounts
- Interest
- Automatic deposit and payment
- Storage of valuables
- Transfer of money
- Overdraft checking
- Traveler's checks
- FDIC (Federal Deposit Insurance Corporation)
- Credit and debit cards
- Certificates of deposit (CDs)
- ATMs

Comparing Checking Accounts



Pay attention to these things when opening a new account:

Location: 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, certified check fees

Interest: rate earned, minimum deposit to earn interest, compounding method, fee charged for falling below necessary balance

Restrictions: minimum balance, deposit insurance, holding period for deposited checks

Special features: direct deposit, automatic payments, overdraft protection, online banking

What is a Debit Card?



What is a debit card?

A debit card enables the cardholder to pay for purchases with a bank card linked to their checking account.

Debit cards are linked to an individual's checking account, allowing funds to be withdrawn at the ATM and point of sale without writing a check.

When using a debit card to pay for goods and services, the purchase amount is deducted from the cardholder's checking account. Depending on the type of card, processing a debit card transaction requires the cardholder to either sign a sales draft or enter a PIN into a special terminal, just like at an ATM.

Benefits of using a debit card

- Convenience. The payment process at the checkout counter is quicker and more convenient. No need to fill out a check or present identification and wait while it's written down or verified.
- Eliminates the need to carry a checkbook or a lot of cash.
- Useful budgeting tool to track purchases.
- Doesn't deplete the available cash in your wallet.
- Can be used out of town or at locations where personal checks are not accepted.
- Reduces the possibility of loss or theft of cash.
- It's not a loan. No interest accrues on purchases.

Remember:

- The cardholder must be certain of their checking account balance. It might be possible to make purchases beyond the funds available, resulting in fees.
- Debit cards can encourage impulse spending.
- Banks determine if there are any fees for each card and/or transaction.
- Cardholders **have to** keep track of transactions.

Opening a checking account

ACCOUNT NUMBER _____
DATE _____

SIGNATURE AUTHORIZATION CARD

<p>NAME _____</p> <p>ADDRESS _____ _____</p> <p>PHONE _____</p> <p>SOCIAL SECURITY NO. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></p>	<p>TYPE OF ACCOUNT</p> <p><input type="checkbox"/> Individual</p> <p><input type="checkbox"/> Joint</p> <p><input type="checkbox"/> Business</p> <p><input type="checkbox"/> Partnership</p>
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YOU ARE HEREBY AUTHORIZED TO RECOGNIZE ANY* OF THE SIGNATURES SUBSCRIBED HERE IN THE PAYMENT OF FUNDS OR THE TRANSACTION OF ANY BUSINESS FOR THIS ACCOUNT. IT IS AGREED THAT ALL TRANSACTIONS BETWEEN THE BANK AND THE DEPOSITOR SHALL BE GOVERNED BY THE CONTACT PRINTED ON THE REVERSE SIDE OF THIS CARD.

AUTHORIZED SIGNATURE _____
AUTHORIZED SIGNATURE

** If you wish to use two signatures, sign both signatures on the form.*

Making a deposit

DEPOSIT SLIP

John Doe
255 Elm Street
Anytown, USA

1 DATE _____

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

CASH	CURRENCY		2
	COINS		3
LIST CHECKS SINGLY			4
TOTAL FROM OTHER SIDE			5
TOTAL			6
LESS CASH RECEIVED			7
NET DEPOSIT			8

9

⑆ 521221276⑆ 454455329249⑈0 200

- 1. Date:** Write the date of the deposit here.
- 2. Dollar amount:** If you are depositing currency (paper bills), write the total amount here.
- 3. Change:** If you are depositing coins, write the total amount here.
- 4. Transit number:** If you are depositing a check, write the bank transit number here, which is the top portion of the two-part number printed in the upper corner of the check.
- 5. Check amount:** Write the amount of the check here.

Making a deposit (continued)

DEPOSIT SLIP

John Doe
255 Elm Street
Anytown, USA

1 DATE _____

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

CASH	CURRENCY	
	COINS	
LIST CHECKS SINGLY		
TOTAL FROM OTHER SIDE		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨

① 5212212761 454455329249#0 200

6. Continue: If you are depositing more checks than can be listed on the front, continue to list them on the back, and write the total amount of the checks on back here.

7. Subtotal: Write the total amount you are depositing here.

8. Cash back: If you are making a deposit inside a bank with a teller and you want to receive cash back from your deposit, write the amount you want in this field.

9. Deposit total: Write the total amount (less cash back) of your deposit in this field.

Making a deposit (continued)

Blank Endorsement
Anyone can cash check

A check with a handwritten signature "John Doe" in the endorsement area. The check number is #127, dated 3/22/21, with a MICR line at the bottom: @ 7534964 127. The front of the check has a blank line for the amount in numbers, followed by a dollar sign and a blank line for the amount in words, and the word "DOLLARS".

Restrictive Endorsement
More secure than blank endorsement

A check with a handwritten signature "John Doe" and the text "For deposit only" and "Acc# 0417-678" in the endorsement area. The check number is #127, dated 3/22/21, with a MICR line at the bottom: @ 7534964 127. The front of the check has a blank line for the amount in numbers, followed by a dollar sign and a blank line for the amount in words, and the word "DOLLARS".

Special (or Full) Endorsement
Transfer check to another party

A check with a handwritten signature "John Doe" and the text "Pay to the order of Jane Smith" in the endorsement area. The check number is #127, dated 3/22/21, with a MICR line at the bottom: @ 7534964 127. The front of the check has a blank line for the amount in numbers, followed by a dollar sign and a blank line for the amount in words, and the word "DOLLARS".

Writing out a check

The image shows a check form with the following fields and callouts:

- 5**: Payer information: John Doe, 255 Elm Street, Anytown, USA
- 1**: Date field
- 2**: Pay to the order of field
- 3**: Amount in numerals field (pre-printed "200")
- 4**: Amount in words field (pre-printed "DOLLARS")
- 7**: Memo field
- 8**: MICR line (pre-printed "⑆ 521221276⑆ 454455329249⑆ 0200")

- 1. Date:** Enter the date on which you are writing the check.
- 2. Payee:** Enter the name of the person or the company you are going to give the check to.
- 3. Amount of check in numerals:** Enter the amount of the check in numbers. Don't leave any space between the pre-printed dollar symbol (\$) and the numbers indicating the amount of the check; there should be no room for someone to add in extra numbers.
- 4. Amount of check in words:** Enter the amount of the check in words. Start writing at the far left side of the line. Follow the dollar amount by the word "and," then write the number of cents over the number 100. Draw a line from the end of the 100 to the end of the line.

Writing out a check (continued)

The diagram shows a check with the following fields and callouts:

- 1**: Points to the payee name and address: John Doe, 255 Elm Street, Anytown, USA.
- 2**: Points to the "PAY TO THE ORDER OF" field.
- 3**: Points to the "DATE" field.
- 4**: Points to the amount field, which shows "200" and "DOLLARS".
- 5**: Points to the payee name and address.
- 6**: Points to the signature line.
- 7**: Points to the "MEMO" field.
- 8**: Points to the MICR line at the bottom, which contains the numbers: ⑆ 521221276⑆ 454455329249⑆ 0200.

- 5. Name:** Your personal information is printed here. Never list your Social Security number on your printed check.
- 6. Signature:** Sign your check exactly the way you signed your name on the signature card you filled out when you opened your account.
- 7. Memo:** Use this space to note why you wrote the check. If you are paying a bill, this is a good place to put information requested by the company.
- 8. Identification numbers:** These numbers are used to identify the bank, your account number and the check number. They are printed in a special magnetic ink that machines can read.

Keeping a running balance

(a) Keeping a running balance:
Check transaction

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT	BALANCE	
						366	97
161	6/4	Sound Out	216	30		216	30
		new tape deck				150	67

(b) Keeping a running balance:
ATM cards

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT	BALANCE	
						366	97
161	6/4	Sound Out	216	30		216	30
		new tape deck				150	67
ATM	6/18	withdrawal	35	00		35	00
		spending money				115	67

Reading a bank statement

THIS STATEMENT COVERS						
5/20/20 through 6/18/20						
CHECKING ACCOUNT 0471-678	Previous Statement Balance On 5/19/09		612.04			
	Total of 3 Deposits For		1,980.68 +			
	Total of 9 Withdrawals For		1,670.25 -			
	New Balance		922.47 +			
CHECKS & OTHER DEBITS 0471-678	CHECK	DATE PAID	AMOUNT	CHECK	DATE PAID	AMOUNT
	181	5/24	15.00	184	5/17	1232.27
	182	6/04	17.00	186	5/30	54.47
	183	5/26	217.54	187	6/03	53.97
		Withdrawal #00281 at ATM #423A			5/24	40.00
		Withdrawal #02628 at ATM #423A			5/30	20.00
		Withdrawal #08744 at ATM #430E			6/15	20.00
DEPOSITS & OTHER CREDITS					DATE POSTED	AMOUNT
	Transfer from 4039-557 at ATM #423C				5/27	1200.00
	Customer Deposit at ATM #423A on 5/12				6/14	521.78
	Direct Deposit from #05323 on 5/17				6/18	258.90
ATM LOCATIONS USED	423A: 2500 Centre Plaza, Anytown, USA					
	423C: 3500 Centre Plaza, Anytown, USA					
	430E: 945 Hamilton Avenue, Big City, USA					

Reconciling a checking account

Step 1: Obtain the current balance from your bank statement.

Step 2: Add any deposits that you have recorded in your check register but that are not on this statement.

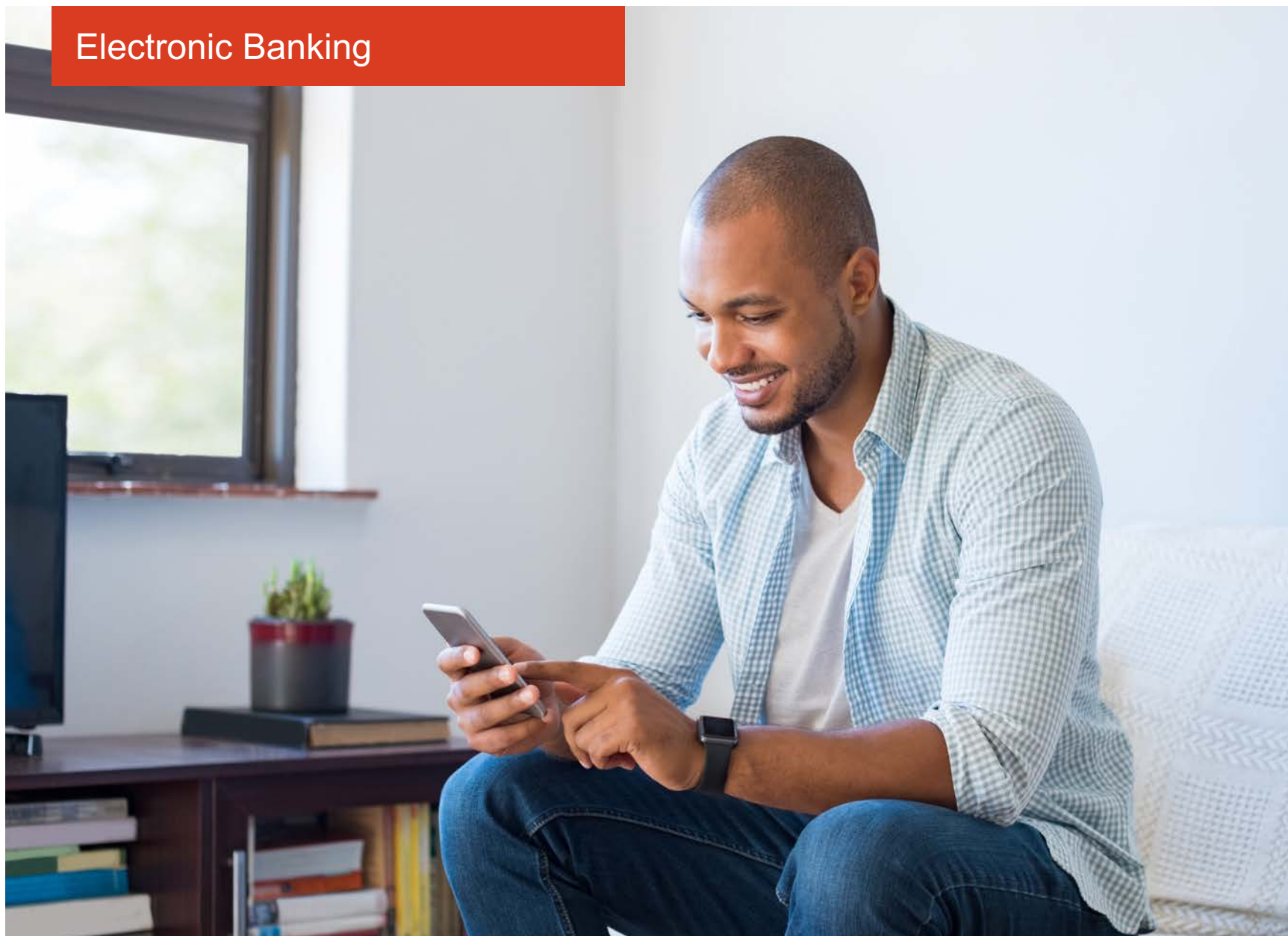
Step 3: Subtract any outstanding checks (checks you have written but that have not yet cleared the banking system).

Step 4: Compare the result with the current balance in your check register.

Note: The balance in your check register should be adjusted to include:

(a) deductions for service fees or other charges; (b) additions for direct deposits and interest earned.

Electronic Banking



Electronic banking services

Direct deposit: earnings (or government payments) automatically deposited into bank accounts, saving time, effort and money.

Automatic payments: utility companies, loan payments and other businesses use an automatic payment system with bills paid through direct withdrawal from a bank account.

Automatic teller machines: allow customers to obtain cash and conduct banking transactions.

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

Electronic banking services (continued)

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

Electronic cash: companies are developing electronic replicas of all existing payment systems—cash, check, credit cards and coins.

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.

Smart Cards



Smart cards

Smart cards, sometimes called “electronic wallets,” look like ATM cards; however, they also include a microchip.

This minicomputer stores prepaid amounts for buying goods and services.

A smart card can also store data about a person’s account balances, transaction records, insurance information and medical history.

Uses for smart cards may expand in the future.

High-cost Financial Services



Beware of these high-cost financial services:

Pawn shops charge very high interest for loans based on the value of tangible assets (such as jewelry or other valuable items).

Rent-to-own programs offer an opportunity to obtain home entertainment systems or appliances for a small weekly fee. However, the amount paid for the item usually far exceeds what it would cost if bought on credit.

Check-cashing outlets charge high fees (sometimes 2% or 3%) just to have a paycheck or government check cashed.

Rapid-refund tax services provide “instant refunds” when you pay to have your federal tax return prepared. However, this “instant refund” is a loan with interest rates as high as 120%.

Check-deferral services allow consumers to get a cash advance on their next paycheck. However, these short-term loans are very expensive. A two-week \$200 advance may cost over \$30 (with annual costs exceeding \$900).

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 Equal Housing Lender | Member FDIC