

Checking Accounts and Banking Services

9.1 Checking Accounts

9.2 Banking Services and Fees

Lesson 9.1

Checking Accounts

GOALS

- Describe the purpose of a checking account and the forms associated with it.
- Explain how to use a checking account.
- Discuss the types of checking accounts.

Warm up Questions

- **Do you think it is important to have a savings and/or a checking account at a bank?**
- **Why do you think some people choose not to have a bank account?**
- **If you did not have a bank account:**
 - **Where do you cash checks?**
 - **How would you pay bills?**

the consequences.

NBC News covered the payday loan trap and the dire effects it has on everyday Americans. Take 66-year-old Boise resident and veteran Raymond Chaney, who – after a few loans to help make ends meet – ended up owing four times as much as he had originally borrowed.



Raymond Chaney of Boise, ID.
 PHOTO: Glenn Oakley / for NBC News

The 66-year-old veteran from Boise lives off of Social Security benefits, but borrowed from an Internet payday lender last November after his car broke down and didn't have the \$400 for repairs. When the 14-day loan came due, he couldn't pay, so he renewed it several times.

Within months, the cash flow nightmare spun out of control. Chaney ended up taking out multiple loans from multiple sites, trying to stave off bank overdraft fees and pay his rent. By February, payday lenders — who had direct access to his checking account as part of the loan terms — took every cent of his Social Security payment, and he was kicked out of his apartment. He had borrowed nearly \$3,000 and owed \$12,000.

"I'm not dumb, but I did a dumb thing," said Chaney, who is now homeless, living in a rescue mission in Boise.

Chaney's story, while depressing, is not unique; many Americans living paycheck-to-paycheck have been trapped in a cycle of debt and poverty as a result of high-interest payday loans. Because these loans are often a last resort for consumers, if they ever get behind, they're forced

Types of Checking Accounts

- Joint account (husband and wife)
- Business account
- Standard or Basic account
- Interest-bearing account
- Student account
- Senior account

Checking Account Advantages

- Convenience
- Safety
- Built-in record keeping system
- Access to other bank services
- Writing checks and making payments
- Paying bills online
- Making deposits
- FDIC Insurance (Federal Deposit Insurance Corporation)
 - protects the deposits of customers against loss up to \$250,000 per account.

How to open a Checking Account

- Fill out some paperwork
- Provide a Signature authorization form
- Provide an initial deposit
- Sign up for online banking
- Sign up for mobile banking

Checking Account Basics

- A **check** is a written order to a bank to pay the amount stated to the person or business named on it.
- Checks follow a process through the banking system.
 - The payee cashes your check.
 - The bank that cashed the check returns it to your bank.
 - Your bank withdraws the money from your account and sends it to the other bank.
 - Your bank then stamps the back of your check, indicating that it has cleared.

Parts of a Check

Name and Address of Maker ARDYS JOHNSON
Phone: 555-0100
4250 West 18th Avenue
Chicago, IL 60601-2180

Check Number 581

Date July 1 20 - 2-74
710

ABA Number 2-74
710

Payee PAY TO THE ORDER OF Food Mart

Numeric Amount \$ 36.12

Written Amount Thirty-six and ¹²/₁₀₀ DOLLARS

For Classroom Use Only

Memo MEMO groceries

Signature Ardys Johnson

Account and Routing Numbers ⑆07100074⑆ 0840856⑆

04/95

1611

2-19-11
DATE

74-8196/2724
01

PAY TO THE ORDER OF Krogers \$ 103⁰¹
one hundred three & 01/100 DOLLARS



Lansing, Michigan 48110
www.case.org

FOR _____

⑆ 27 24 8 1 9 8 ⑆

⑆ 1 9 1 1 0 0 0 0 0 ⑆

Front

DEPOSIT ONLY 018 Kroger #890
18760 Michigan
CK#103.01 PUR#103.01 CHG\$0.00
272481981 4649401
MBR OVR: RYSP.00
0037511 04156 4015 507 107
ID: N/A PERSONAL CHECK
POST FOR RETURNED ITEMS
> 091917518760
> 091917518760
FEB 23 11 11 11
18760 ⑆ 890 ⑆ 18760

Service: Paying certain outgoing and returns and includes:
• Postage and Service Charge
• Mark Returned to Sender
• Non-Postage and Service Charge
• The words "ORIGINAL RECEIPT" clearly appear on the back of the envelope and back of the card.
Do not cash if:
• Any of the features listed above are missing or altered.
• The words "VOID" or "COPY" appear on the back of the envelope.
• The words "VOID" or "COPY" appear clearly on the front of the card.

DEPOSIT ONLY
MICROFILM
18760 ⑆ 890 ⑆ 18760

Back

Checking Account Basics

- You must also maintain enough money in your account to cover all the checks you write.
- A check written for more money than your account contains is called an **overdraft**.
 - A bank that does not honor a check usually stamps the check with the words “**Non Sufficient Funds**” (NSF) and returns the check.
 - When this occurs, the check has bounced.
 - Your bank will charge you a fee **Non Sufficient Funds**.

Overdraft Protection

- Overdraft protection allows you to cover checks or withdrawals up to a specified amount,
 - Usually between \$100 and \$1,000, depending on the typical balance in your account.
- With **overdraft protection**, your checks will be covered even if you have insufficient funds in your checking account.
- Bank will charge you a fee (up to \$35)



Debit Cards

- A **debit card** or **ATM Card** is a plastic card that deducts money from a checking account almost immediately to pay for purchases.
 - **(What does ATM means?)**
 - To use ATM or Debit card you need a personal identification number (PIN)
- When a debit card is used, the amount of the purchase is quickly deducted from the customer's checking account and paid to the merchant.

Guaranteed-payment Checks

- A **certified check** is a personal check in which the bank guarantees that funds exist in the account to cover the check.
 - What can you use a Certified Check for?

Online Banking



Log Out · Fleet.com · ATMs/Branches

HomeLinkSM Online Banking and Investing

WELCOME
ONLINE BANKING
CREDIT CARDS
BROKERAGE SERVICES
MORTGAGES & LOANS
UNIVERSALSM LINK
PRODUCTS & SERVICES
SMARTER DECISIONS
CUSTOMER SERVICE

Online Banking
Account Access
Online Statements
Product Information
Forum

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Accounts

- View Accounts
- View Account Detail
- Download Activity

Fund Transfers

- Transfer Funds
- Set Recurring Transfers
- View/Edit Transfers

Bill Payment

- Pay Bills
- Set Recurring Payments
- View/Edit Payments
- Add/Edit Payees

Service Center

- Manage Accounts/Profile
- Stop Check Payment
- Change Address
- Link Accounts

View Accounts [Print This Page](#)

View images of your cleared checks on Fleet HomeLink

[Learn more now »](#)

You last logged in on 3/4/2004 at 11:46 AM (ET)

Deposits Accounts	Account Number	Balance
Premier Int CK	9365025471	\$8,519.63
FleetOne Ckg	9467021850	\$1,353.27
Premier MMS	9396063825	\$27,801.29
Total:		\$37,674.19

Credit Accounts	Account Number	Available Credit	Balance
Credit Card	4153860220351708	Not Avail.	Not Avail.
Equiloan	074420032075192	\$.00	\$29,602.92

[Accounts](#) | **Bill Pay & e-Bills** | [Transfer Funds](#) | [Customer Service](#)

[Overview](#) | **Payments** | [Payees](#) | [e-Bills](#)

Bill Pay Overview

Use this page to quickly access and manage your online payments and e-Bills. You can always return here to add payees, make payments, and view your outgoing payments and incoming e-Bills. [Tell me more...](#)

Incoming e-Bills

You can receive and pay bills online from many payees. E-Bills are electronic versions of your paper bills. If you request e-Bills, they will appear here where you can easily view and pay them.

[Request e-Bills](#)

Outgoing Payments

Payments you make will appear here until they are sent to the payee.

[Set up automatic payments](#)
[View more payments](#)

Add a Payee




To make a payment to a payee not listed below, click **Add a Payee**.

[Add a Payee](#)

Make Payments

To make a payment, enter the amount and the date after the name of each payee you want to pay. Click **Make Payments** when you are finished.

Pay From: **REGULAR CHECKING-6221** Avail. Funds: \$2,617.25 

Payee Name 	Amount	Send On mm/dd/yyyy	Deliver By	Last Payment
Set by Subtract AT&T Wireless Services ATT cell phone -0968	\$ <input type="text"/>	<input type="text"/> 	Delivery Time: 2 days	
Citibank Credit Card Cit Smart Card -4310 Request e-Bills	\$ <input type="text"/>	<input type="text"/> 	Delivery Time: 2 days	04/08/2004 \$500.00
First Citizens Bank Equity Line -7123	\$ <input type="text"/>	<input type="text"/> 	Delivery Time: 2 days	

[Display Payment Total](#)

[Make Payments](#)

Bank of America  Sign Out

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Bill Pay Transfers Deposits

Bank Accounts

Personal Checking - 1234 Available Balance **\$952.13** ▶

Regular Savings - 4567 Available Balance **\$3,067.89** ▶


BankAmericard Visa - 2500 Available Balance **\$390.52** ▶


Merrill Lynch Investment Account

CMA - 27438 **\$2,100.27** ▶

Roth IRA - 64732 **\$10,150.11** ▶

Details

Front of Check 

Back of Check 

Deposit To Available Balance **Personal Checking - 1346** **\$952.13**

Amount \$ **\$300.00** ▶

Mobile Banking

Secure Area

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Continue **Cancel**



Stop Payment Orders

- A **stop-payment order** is a request that the bank not honor a specific check.
- The usual reason for stopping payment is that the check has been lost or stolen.
- Most banks charge a fee for stopping payment on a check.

Bank Fees

- Banks charge fees to help cover their operating costs.
 - The best way to avoid fees is to choose the right account.
-
- Loan fees
 - Check cashing fees
 - Per-check fees
 - Monthly service fees
 - Overdraft fees
 - NSF check charges
 - ATM transaction fees
 - Safe deposit box fees
 - Teller service fees
 - Minimum balance fees
 - Fees for guaranteed-payment checks
 - Notary service fees
 - Online bill payment fees
 - Fees to return canceled checks