

BASIC BANKING SERVICES

ACTIVITY 3



The ABCs of a Checking Account

RECOMMENDED TIME

Allow 50-60 minutes. Required time may vary depending on the audience.

OBJECTIVES

Participants will:

- Define the purposes of a checking account.
- Identify things to know when shopping for a checking account.
- Be given the opportunity to compare checking accounts.

MATERIALS NEEDED

- Overhead projector and screen*
- Overhead transparencies or handouts for the activity
- Flipchart, blank transparencies, or white board
- Overhead marking pens

ADVANCE PREPARATION NOTES

Review the activity plan. Think about the audience, and decide whether to present the total activity or to use parts of this activity in combination with other activities.

This activity uses handouts. Have sufficient copies for all participants; a few extras provide good insurance.

For clarity, use print as opposed to script when writing on a flipchart, board, or transparency.

The suggested dialogue in the delivery notes does not always mirror the wording on a transparency. Try to vary the dialogue, rather than reading transparencies verbatim.

Consider providing copies of selected transparencies to participants for later reference.

* If an overhead projector isn't available, consider making photocopies of the provided materials for use as handouts.

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ACTIVITY 3 - DELIVERY NOTES



The ABCs of a Checking Account

Presentation Opening

- Welcome the participants.
- Introduce yourself briefly.
- If this is the first meeting with the class or group, do a brief round of introductions by everyone.
- When introducing yourself, print your name where the participants can see and refer to it during the session. Some people may be a little nervous and may not remember your name. Just as you want to use their names, encourage them to call you by your name.

Activity Overview

Review the topics for discussion in this activity:

- Purposes of a Checking Account
- Shopping for a Checking Account

Begin the discussion by asking a volunteer to define the term “check.” Support the responses, but be sure that the definition includes the fact that **a check is a written order telling the bank to pay a certain amount to another person or business.**

Ask for a show of hands of those who have a checking account.

Ask participants why they use a checking account.

- Record the responses on a flipchart or blank transparency.
- Responses may vary but should include reasons such as convenience, safety, easy access, etc.

Ask those participants who did not raise their hands why they do not use a checking account.

- Don't pressure individuals to respond.
- If there are no responses, encourage those who do not use a checking account to listen to the advantages and disadvantages of such a financial tool, and to consider using it in the future.

Use “**Handout 1: Checking Account Terms**” to cover some basic terms about a checking account.

- Note that this handout can be used with multiple activities throughout this section.
- You may want to address these terms in an order that seems logical to you. You could do this by grouping all fees together, grouping together everything used in reconciling the register, etc.

Visual Aids

Handout 1
Checking Account Terms

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ACTIVITY 3 - DELIVERY NOTES



Ask if anyone looked for any special type of checking account when they opened their account. Record the responses. Responses will vary.

Help participants determine their banking needs by asking them to think about:

- How many checks they write monthly.
- Their typical checking account balance.
- What is convenient for them in terms of bank and ATM locations, hours, etc.
- What kind of accounts they want (non-interest vs. interest-bearing)

Use **“Handout 2: Shopping Around”** (Things to Ask About When Opening a Checking Account) to encourage participants to shop around for the checking account that fits their needs.

- Explain to participants the importance of shopping for a checking account. Go over some of the key features (Examples: the location, hours of operation, minimum balance required, etc.) that participants should compare before choosing a checking account. Tell participants to use Handout 2 as a tool to help them evaluate the features of different checking accounts.
- Stress the value of key areas, especially if participants were looking for non-financial items such as color or style of checks.
- Remind participants that certain account features will help them save money. Some of the features to help participants save money and avoid bank fees include: 1) utilizing direct deposit to avoid check cashing fees; 2) avoiding non-primary ATM charges; and 3) keeping the minimum monthly account balance to avoid monthly maintenance fees.
- After the discussion, refer to the earlier responses about what participants looked for in a checking account.

Closing

Close the session by doing a simple assessment: ask participants if those who have checking accounts learned more about their accounts, and if those who do not have accounts feel more confident about possibly having a checking account in the future.

Thank everyone for their participation and encourage them to return for additional sessions. If such sessions are planned, you might provide a “sneak preview” of any activity to come.

Visual Aids

Handout 2 Shopping Around

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ACTIVITY 3 - HANDOUT 1



CHECKING ACCOUNT TERMS

TERM	DEFINITION
Bank Statement	Monthly record of all activity within an account, provided by the bank.
Cancelled Check	A check that has been stamped to show that the payee has received the designated amount from the bank and that amount has been deducted from the account holder's checking account.
Check	A written order to pay a specified sum from funds held in a bank or credit union account.
Check Register/Ledger	A record of all activity that happens within a checking account; maintained by the checking account holder.
Endorsement	A written mark on the back of a check, such as a signature, entitling the payee to either receive or transfer payment.
Fee	Charges for the use of certain bank services. These services vary but could include returning cancelled checks, writing more than a certain number of checks monthly, use of various bank cards, etc.
Interest	Money paid to savers and investors by financial institutions, government, or business entities for the use of their money.
Minimum Balance	Requirement to keep a certain amount of money in the account; otherwise, monthly service charges may result.
Outstanding Transactions	Transactions that do not clear the bank by the date of the bank statement.
Overdraft	Lack of sufficient funds in a checking account to cover the full amount of a check. A bank or credit union will charge an Overdraft Fee – a service charge – to cover expenses involved in returning a check and handling other procedures caused by an overdraft.
Overdraft Protection	Procedure agreed upon by an account holder and a bank in advance to transfer funds from a savings or credit account to a checking account to cover insufficient funds.
Payee	The person or organization to whom a check is made payable.
Reconciling a Bank Statement	Balancing a bank statement with a check register/ledger.
Transaction Limits	Some accounts have a limit on the number of transactions performed during a certain time period. These may include the number of withdrawals, number of teller-assisted activities, etc.

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ACTIVITY 3 - HANDOUT 2



SHOPPING AROUND

(THINGS TO ASK ABOUT WHEN OPENING A CHECKING ACCOUNT)

When you decide to open a checking account, it's important to select an account that will meet your needs – both financially and with regard to convenience. Start by evaluating the checking accounts available at different banks in your area. Visit at least two banks to get detailed information about their available checking accounts. Use the chart below to record relevant information.

	Bank #1:	Bank #2:
Name of bank		
Location of bank (Is the location convenient to your home or work?)		
Location of ATMs (How large is the bank's ATM network? Are there several bank ATMs, so you can avoid non-primary ATM fees?)		
Banking hours (Do the hours meet your needs?)		
Minimum balance required (Can you maintain this balance?)		
Minimum transactions or limits (Are you likely to exceed the minimum? What charges might you incur?)		
Interest-bearing accounts? (Are they offered?)		
Other (List any other information that will help you select a checking account.)		
Costs (List actual costs for each bank.)		
Non-primary bank ATM transactions		
In-branch transaction fees		
Per-check fees		
Other checking fees		
Overdraft protection		
Printing of checks		
Total Monthly Costs		
Total Yearly Costs (Total Monthly Costs x12)		