

BASIC BANKING SERVICES

ACTIVITY 6



Maintaining a Checking Account

RECOMMENDED TIME

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

OBJECTIVES

Participants will:

- Learn about Check 21.
- Learn how to keep a check register.
- Learn how to make a deposit into a checking account.
- Learn how to reconcile a checking account.
- Understand how to maintain a checking account.

MATERIALS NEEDED

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

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 is very hands-on and covers much information. Consider the audience. It may be best to break this information into multiple presentations.

This activity uses a multiple-page handout. Have sufficient copies for all participants; a few extras provide good insurance.

Remind participants at the beginning of the session that the activity involves looking at typical forms used with a checking account. They should be aware that forms and regulations might vary slightly from bank to bank. (Consider visiting several local financial institutions to request samples of check registers, blank bank statement forms, etc. to use as illustrations in the activity.)

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

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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.

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ACTIVITY 6 - DELIVERY NOTES



Maintaining 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:

- Check 21
- Keeping a Check Register/Ledger
- Making a Deposit
- Check Endorsement Process
- Deposit Slip Procedure
- Reconciling a Bank Statement
- Avoiding Courtesy Overdrafts

Write the term “Check 21” on the flipchart. Ask participants whether they know what Check 21 is and how it affects them. Allow a few minutes of discussion, and then distribute **“Handout 1: Check 21.”** Walk participants through the points of the Handout.

Once participants understand the impact of Check 21, they will realize how important it is to maintain a balanced checking account to ensure that they always have money in their account when they write checks.

Distribute **“Handout 2: Maintaining a Checking Account,”** and provide an overview of the pages. Because of the number of pages, take care not to overwhelm the participants. Instead, stress the role of the practice pages to allow them to apply the content. You may want to pass out the pages as the class is ready for them.

- #1. Keeping a Check Register
 - #2. Practice Sheet
- #3. Making a Deposit: Endorsing a Check
 - #4. Practice Sheet
- #5. Making a Deposit: Completing a Deposit Slip
 - #6. Practice Sheet
- #7. Reconciling a Bank Statement
 - #8. Practice Sheet

Visual Aids

Handout 1

Check 21

Handout 2

Maintaining a Checking Account
(8 pages)

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ACTIVITY 6 - DELIVERY NOTES



Distribute a pencil to each participant. Explain that most forms related to checking accounts should be written in ink, but that pencils will be used to allow for erasures.

Work with the handout—task by task. With each task, first explain the sample sheet and then allow appropriate time for participants to complete the practice sheet.

- Be sure to stop frequently and check for understanding. Don't move forward until you are sure everyone understands both the content and the process.
- With each practice segment, move around the room to assist when necessary.

First, cover the "Check Register" segment.

- Review column headings with a brief explanation. Note that the ✓ column is for checking when a transition has appeared on a bank statement.
- Be sure everyone understands the importance of accurately recording all activity involving the checking account. Explain what happens if a check bounces and how expensive that can be.
- Allow sufficient time for participants to complete the practice page.
- Call time; have a volunteer review a completed practice sheet.

Second, cover the "Making a Deposit" segment.

- Begin the check endorsement process by reviewing the completed samples.
- Make sure the participants understand the three types of endorsement AND the advantages of each.
- Move to the process of making a deposit.
- With each of the two segments, allow sufficient time for participants to complete each practice page. Then call time and have a volunteer review a completed practice sheet.
- Deposits can be made in a branch or through the ATM.

Third, cover the "Bank Statement" segment.

- Begin by covering the completed bank statement, reviewing each area of the statement. Point out that a register must be reconciled for all fees and charges on a statement.
- Allow sufficient time for participants to complete the practice page.
- Call time; have a volunteer review a completed practice sheet.
- Have participants check whether their checking account balance on

Visual Aids

Handout 2

Pages 1-2

Handout 2

Pages 3-6

Handout 2

Pages 7-8

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ACTIVITY 6 - DELIVERY NOTES



page 8 equals the balance on page 2, taking into consideration any fees or transactions made after the statement end date.

- Explain what to do when the balances are not equal; list potential things to check (calculations, entry of numbers, etc.).

Display **“Overhead 1: Overdrafts and Bounced Checks.”** Discuss this overhead, emphasizing the importance of maintaining a checking account in order to avoid fees and the possibility of the bank or credit union closing the account. This could make it difficult to open another account in the future.

Closing

Close the session by congratulating everyone on his or her successful experience. Be sure to stress that this was a very full session but that they achieved their goals.

Encourage everyone to keep the handout and refer to the information should they need assistance in maintaining their checking account.

Ask the participants for reasons why they should maintain careful records of their checking accounts. Responses may vary, but should include examples of what might happen if they did not keep close track of their checking account, such as overdrafts.

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

Overhead 1

Overdrafts and Bounced Checks

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ACTIVITY 6 - HANDOUT 1



CHECK 21

What is Check 21?

- Check 21 is a federal law that helps banks handle more checks electronically and that makes check processing faster and more efficient.

How does Check 21 work?

- Instead of physically moving paper checks from one bank to another, Check 21 allows banks to process more checks electronically.
- Banks capture a picture of the front and back of the check along with the associated payment information and transmit this information electronically.
- This process enables banks to reduce the cost of physically handling and transporting original paper checks, which can be very expensive.

How does Check 21 affect me?

- Under this law, a check deposited in a bank is typically “delivered” overnight to the paying bank and deducted from the checkwriter’s account on the next business day.
- Money may be deducted from your checking account almost immediately.
- Before you write a check, it’s always best to make sure your checking account has enough money in it to cover the check.

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ACTIVITY 6 - HANDOUT 2 - PG. 1



MAINTAINING A CHECKING ACCOUNT

KEEPING A CHECK REGISTER

CHECK #	DATE	DESCRIPTION	PAYMENT/ DEBIT (-)		✓	DEPOSIT/ CREDIT (+)		BALANCE	
								431	65
101	1/5	<i>City Utilities</i>	154	73				276	92
102	1/6	<i>Brown's Grocery</i>	73	25				203	67
	1/15	<i>Deposit</i>				840	25	1043	92

Notes:

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ACTIVITY 6 - HANDOUT 2 - PG. 2



KEEPING A CHECK REGISTER (Practice)

CHECK #	DATE	DESCRIPTION	PAYMENT/ DEBIT (-)	✓	DEPOSIT/ CREDIT (+)	BALANCE
						1
2						
3						
4						
5						
6						
7						
8						

Directions

Record the following information in the check register above.

1. Beginning balance of \$375.00.
2. Check number 475, written on January 14 to Joe's Car Repairs, for \$85.79.
3. Direct deposit of \$1,275.88 on January 15.
4. Check number 476 to Alice's Bakery for \$15.25 on January 17.
5. Check number 477 to City Utilities for \$75.95 on January 25.
6. Deposit of \$35.00 on January 25.
7. ATM withdrawal of \$10.00 on January 25.
8. ATM withdrawal of \$20.00 on February 8.

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ACTIVITY 6 - HANDOUT 2 - PG. 3



MAKING A DEPOSIT – ENDORSING A CHECK (The Back Side of a Check)

**Restrictive Endorsement
(most secure)**

Limits what can be done with the check. If you include "For Deposit Only," no one can cash the check; it must be deposited into your account (checking or savings).

*For deposit only
Account #9944444433
Jane Smith*

#203
12-567/891

2

\$

DOLLARS

**Blank Endorsement
(least secure)**

Include only your name. Makes the check payable to anyone.

Jane Smith

#203
12-567/891

2

\$

DOLLARS

Endorsement to a Third Party

Limits payment to a third party. You are "signing the check over" to someone else.

*Pay to the order of
Katherine Lorenzo*

Jane Smith

#203
12-567/891

2

\$

DOLLARS

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ACTIVITY 6 - HANDOUT 2 - PG. 4



MAKING A DEPOSIT – ENDORSING A CHECK (Practice Sheet)

Directions

Endorse each of the checks shown based on its description.

Restrictive Endorsement (most secure)

#203
12-567/891

_____ 2 _____

_____ \$ _____

_____ DOLLARS

Blank Endorsement (least secure)

#203
12-567/891

_____ 2 _____

_____ \$ _____

_____ DOLLARS

Endorsement to a Third Party

#203
12-567/891

_____ 2 _____

_____ \$ _____


_____ DOLLARS

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ACTIVITY 6 - HANDOUT 2 - PG. 5



MAKING A DEPOSIT – COMPLETING A DEPOSIT SLIP

(a) →	 YOUR BANK 123 MAIN STREET ANYTOWN, USA	CASH Currency	←	(b)
		Coins	←	(c)
	DATE _____	List checks singly	←	(d)
	ACCOUNT # _____		←	(e)
	NAME _____	Total from other side	←	(f)
(i) →	SIGNATURE _____ <i>(SIGN ONLY IF CASH IS RECEIVED FROM DEPOSIT)</i>	TOTAL	←	(g)
		LESS CASH RECEIVED	←	(h)
		NET DEPOSIT	←	(j)


AREA	DESCRIPTION
(a)	Date of deposit.
(b)	Amount of paper money being deposited.
(c)	Amount of coins being deposited.
(d)	Transit number of check being deposited; the hyphenated number in the upper right-hand corner of a check that is above or to the left of a second number, separated by a line or slash.
(e)	Amount of check for deposit.
(f)	Total from other side of the slip.
(g)	Total amount of deposit.
(h)	Any amount of the deposit that you want returned to you in cash.
(i)	Sign if you receive cash from the deposit.
(j)	Total amount of deposit (less cash).

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ACTIVITY 6 - HANDOUT 2 - PG. 6



MAKING A DEPOSIT – COMPLETING A DEPOSIT SLIP (Practice Sheet)

 YOUR BANK 123 MAIN STREET ANYTOWN, USA	CASH	Currency		
		Coins		
DATE _____	List checks singly			
ACCOUNT # _____				
NAME _____	Total from other side			
SIGNATURE _____ <i>(SIGN ONLY IF CASH IS RECEIVED FROM DEPOSIT)</i>	TOTAL			
	LESS CASH RECEIVED			
	NET DEPOSIT			

Directions

Record the following information on the deposit slip:

1. Date of June 1, 2006.
2. Depositing paper currency in the amount of \$57.00.
3. Depositing coins in the amount of 85 cents.
4. Depositing one check in the amount of \$75.25, with transit number 64-9.
5. There is no additional information to carry over from the reverse side.
6. You receive \$10.00 cash from the deposit.
7. Check all addition and subtraction carefully to determine the net deposit.
8. Did you sign for receiving cash?

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ACTIVITY 6 - HANDOUT 2 - PG. 7



RECONCILING A BANK STATEMENT

YB YOUR BANK
123 MAIN STREET
ANYTOWN, USA

Checking Account Statement

JAMES SMITH
JANE SMITH
321 OAK ST
ANYTOWN, USA
ACCOUNT NUMBER: 9944444433

CHECKING	Statement Period: 1/8/06-2/6/06	
ACCOUNT SUMMARY	Beginning Balance	\$375.00
	Credits	\$1310.88
	Debits	- \$188.99
	Available Balance	\$1496.89

CHECKS AND OTHER DEBITS	CHECK #	RECIPIENT	DATE PAID	AMOUNT
	475	Joe's Car Repairs	1/16	\$85.79
	476	Alice's Bakery	1/20	\$15.25
		ATM Withdrawal at ATM #9573FC	1/25	\$10.00
		Out of Network ATM Fee	1/25	\$2.00
	477	City Utilities	1/28	\$75.95
DEPOSITS AND OTHER CREDITS		Direct Deposit	1/15	\$1275.88
		Deposit at ATM #1200	1/25	\$35.00

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ACTIVITY 6 - HANDOUT 2 - PG. 8



RECONCILING A BANK STATEMENT (Practice Sheet)

Use the bank statement (page 7) and the check register that you completed at the beginning of the exercise (page 2). The purpose of this exercise is to figure out the balance of your account.

1. List in the check register any deposits, withdrawals, and service charges which are shown on the statement but not already recorded in the register. Adjust your check register accordingly.
2. Put a checkmark in the register beside all checks, withdrawals, and deposits listed on your statement.
3. List and total in the **Checks and Other Withdrawals Outstanding** chart at right all checks, applicable check charges, and withdrawals that you recorded in your register, but that do NOT appear on your statement.
4. Deduct from your check register balance any service or other charge that you have not already deducted. (This step is to ensure that you have not overlooked any charges.)
5. Add to your check register balance any interest-earned deposit shown on the statement.
6. Record **Closing Balance** as shown on your statement. (This is called Available Balance on the bank statement.)
7. Add deposits or transfers into your account that you recorded in your check register which are not shown on the statement.
8. Total (6 and 7 above).
9. Enter total **Checks and Other Withdrawals Outstanding** (from above right).
10. **BALANCE** (8 minus 9 should equal your check register balance).

Checks and Other Withdrawals Outstanding	
Number or Date	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Sum of charges, if applicable	_____
TOTAL	_____

6. Closing Balance	_____
7. _____	_____
_____	_____
_____	_____
8. TOTAL of 6 and 7	_____
9. TOTAL from chart above	_____
10. BALANCE	_____

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ACTIVITY 6 - OVERHEAD 1



OVERDRAFTS AND BOUNCED CHECKS

Overdrafts and bounced checks occur when you complete a financial transaction (e.g., withdraw money from the ATM machine, write a check, or have money automatically withdrawn from your account) for more than what is available in the account. Your financial institution may pay the amount and charge you a fee, known as an “overdraft fee” or a “non-sufficient funds fee,” which can cost upwards of \$30.*

Example:

A \$10 check made out to a grocery store bounces and a \$30 overdraft fee is charged to cover the cost of the check. The total for the amount of the check plus the fee is \$40.

Tip: Avoid overdraft or non-sufficient funds fees by making a habit of monitoring the balance in your checking account.

** Cost of overdraft fee varies from institution to institution.*