



# MONEY SMART FOR YOUNG ADULTS



MODULE 1

## Bank On It

Participant Guide



The Federal Deposit Insurance Corporation is an independent agency created by Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this participant guide. For more information about our family of Money Smart products, visit **[www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart)**.

# Contents

<b>Welcome .....</b>	<b>1</b>
Module Purpose .....	1
<b>Section 1: Financial Products, Services, and Providers .....</b>	<b>2</b>
Financial Institutions: Banks and Credit Unions .....	2
Deposit Insurance .....	2
Accessing Services.....	3
Products and Services Available at Financial Institutions .....	3
<i>Deposit products include: .....</i>	3
<i>Credit products include:.....</i>	4
<i>Other products and services include:.....</i>	4
Other Financial Service Providers .....	4
Try It: What Do You Need to Manage Your Money? .....	5
<i>Scenario: Susannah Considers What She Needs to Manage Her Money .....</i>	5
Apply It: My Financial Management Needs .....	6
Apply It: My Banking Checklist .....	7
<b>Section 2: Opening an Account .....</b>	<b>9</b>
Savings and Checking Accounts .....	9
Apply It: My Checklist for Opening a Savings or Checking Account.....	10
Banking History Reports .....	11
Apply It: Getting My Banking History Reports.....	12
<i>Get Your ChexSystems Report.....</i>	12
<i>Get Your Early Warning Services® Report.....</i>	12
Apply It: Filing a Dispute on My Banking History Report.....	13
<i>Step 1: File a Dispute With the Consumer Reporting Company.....</i>	13
<i>Step 2: File a Dispute With the Financial Institution That Provided         the Information You Are Disputing .....</i>	13
<i>Step 3: Recheck Your Banking History Report to Make Sure the Error Was Corrected.....</i>	13
Apply It: My Options for Opening an Account Despite Challenges .....	14
<b>Section 3: Managing an Account .....</b>	<b>16</b>
Using a Savings Account .....	16
Apply It: Managing My Savings Account.....	17
Using a Checking Account.....	18
Try It: Learning the Parts of a Check .....	19
Apply It: Managing My Checking Account .....	20
Try It: Using a Transaction Register.....	21
<i>Scenario: Asif Uses a Transaction Register to Manage His Checking Account .....</i>	21
Try It: Using a Mobile App .....	23
<i>Transaction Questions .....</i>	23
Automated Teller Machine (ATM) Cards .....	24
Debit Cards .....	24
Person-to-Person (P2P) Payments .....	25
Mobile Wallet Apps.....	25

<b>Section 4: Prepaid Cards</b> .....	<b>26</b>
How Prepaid Cards Work .....	26
Try It: Features of Most Reloadable Prepaid Cards.....	27
Try It: What Fees Are Common to Reloadable Prepaid Cards? .....	28
Try It: A Prepaid Card or a Bank Account?.....	29
<i>Scenario: Should Lucia Use a Prepaid Card or Open a Bank Account?</i> .....	29
Tips for Using Prepaid Cards .....	30
<b>Module Closing</b> .....	<b>31</b>
Remember the Key Takeaways.....	31
Take Action .....	31
Where to Get More Information or Help .....	32
Pre-Training Survey.....	33
Post-Training Survey .....	34
<i>About the Training</i> .....	34

# WELCOME

Welcome to the FDIC's Money Smart for Young Adults!

This is the participant guide for **Module 1: Bank On It. Use it during and after training. You can write in it. It is yours to keep.**

## Module Purpose

This module will help you build positive relationships with financial institutions. By the end of this module, you will be able to:

- Identify your financial management needs
- Define deposit insurance and explain its benefits
- Describe deposit, credit, and other services available at financial institutions
- Select financial products, services, and providers based on individual needs and preferences
- Describe the benefits of savings and checking accounts
- List the steps to open an account with a federally insured financial institution and documentation requirements
- Explain how banking history reports relate to opening checking and savings accounts
- Explain how to obtain a copy of your banking history report and dispute incorrect information
- Identify options for opening an account
- Explain how to manage checking and savings accounts
- Identify the parts of a check
- Track transactions in a register or a mobile app. Explain how ATM cards, some mobile apps, and person-to-person transfers work
- Explain how a prepaid card works

## SECTION 1

# Financial Products, Services, and Providers

We will discuss how your needs determine which financial products, services, and providers you select.



### KEY TAKEAWAY

**Consider your needs before you select financial products and services.**

## Financial Institutions: Banks and Credit Unions

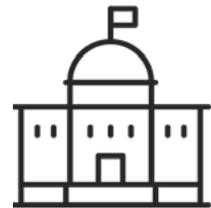
Banks and credit unions are federally insured financial institutions. They offer a wide range of products and services to help you manage your money. They accept deposits and loan money. For example, they offer checking accounts and savings accounts.

They may also offer credit cards, car loans, personal loans, mortgages, and other products and services.

Banks and credit unions are similar, but they have key differences.

- Banks have customers. Credit unions have members. You must meet a credit union's criteria for membership to open an account.
- Banks and credit unions are regulated and insured to keep your money safe.

We use the term “financial institution” in Money Smart to include both banks and credit unions.

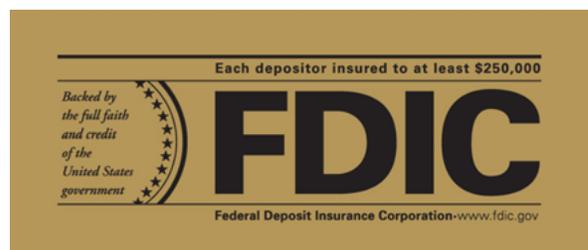


## Deposit Insurance

The **Federal Deposit Insurance Corporation (FDIC)** is an independent agency of the United States government. It protects the money that you deposit in FDIC-insured banks in the event that your bank fails. Since the FDIC was established in 1933, no depositor has lost a penny of FDIC-insured funds.

FDIC insurance covers depositors' accounts at each insured bank, dollar-for-dollar, including principal and any accrued interest through the date of the insured bank's closing, up to the insurance limit (at least \$250,000 per depositor). FDIC insurance covers all types of deposits received at an insured bank but does not cover investments, even if they were purchased at an insured bank, or items in a safe deposit box.

All banks that are insured by the FDIC must have signage at their bank branches and disclosures on their websites and materials indicating that they are “Member FDIC.”



To verify that a financial institution is FDIC-insured visit “BankFind” at [fdic.gov/consumers](https://www.fdic.gov/consumers) or contact the FDIC’s Contact Center toll-free at 877-ASKFDIC (877-275-3342). To learn more about deposit insurance, including which accounts are FDIC-insured, visit <https://www.fdic.gov>.

The **National Credit Union Administration (NCUA)** insures deposits at credit unions.



National Credit Union Administration

To verify that a credit union is NCUA-insured, go to <https://mapping.ncua.gov> or contact the NCUA toll-free at 1-800-755-1030. You can learn more at <https://www.ncua.gov>.

NCUA insurance rules are similar to those of the FDIC.

## Accessing Services

Financial institutions may offer access through branches, automated teller machines (ATMs), phone numbers, email, online account access, or mobile apps.

Let the financial institution know if you need a reasonable accommodation to access its services.



## Products and Services Available at Financial Institutions



### Deposit products include:

- **Savings accounts** – Used to set money aside for the future. Money in a savings account earns interest.
- **Checking accounts** – Used to deposit and withdraw money frequently. Money in a checking account may earn interest.
- **Certificates of deposit (CDs)** – Used to set money aside for the future. CDs typically offer a higher interest rate than savings accounts. You need to keep money in a CD for a specified period or if you withdraw your money early you will likely have to give up some of the interest you earned.
- **Money market accounts** – Used to earn a higher rate of interest than a savings account and generally have a higher minimum balance requirements.



## Credit products include:

- **Credit cards** – A form of revolving credit. You can borrow money repeatedly up to your credit limit.
- **Lines of credit** – A form of revolving credit that allows you to borrow up to your credit limit.
- **Installment loans** – A loan that is repaid in equal payments over a specified number of months or years. The final payment may be different than the regular payment amount.
- **Mortgages** – A loan that is secured by your home, usually to purchase it or refinance an existing mortgage. They are usually installment loans. Mortgage loans typically have 15-30 year terms and can have fixed or variable interest rates.



## Other products and services include:

- **Check cashing** – The process of converting a check to cash.
- **Money orders** – A payment form used to send money, such as to pay bills.
- **Prepaid cards** – Cards with money deposited onto them. They usually aren't linked to your checking or savings account.
- **Debit cards** – Cards used to access money in your checking or savings account.
- **Cashier's checks** – Checks guaranteed by a financial institution.
- **Automated teller machines (ATMs)** – Machines that process banking transactions including accepting deposits and loan payments, providing cash for withdrawals, and transferring money between accounts.
- **ATM cards** – Cards used at an ATM for various account transactions. You may also be able to make purchases with an ATM card.
- **Online or mobile banking, including bill-paying services** – An option to manage your accounts using the internet on a computer or mobile device.
- **Person-to-person (P2P) payments** – Apps or other web-based services used to transfer money to other users of the same app or web-based service.
- **Remittance transfers** – Transfers used to send money to a person or business in another country.

## Other Financial Service Providers

Businesses other than financial institutions also provide financial products and services. Often, they only extend credit or provide transaction services. They rarely accept deposits.

**TRY IT**

# What Do You Need to Manage Your Money?

Financial products and services can help you save, spend, manage, and borrow money.

How do you know what financial products and services to use? How do you select a financial institution?

You start with your **needs—specifically, your financial management needs. Some people use the phrase “money management needs.”**

**SCENARIO**

## Susannah Considers What She Needs to Manage Her Money

Susannah is 21 years old. She has a full-time job and receives a paycheck every two weeks.

She has had trouble in the past paying her bills on time, and she has credit card debt she wants to pay off. She also wants to build emergency savings.

Susannah needs a car within the next year and wants to get a good rate on the car loan.



*What are Susannah’s financial management needs?*

Which products or services do you think could help her address each of her needs? Use the table to list the products and services she should consider and identify where she can get them.

Financial Product or Service	Where to Get It

 **APPLY IT**

# My Financial Management Needs

Check off what you need related to your money and finances.

I need to:

- |   |  |
|---|--|
| <input type="checkbox"/> Save for emergencies safely and securely       | <input type="checkbox"/> Access cash quickly                               |
| <input type="checkbox"/> Save for goals safely and securely             | <input type="checkbox"/> Borrow money                                      |
| <input type="checkbox"/> Pay my bills safely and securely               | <input type="checkbox"/> Improve or build my credit                        |
| <input type="checkbox"/> Send money to family or friends electronically | <input type="checkbox"/> Build a relationship with a financial institution |

***What other financial management needs do you have?***

***What financial products or services do you think will help you address each need?***

***Where can you get the financial products or services you need?***

**APPLY IT**

# My Banking Checklist

You can use this checklist to compare financial institutions and accounts. Read each statement and add a checkmark if it is true for the institution. If one of the statements is not relevant to you, leave that row blank.

## Financial Institution Name and Account Type

- 1.
- 2.
- 3.

	Financial Institutions		
	1	2	3
<b>My Needs and Access</b>			
The institution is insured by the FDIC (for banks) or NCUA (for credit unions).			
The institution offers products and services I might need. (Consider checking and savings accounts, personal loans, prepaid cards, vehicle loans, mortgages, credit cards, money orders, and savings products.)			
The institution is convenient for me. (Consider customer service, options for accessing money when you need it, options for depositing checks and cash, and branch locations.)			
The institution would allow me to link my savings account to my checking account.			
This institution will allow me to send money to a person or business in another country (sometimes called remittance transfers).			
<b>Checking Accounts, Reloadable Prepaid Cards, and Other Transactional Accounts</b>			
If you are considering opening a checking account, reloadable prepaid card, or other transactional account, fill out this section to compare account options.			
My money would earn interest. If you know the annual percentage yields, note them in the table.			
The account's minimum opening deposit or minimum monthly balance amounts work for me.			
The account has an online or mobile bill pay feature.			
The account would allow me to set up alerts, such as for a low balance, or when there is an account transaction.			
The account would let me access a debit card or an ATM card.			
The account has rebates, bonuses, or rewards associated with using a debit card.			
There are monthly fees associated with this account that I might have to pay. If you know the fees, note them in the table.			

**Apply It: My Banking Checklist *continued***

Financial Institutions		
1	2	3

**Savings Account**  
If you are considering opening a savings account, fill out this section to compare account options.

My money would earn interest. If you know the annual percentage yields, add it to the table.			
The account's minimum opening deposit or minimum monthly balance amounts work for me.			
The account would let me transfer money to another account at the same institution (for example, a checking account).			
The account would allow me to set up alerts, such as for a low balance, or when there is an account transaction.			
There are monthly fees associated with this account that I might have to pay. If you know the fees, note them in the table.			

**Financial Institution Comparison**  
Compare financial institutions and decide which one is the best fit.

<b>Total number of checkmarks</b> Add up the number of checkmarks you've made for each financial institution. Circle the financial institution with the highest total. It may be the best fit.			
<b>Other considerations</b> Note other factors that you'd like to consider.			
<b>Best fit for you</b> Enter a star in the column for the financial institution that is the best fit for you.			

**Remember the Key Takeaway**

**“ Consider your needs before you select financial products and services. ”**

## SECTION 2

# Opening an Account

We will discuss opening a savings or checking account at a financial institution.



### KEY TAKEAWAY

**Know the general process for opening a savings or checking account.  
You have options if you cannot open an account.**

## Savings and Checking Accounts

Opening a savings or checking account at a federally insured financial institution provides you with many benefits:

- Safety and security through federal deposit insurance
- Ability to earn interest, depending on the account
- Convenience in paying bills or paying for routine transactions
- Ability to develop a relationship with a financial institution that may be useful when you need to borrow money
- Important consumer protections

Minors can open **custodial accounts and joint accounts** with the help of an adult and may also be able to open **noncustodial accounts**.

- A custodial account is owned by a minor, but managed by an adult, known as the custodian. In most states, a person is generally considered a minor until age 18. Generally, the minor cannot withdraw funds without the custodian's approval. Minors who have custodial accounts rarely have ATM cards, debit cards, or other ways to withdraw or spend money from the account on their own. *Only open a custodial account with a trusted adult.* A custodian can use the account and incur fees that are the responsibility of the minor who owns the account.
- A joint account is equally owned by two or more people. Minors can open accounts with an adult, often a parent or legal guardian. Minors that have joint ownership of an account have full control of it. For example, they can make deposits and withdraws independently. However, the adult joint owner of the account also has full control of it. Only open a joint with a trusted adult. A joint account owner can use the account and incur fees that are also the responsibility of the minor who owns the account.
- A noncustodial account is owned and managed by the minor. A minor with a noncustodial account can make deposits and withdraw or spend money from the account on their own.

Federal law does not prohibit minors from opening noncustodial bank accounts. If your state law(s) allows financial institutions to open noncustodial accounts for minors, individual financial institutions may choose not to offer them. You may need to contact more than one financial institution to find one that does.

## APPLY IT

# My Checklist for Opening a Savings or Checking Account

You can use this checklist to prepare for opening a savings or checking account. Minors can open **custodial accounts** or **joint accounts** with the help of an adult and may be able to open **noncustodial accounts**, depending on state law and the policies of the financial institution. Custodial accounts must be opened with the help of an adult. If you are opening a custodial account, the custodian will need to help with the process described below.

Check when complete	Opening an Account In Person	Opening an Account Online or Through a Mobile App
<input type="checkbox"/>	You will need to complete an application. <sup>1</sup>	You will complete the application <sup>1</sup> online or using the mobile application.
<input type="checkbox"/>	<p>You will need to verify your identity.</p> <p>The bank may ask to see your:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Driver's license</li> <li><input type="checkbox"/> State identification card (if you do not have a driver's license)</li> <li><input type="checkbox"/> Valid passport</li> <li><input type="checkbox"/> Military identification</li> </ul> <p>Some financial institutions accept foreign passports and consular identification documents.</p> <p>If you do not have what you are asked to show, ask how else you can verify your identity.</p>	<p>To verify your identity, you will need to input information that includes:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN)</li> <li><input type="checkbox"/> Date of birth</li> <li><input type="checkbox"/> Address</li> </ul> <p>You may be asked questions based on public records (such as the address of a previous residence) to validate your identity. If you are unable to apply online, you may have to visit a branch or call the financial institution to complete the identity verification process.</p>
<input type="checkbox"/>	If your address is different than shown on your identification, you may be asked for proof of your current address, such as a recent bill or a copy of your lease.	You may be unable to open an account this way if you recently moved or if the financial institution cannot verify your address electronically. You may have to visit a branch or call the financial institution to complete the process.
<input type="checkbox"/>	<p>You will need to make your first deposit.</p> <p>How you pay it and the amount required varies. Your first deposit can sometimes be as low as \$1, but typical amounts range from \$25 to \$100. Check with the financial institution where you plan to open your account.</p>	<p>You will need to make your first deposit online, on a smart phone, at an ATM, or by visiting a branch. Online or with a smart phone you might use a debit card, prepaid card, or an electronic transfer of funds from a different account.</p> <p>At a branch, you might use any of the above methods, or cash or check.</p>

<sup>1</sup> Completing the application authorizes the financial institution to look at your credit history and banking history reports. They use this information to determine if they will approve your application for an account.

## Apply It: My Checklist for Opening a Savings or Checking Account *continued*

Check when complete	Opening an Account In Person	Opening an Account Online or Through a Mobile App
<input type="checkbox"/>	You will need to sign documents, including a signature card.	If you do not electronically sign the documents, you may need to return signed documents by mail or fax, or by visiting a branch.
<input type="checkbox"/>	You may need to activate your account tools, such as your online or mobile account access and debit or ATM cards. If you do not understand how to use online or mobile access, ask a customer service representative for help.  Note that custodial accounts generally limit the tools available to the minor who owns the account.	You may need to activate your account tools, such as your online or mobile account access and debit or ATM cards. If you do not understand how to use online or mobile access, ask a customer service representative for help.  Note that custodial accounts generally limit the tools available to the minor who owns the account.

If you open a checking account, you will likely be asked to opt into a program to handle overdrafts. Section 3 includes more information about overdrafts.

You will also receive information called disclosures. Read them or ask a customer service representative for help.

## Banking History Reports

Financial institutions may use banking history reports to determine if they will allow someone to open an account. Two consumer reporting companies that produce banking history reports are ChexSystems and Early Warning.

You have the right to one free report from each nationwide consumer reporting company every 12 months. You can also request a free report if your application for an account is turned down because of information on one of these reports.

You also have the right to file a dispute to correct errors on your report.



## APPLY IT

# Getting My Banking History Reports

You can use this information to get your banking history reports. You likely do not have a banking history report if there is no negative information on file.

## Get Your ChexSystems Report

**Online:** Visit [www.chexsystems.com](http://www.chexsystems.com) and look for “FACTA Free Annual Report”

**Phone:** 800-428-9623

**Mail:** Chex Systems, Inc.  
Attn: Consumer Relations  
PO Box 583399  
Minneapolis, MN 55458

## Get Your Early Warning Services® Report

Visit [earlywarning.com/consumer-information](http://earlywarning.com/consumer-information) to request your report online or to download a request form you can mail or fax to:

**Mail:** Early Warning  
Attn: Consumer Services  
16552 N. 90th Street  
Scottsdale, AZ 85260

**Fax:** 480-656-6850

## APPLY IT

# Filing a Dispute on My Banking History Report

If you find incorrect information in your banking history report, you can use these three steps to file a dispute. Consumer reporting companies generally have 30 days to investigate your dispute and provide you with a response.

### STEP 1

## File a Dispute With the Consumer Reporting Company

### *ChexSystems*

To file a dispute, either:

File a dispute online, visit <https://www.chexsystems.com> and navigate to the Right to Dispute section, or

File a dispute using certified mail, return receipt requested, so you have proof they received it. Download a sample letter from [https://files.consumerfinance.gov/f/201602\\_cfpb\\_checking-account-consumer-report-dispute-sample-letter.pdf](https://files.consumerfinance.gov/f/201602_cfpb_checking-account-consumer-report-dispute-sample-letter.pdf). Send it to: ChexSystems, Inc., Attn: Consumer Relations, 7805 Hudson Road, Suite 100, Woodbury, MN 55125.

### *Early Warning*

To file a dispute, either:

File a dispute online at <https://consumerservices.earlywarning.com>. You will need to register first, or

File a dispute using certified mail, return receipt requested, so you have proof they received it. Download a sample letter from [https://files.consumerfinance.gov/f/201602\\_cfpb\\_checking-account-consumer-report-dispute-sample-letter.pdf](https://files.consumerfinance.gov/f/201602_cfpb_checking-account-consumer-report-dispute-sample-letter.pdf). Send it to: Early Warning Services, LLC, 16552 N. 90th Street, Suite 100, Scottsdale, AZ 85260.

### STEP 2

## File a Dispute With the Financial Institution That Provided the Information You Are Disputing

Download a sample letter from [https://files.consumerfinance.gov/f/201602\\_cfpb\\_sample-letter-to-your-bank-or-credit-union-to-dispute-information-it-provided-about-your-checking-account-history.pdf](https://files.consumerfinance.gov/f/201602_cfpb_sample-letter-to-your-bank-or-credit-union-to-dispute-information-it-provided-about-your-checking-account-history.pdf).

Send your letter by certified mail, return receipt requested, so you have proof the financial institution received it.

### STEP 3

## Recheck Your Banking History Report to Make Sure the Error Was Corrected

Use the information in “Apply It: Getting My Banking History Report” on page 15 to order your banking history report. When you receive it, review it to make sure the error(s) you disputed was corrected.

## APPLY IT

# My Options for Opening an Account Despite Challenges

You can use this resource to identify options for opening an account even if you experienced challenges opening one in the past. Check the option or options that may work for you.

---

- This is an option for me. **If you think you do not have enough money to keep in an account, or if you think account fees are too high**, ask a financial institution about low-cost account options. Some financial institutions may allow you to open a low-cost account with a low minimum opening balance, perhaps even \$5.
- 

- This is an option for me. **If you have a negative banking history report**, you may be able to get a “second chance” checking account. These accounts may have special fees or rules. For example, you may have to pay any fees you owe for an account you had before. Or, you may have to complete a money management class.
- 

- This is an option for me. **If your application for an account was denied because of negative information on your credit reports or low credit scores**, you may be able to improve and build your credit with a credit-building loan.
- Credit-builder loans** are usually loans of \$1,000 or less that are repaid through regular, scheduled payments for a specified period. The loans are secured by depositing money in a savings account or certificate of deposit with the lender. The amount required to keep on deposit is often equal to the loan amount. Your payments are reported to one of the nationwide credit reporting agencies. A record of on-time payments can build and improve your credit.
- 

- This is an option for me. Or you may be able to improve and build your credit with a secured credit card **if your application for an account was denied because of negative information on your credit reports or low credit scores**.
- Secured credit cards** work like a credit card, but usually start with a low limit, like \$400. You deposit money with the bank, typically the same amount as your credit limit. You must pay the minimum payment, and if you fail to do so, the bank will use part of your deposit to make your payment. Always find out all the terms of the secured credit cards you consider, including any fees and penalties you could incur. This will help ensure that the card you select, and the way you use it, enhance your credit history.
- 

- This is an option for me. **If you are not sure of the best way to improve your credit**, seek help. A reputable credit counseling service can help you develop a customized plan to improve your credit. For suggestions on reputable counseling services, search “credit counseling” at [usa.gov](http://usa.gov).
-

## Apply It: My Options for Opening an Account Despite Challenges *continued*

---

- This is an option for me. **If you don't have a Social Security number (SSN)**, you may be eligible to apply for an Individual Taxpayer Identification Number (ITIN) with the Internal Revenue Service. If you don't have a U.S. government-issued SSN or ITIN, some financial institutions will accept a passport number and country of issuance, or other government-issued identification. Ask what would be acceptable.

---

- This is an option for me. **If you cannot open a particular account**, ask if you can open another type of account. You may also want to consider getting a prepaid card. Section 4 has more details about prepaid cards.

---

### Remember the Key Takeaway

“ Know the general process for opening a savings or checking account. You have options if you are unable to open an account.

## SECTION 3

# Managing an Account

We will discuss how to manage savings and checking accounts.



### KEY TAKEAWAY

**Learn the terms of your account and keep track of how you use it. This can help you develop a positive banking relationship.**

## Using a Savings Account

You can use a savings account to build your savings by depositing money into the account and keeping it there to earn interest.

Savings accounts are designed to save money for the future. They are not designed to be used for frequent withdrawals.



## APPLY IT

# Managing My Savings Account

Use this checklist to manage your savings account.

- Read the rules of your account. Be sure you understand the fees, such as for going below the minimum balance or making too many transactions from the account. Ask questions if you do not understand something.
- Keep track of your deposits and withdrawals. You can keep your own record each time you deposit or withdraw money. Also keep track of scheduled future transactions. A paper-based log or a mobile app can help. You may also** be able to use online and mobile banking to keep track of your account.
- Review your account statements. You might receive your account statements monthly or quarterly. Some financial institutions also offer account statements online. If they give you this option, you may have to pay a fee if you also want a paper statement. If there are any deposits or withdrawals on your statement that are incorrect, tell your financial institution right away.
- Set up email or text alerts, if possible. Many financial institutions make it easy for customers to keep track of their accounts by offering email or text message alerts when balances fall below a certain level, there is a transaction over a certain amount, or a transaction is made outside the United States.
- Stay safe online. Tips include:
  - Make sure websites are secure if you are entering personal or financial information.
  - Only share personal information on encrypted websites. Encrypted websites have “https://” in the website address.
  - Avoid using public Wi-Fi for financial transactions or other transactions requiring your personal information.
  - Don’t save your passwords on websites that give you that option.
  - Make sure your passwords are secure. Avoid keyboard patterns, such as “12345678” or “zxcvfdsa,” and names, numbers, or words associated with you. Mix lowercase and uppercase letters with numbers and symbols to develop strong passwords.
  - Go to <https://onguardonline.gov> to learn more about staying secure online.

# Using a Checking Account

Checking accounts are designed to be used frequently for multiple transactions—depositing money, paying bills, making purchases, and accessing cash.

When you open a checking account, you may receive:



**A debit card** – Also known as a bank or check card. When you use it, money is taken out of your account. It is not the same as a credit card or an ATM card.



**An ATM card** – Not the same as a debit card. It allows you to use an ATM for various account transactions. You might also be able to make purchases with an ATM card.



**Checks** – Documents you complete that tell your financial institution to pay money from your account to someone else, called the payee. Some checking accounts do not use checks. They may be called “checkless accounts.”

You may also receive information on how to access your account through mobile and online banking.

An **overdraft** happens when an account transaction goes through even though you do not have enough money in your account to cover it.

Financial institutions offer programs to cover overdrafts caused by ATM card and debit card transactions. Under federal rules, you choose whether to “opt in” to these programs.



If you opt in, the financial institution may honor an ATM or debit card transaction that is more than your account balance. Expect to be charged a fee to process each transaction. That could result in a \$5 purchase costing you an extra \$35 or more.



If you do not opt in, the financial institution will decline your routine debit card transactions and ATM withdrawals if you do not have enough money in your account. The financial institution will not charge you an overdraft fee if the transaction is declined.

For checks and other types of payments, such as automated bill payments, your financial institution chooses whether to process a check or other transaction that exceeds your balance. If the financial institution covers the transaction, expect it to charge you an overdraft fee. If the financial institution decides not to process the transaction, it may charge you a “non-sufficient funds” (NSF) fee, and the merchant may also charge you a returned check fee. These fees vary, but fees of \$30 or more are common.

**Direct deposit** allows safe and secure electronic deposit of money into your account at a financial institution. With this feature, you don’t have to worry about finding time to make deposits yourself.

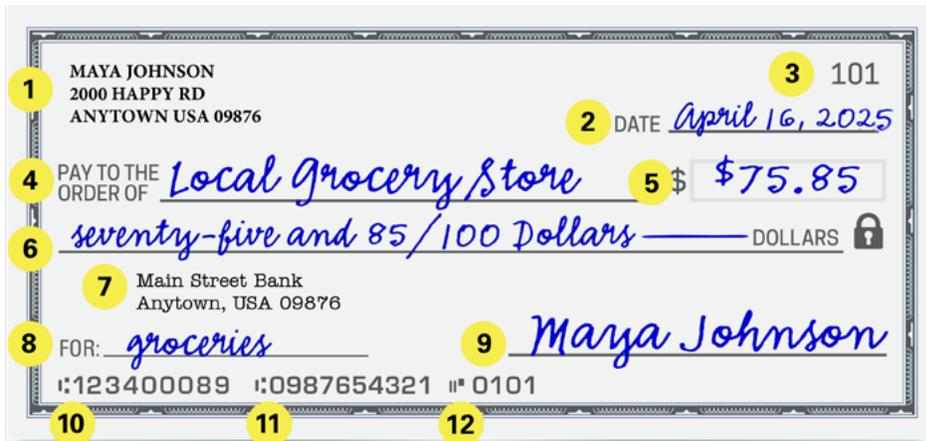
Both **automatic bill payment** and **automatic debit** can help you pay your bills on time.

- Automatic bill payment – Lets you schedule and send payments electronically through your financial institution, one time or on a recurring payment schedule.
- Automatic debit – Lets you grant permission to a company, such as a merchant or lender, to debit your account for agreed upon payment amount one time or on a recurring basis.

## TRY IT

# Learning the Parts of a Check

Name and describe each part of the sample check.



### What Goes Here?

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.
11.
12.

## APPLY IT

# Managing My Checking Account

Use this checklist to manage your checking account.

- Read the terms of your account.** Be sure you understand the fees, including how you can avoid them.
- Keep track of your deposits and withdrawals.** You can keep your own record each time you deposit or withdraw money. If your account provides online or mobile access, you can use a mobile app, your financial institution's online banking system, or another program to regularly track your checking account use. It usually gives real-time or almost real-time information.
- Review your account statements.** Make sure you recognize each deposit or withdrawal and inform the bank right away if you see any errors.
- Keep track of holds on your debit card.** If you use your debit card to pay at a gas station, to make a rental car reservation, or to pay for a hotel, an "authorization hold" may be placed on your funds. The hold temporarily reduces the money available in your account until the hold is released. Depending on the business, an "authorization hold" may last up to 15 days.
- Set up email or text alerts.** You may be able to receive alerts by email or text for a wide range of events even if you rarely use mobile banking.
- Ask about linking accounts.** Ask your financial institution if it can link your checking account to your savings account or a line of credit. If your financial institution provides this service, it can automatically transfer money between accounts if you run out of funds in your checking account. The transfer fee may be considerably less than an overdraft fee.
- Protect your debit card or ATM card.** Be wary of unsolicited calls or text messages asking you for your card number or personal identification number, called a PIN. If you lose your debit card, or you notice an unfamiliar purchase on your statement, report it to your financial institution immediately.
- Stay safe online.** Tips include:
  - Make sure websites are secure before you enter personal or financial information.
  - Only give personal information to encrypted websites. Encrypted websites should have "https://" in the website address.
  - Assume public Wi-Fi is not secure and avoid using public Wi-Fi for any kind of financial transaction or other transaction that involves your personal information.
  - Don't save your passwords at websites that give you that option.
  - Make sure your passwords are secure. Avoid keyboard patterns, such as "12345678" or "zxcvfdsa," as well as names, numbers, or words associated with you. Mix lowercase and uppercase letters with numbers and symbols.
  - Go to <https://onguardonline.gov> to learn more about staying secure online.

## TRY IT

# Using a Transaction Register

Read the scenario. Use the list of transactions to complete Asif's transaction register on the next page and then answer the question.

### SCENARIO

## Asif Uses a Transaction Register to Manage His Checking Account

Asif opened a checking account with an initial deposit of \$300.00. He keeps track of his transactions using the transaction register his bank provided. He was told it can also be called a check register. He thought this would help him monitor his spending and learn how a checking account works.

Asif also plans to use his bank's mobile app to review his transactions.



Here are Asif's transactions:

1. Purchased groceries at Local Market for \$50.00 using debit card on 4/3/25
2. Purchased gasoline at USA Gas for \$30.00 using debit card on 4/3/25
3. Deposited \$280.00 on 4/10/25
4. Automatic debit payment to Auto Lender USA for \$150.00 on 4/13/25
5. Deposited \$300.00 on 4/25/25
6. Withdrew \$50.00 cash from out-of-network ATM on 4/28/25
7. Paid \$4.00 out-of-network ATM fee on 4/28/25
8. Made rent payment to Happy Properties with Check 715 for \$500.00 on 5/1/25

Try It: Using a Transaction Register *continued*

**Asif's Transaction Register**

Check Number	Date	Transaction	Withdrawal		✓	Deposit		Balance	
		Opening Deposit				\$300	00	\$300	00

*What is Asif's ending balance?*

 TRY IT

## Using a Mobile App

Now let's help Asif use a mobile app to manage his checking account. Below is Asif's Mobile App Screen that he sees when he opens the app on May 1, right after dropping off his rent check to Happy Properties.

Review the mobile app screen on the right and the previous scenario. Then answer the transaction questions on the left.

### Transaction Questions

*Which transaction from the list of recent transactions is missing in Asif's Mobile App Screen? Why?*

*Which transaction is incorrect?*

### Asif's Mobile App Screen

#### ABC Financial Institution

#### Checking (. . . 7890)

**Current Balance** **\$546.00**  
As of 05/01/25

#### 0987 AXC Local Market

**Date** Apr. 3, 2025

**Debit/Credit** -\$50.00

#### 0987 AXC Local Market

**Date** Apr. 3, 2025

**Debit/Credit** -\$50.00

#### 1234 XYZ USA Gas

**Date** Apr. 3, 2025

**Debit/Credit** -\$30.00

#### Deposit Check 01928

**Date** Apr. 10, 2025

**Debit/Credit** +\$280.00

#### EPay 123455678

**Date** Apr. 13, 2025

**Debit/Credit** -\$150.00

#### Deposit Check 01957

**Date** Apr. 25, 2025

**Debit/Credit** +\$300.00

#### ATM Withdrawal - Network Systems 1983095

**Date** Apr. 28, 2025

**Debit/Credit** -\$50.00

#### ATM Withdrawal - Network Systems 1983096

**Date** Apr. 28, 2025

**Debit/Credit** -\$4.00

# Automated Teller Machine (ATM) Cards

ATM cards allow you to use an ATM for various account transactions. Ask your financial institution if you can use your ATM card to make purchases.

An ATM may allow you to:

- Withdraw cash from your account
- Check your account balance
- Deposit cash or checks into your account
- Transfer funds between accounts
- Make bill payments



When you use an ATM not affiliated with your financial institution, you will likely pay a fee for some transactions.

The ATM will notify you of fees and prompt you to accept them before you make your transaction. Get to know the locations of your financial institution's ATMs so you can avoid paying fees. You can ask a representative of your financial institution for that information or see if the financial institution's website includes a map or listing of ATM locations.

ATMs have various accessibility features. Explain which features you need in an ATM to your financial institution to learn how it can meet those needs.

Remember safety. Thieves sometimes target ATMs. If anything about an ATM looks suspicious, avoid using it. Contact your financial institution immediately if you lose your ATM card, you are worried others know your personal identification number (PIN), or you have other concerns related to your ATM card.

If you are given an ATM card by your financial institution, you are not given a debit card. You receive one or the other, but not both.

## Debit Cards

A debit card allows you to do what an ATM card does, plus more. You can use a debit card, also known as a bank or check card, instead of cash to make purchases. You can also use it to get cash from an ATM.

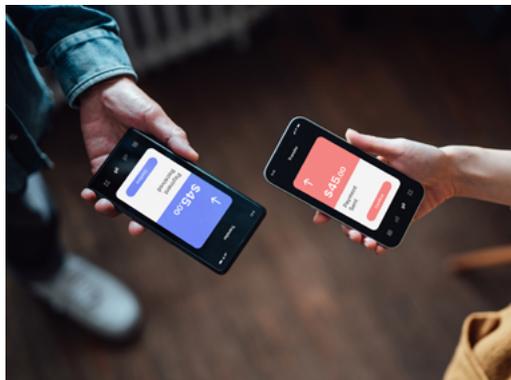
Debit cards look like credit cards because they have a card network logo like American Express, Discover, MasterCard, or VISA. However, they are not credit cards. When you use your debit card, the money is taken out of your checking account.

**Debit Cards ARE NOT Credit Cards**

## Person-to-Person (P2P) Payments

Mobile applications, or apps, and other web-based services allow person-to-person money transfers. Typically, users link the mobile payment system to their bank accounts or credit card accounts and initiate transfers of funds to other users of the same app or web-based service.

Using an app for P2P payments is one way to handle everyday transactions, such as paying a babysitter or reimbursing a friend for lunch. There are different P2P systems, and there are important differences in the way they work. For example, one may let you transfer money after logging into a website. Another may let you transfer money by physically touching your phone to another person's phone.



Keep these things in mind if you are using P2P apps or thinking about using them:

- Deposit insurance (Is it through a federally insured financial institution?)
- Fees
- Privacy
- Funds availability
- Your rights and dispute resolution

The terms of service for P2P apps generally require users to be 18 or older.

## Mobile Wallet Apps

A mobile wallet is a type of mobile app that some people like to use along with a debit card. You enter information from your debit card into the app and use your mobile device to make point-of-sale purchases instead of using the debit card.

The terms of service for mobile wallet apps may require users to be 18 or older.

### Remember the Key Takeaway

**“ Learn the rules of your account and keep track of how you use it. This can help you keep costs down and develop a positive banking relationship. ”**

## SECTION 4

# Prepaid Cards

We will discuss how prepaid cards work, common features of prepaid cards, and how to use them effectively.



### KEY TAKEAWAY

**Before you use a prepaid card, know its features and fees.**

## How Prepaid Cards Work

A prepaid card is different from a debit card. A prepaid card is not linked to an account at a financial institution. Instead, you are using money that is pre-loaded onto the card.

There are different kinds of prepaid cards:

- Reloadable prepaid cards
- Payroll cards
- Electronic benefit transfer (EBT) cards
- College or university identification cards
- Prepaid cards for specific stores or public transportation systems

The terms of service for prepaid cards may require users to be 18 or older. However, minors may be able to be added as authorized users to prepaid card accounts.

 TRY IT

## Features of Most Reloadable Prepaid Cards

Check “yes” or “no” for each item.

Is This a Feature of Most Reloadable Prepaid Cards?		Yes	No
1.	You can use it in a restaurant to purchase a meal.	<input type="checkbox"/>	<input type="checkbox"/>
2.	You can withdraw money from an ATM with it.	<input type="checkbox"/>	<input type="checkbox"/>
3.	You can use it to build your credit.	<input type="checkbox"/>	<input type="checkbox"/>
4.	You can make a hotel reservation with it.	<input type="checkbox"/>	<input type="checkbox"/>
5.	You can buy groceries with it.	<input type="checkbox"/>	<input type="checkbox"/>
6.	You can load money on it only where the card was purchased.	<input type="checkbox"/>	<input type="checkbox"/>
7.	You can have funds directly deposited onto it.	<input type="checkbox"/>	<input type="checkbox"/>
8.	You must have a good credit score to get it.	<input type="checkbox"/>	<input type="checkbox"/>
9.	You can build savings on it.	<input type="checkbox"/>	<input type="checkbox"/>
10.	You have FDIC insurance on its funds if certain conditions are met.	<input type="checkbox"/>	<input type="checkbox"/>
11.	You can borrow money with it.	<input type="checkbox"/>	<input type="checkbox"/>
12.	You can set up text or email alerts to monitor use of it.	<input type="checkbox"/>	<input type="checkbox"/>
13.	You can view the card account history online if you register the account and activate the online features.	<input type="checkbox"/>	<input type="checkbox"/>

 **TRY IT**

## What Fees Are Common to Reloadable Prepaid Cards?

Put a check next to the fees you think are charged by at least some reloadable prepaid cards.

- Monthly fee
- Transaction fee
- Account or card reload fee
- Bill payment fee
- ATM withdrawal fee
- Balance inquiry fee
- Additional card fee
- Inactivity fee
- Lost or stolen card replacement fee
- Fee for canceling the card

Read your card agreement when you get your prepaid card. Be sure you understand the fees and how to avoid them.

 **TRY IT**

## A Prepaid Card or a Bank Account?

Read the scenario and answer the questions.

This scenario presents two choices to illustrate similarities and differences of a prepaid card and a bank account with a debit card. In reality, Lucia does not need to choose only one. She can have both.

### Scenario

#### Should Lucia Use a Prepaid Card or Open a Bank Account?

Lucia only has experience using cash and does not have an account at a financial institution. She wants to build a relationship with a bank, but is unsure where to start. She wants to be able to make purchases and pay her bills easily.

She does not have a driver's license. She also does not have a credit history.

One of her friends told her about reloadable prepaid cards. She's not sure if she should get one. Her employer talked to her about establishing a relationship with a financial institution. She could open an account and use a debit card to buy things and pay for bills. She is confused about what she should do.



*Why might Lucia want to use a reloadable prepaid card instead of opening a bank account that provides a debit card?*

*Why might Lucia want to open a bank account and use a debit card instead of using a reloadable prepaid card?*

# Tips for Using Prepaid Cards

If your card is lost or stolen, or you notice a charge on your statement you did not make, report the problem right away to the card issuer. That might help you get the money back and avoid further losses.

Consider these tips for using prepaid cards:



Understand how to track your balance and view your transactions using the card's mobile app and/or website.



Review your account transaction history and dispute any charges you did not authorize.



Understand your card's limits on reloading funds, making purchases and withdrawals.



Know what fees are charged and how you may avoid them.



Report loss or theft immediately.



Stay safe online. Visit [onguardonline.gov](https://www.onguardonline.gov).

## Remember the Key Takeaway

“ Before you use a prepaid card, know its features and fees.

# MODULE CLOSING

## Remember the Key Takeaways

SECTION	KEY TAKEAWAY
1: Financial Products, Services, and Providers	Consider your needs before you select financial products and services.
2: Opening an Account	Know the general process for opening a savings or checking account. You have options if you cannot open an account.
3: Managing an Account	Learn the rules of your account and keep track of how you use it. This can help you keep costs down and develop a positive banking relationship.
4: Prepaid Cards	Before you use a prepaid card, know its features and fees.

## Take Action

You are more likely to act if you commit to **taking action now**. One way to commit is to think about what you plan to do because of what you learned today. Then write it down.

*What will I do?*

*How will I do it?*

*Will I share my plans with anyone? If so, who?*

## Where to Get More Information or Help

For more information on deposit insurance for banks, visit the FDIC at <https://www.fdic.gov/deposit>.

For more information on deposit insurance for credit unions (called share insurance), visit the NCUA at <https://www.ncua.gov> and search for “insurance.”

For answers to common questions about checking accounts, savings accounts, and other bank products, visit <https://www.helpwithmybank.gov>.

---

If you have questions about a banking product, ask a customer service representative at the financial institution for help.

If you have concerns, explain to the customer service representative what happened and what you would like them to do to correct the situation. If that does not help, consider contacting the federal regulator for that financial institution.

To find out who regulates the financial institution, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or visit <https://www.fdic.gov/consumers/assistance/filecomplaint.html>.

# Pre-Training Survey

Your instructor may ask you to complete this pre-training survey.

Please answer these questions:

1. Your money in an FDIC-insured deposit account (including checking accounts and savings accounts) is insured up to \$250,000.  
 True       False
  
2. If you have a negative banking history report or credit history, you cannot open an account at a financial institution.  
 True       False
  
3. Which of the following can help you manage your checking account? Choose all that apply.
  - a. Keeping track of deposits, withdrawals, and debit card transactions
  - b. Setting up text or email alerts
  - c. Using secure internet connections for managing your account online or using a mobile app
  - d. All of these can help you manage your checking account
  
5. All prepaid cards charge the same fees.  
 True       False

# Post-Training Survey

Your instructor may ask you to complete this post-training survey.

Please answer these questions:

1. Your money in an FDIC-insured deposit account (including checking accounts and savings accounts) is insured up to \$250,000.  
 True       False
2. If you have a negative banking history report or credit history, you cannot open an account at a financial institution.  
 True       False
3. Which of the following can help you manage your checking account? Choose all that apply.
  - a. Keeping track of deposits, withdrawals, and debit card transactions
  - b. Setting up text or email alerts
  - c. Using secure internet connections for managing your account online or using a mobile app
  - d. All of these can help you manage your checking account
4. All prepaid cards charge the same fees.  
 True       False

## About the Training

Please answer the following questions about the training.

1. The trainer:

Shared information in a way that was clear and easy to understand.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Made the training engaging.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Encouraged participation and discussion.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Showed respect for all participants.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Created a good learning environment.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Do you feel better able to make decisions related to the topic of this training?  
 True       False       I do not know
3. Did the training provide information that you can use immediately?  
 True       False       I do not know

**Post-Training Survey *continued***

4. What were strengths of the training materials?

What could be improved?

5. What were strengths of how the instructor led the training?

What could be improved?

6. What else would you like to learn about this topic or other money topics?