

BASIC BANKING SERVICES

ACTIVITY 2



The Many Services of a Bank

RECOMMENDED TIME

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

OBJECTIVES

Participants will:

- Identify services provided by banks, including electronic banking, and identify the bank employees who provide those services.
- Decide on services of personal and environmental benefit.
- Recognize the impact of state and federal regulations upon the security of banks.

MATERIALS NEEDED

- Overhead projector and screen*
- Activity overhead transparencies or handouts
- Flipchart, white board, or blank transparencies
- Overhead (or other appropriate) 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 involves small group work. Consider the audience. Organize adult groups efficiently, such as those sitting next to one another. With school-age audiences, work with the teacher for the best way to organize. Alternatively, use open discussion with everyone.

Because this activity involves an awareness of various financial services, consider visiting one or more local financial institutions and requesting samples of forms. This will allow for some local customization to the activity.

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

Note that 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 their future reference.

* If an overhead projector isn't available, consider making photocopies of the overhead transparencies for handouts instead.

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ACTIVITY 2 - DELIVERY NOTES



The Many Services of a Bank

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

Tell participants that the purpose of this activity is to become aware of the many services of a bank. Participants will learn to:

- Identify financial services provided by a bank, including electronic banking.
- Identify the bank employees who provide these services.
- Decide on services of personal and environmental benefit.
- Recognize the impact of state and federal regulations upon the security of a bank.

Begin the discussion by asking the participants to share the types of financial services they use at their local bank.

- Make a list of the responses on the flipchart, board, or blank transparency.
- This list does not need to be exhaustive, just an icebreaker for later group discussions.

Use **“Handout 1: Traditional Bank Services”** to briefly describe various traditional financial bank services.

- Do not go into detail. This should be a general overview, providing brief definitions to prepare participants for later group discussions.
- Option: Take a tally of the number of participants who use each service. Keep the tally for possible reinforcement in closing the activity.

Depending on class size, divide the class into small groups of two or three people each. Give each person a copy of **“Handout 2: Case Studies.”**

- Assign each group two cases to review and determine which bank service would be a good match.
- It is okay for multiple groups to review the same cases. It will serve as a reinforcement of the financial concepts.
- Remember that there are many cultural and social values at work in making financial decisions. There are no right or wrong answers

Visual Aids

Handout 1
Traditional Bank
Services

Handout 2
Case Studies
(2 pages)

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ACTIVITY 2 - DELIVERY NOTES



to these situations. Rather, you are presenting alternatives for the participants to consider.

- Call time. Allow each group to report on their decisions. Ask the other groups if they agree with the decisions.
- Ask if anyone would be willing to share similar personal situations with the class.
- Suggested answers are on page 25.

Remind participants that banks now offer a wide variety of services, many of them electronic in nature.

- Ask everyone to brainstorm with you about new types of electronic financial services provided by banks.
- Record the responses on a flipchart, board, or blank transparency.

Inform participants that the next activity will focus on one specific financial service—remittances.

Display **“Overhead 1: Remittance Options to Send and Receive Money”** to elaborate on the various ways people can send and receive money. Explain the importance of understanding the fees involved with the different methods, since costs may vary.

As participants learn about the different services that a bank provides, it will also be helpful for them to understand the various jobs functions of employees at bank branches. Help participants learn about the bank employees they may come into contact with by displaying **“Overhead 2: Bank Occupations.”** Review each of the jobs listed on the overhead.

Display **“Overhead 3: Electronic Bank Services.”** As before, provide only a brief description of the electronic services. Control any extensive discussion.

Ask everyone to take one minute to think silently of all the advantages that electronic bank services provide today.

- Call time. Ask for responses; record them on the flipchart, board, or blank transparency.
- Responses may vary but should include such items as safety, convenience, and efficiency.

Tell participants that online banking has benefits to consumers, banks, and even to the environment. Distribute **“Handout 3: Online Banking Benefits”** and briefly review the benefits listed in each column.

Use **“Overhead 4: Bank Cards”** and **“Handout 4: Electronic Bank Services”** to describe several types of electronic bank services.

Visual Aids

Overhead 1

Remittance Options
to Send and Receive
Money

Overhead 2

Bank Occupations

Overhead 3

Electronic Bank Services

Handout 3

Online Banking Benefits

Overhead 4

Bank Cards

Handout 4

Electronic Bank
Services

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Ask if anyone has concerns about the various electronic banking services listed on **Handout 4** and would be willing to share those concerns. This discussion reflects on the main objective of this financial literacy program—building confidence among individuals about banks. Take the time to listen to participants' concerns, and try to respond in a positive manner.

- Option: As concerns are expressed, try to have fellow participants provide peer input.
- When working with adult groups, stress the critical need for having direct deposits for Social Security or other related checks.

Use **“Overhead 5: Regulation of Electronic Banking Services”** as an illustration to build confidence in the use of electronic services. Ask the following questions:

- Were you aware that electronic services had such protection?
- Does such regulation make you more confident about using a bank's electronic services?

Closing

Return to the list the class made at the beginning of the session on the number of bank services they use.

Ask for a show of hands of those who feel they will use more banking services in the future, especially electronic banking services.

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.

Suggested Answers for “Handout 2: Case Studies”

1. Travelers' Checks – Traveling with large sums of cash is not safe. Travelers' checks function as cash and can be replaced if lost or stolen. They are widely accepted so Henry and Maria should have no problems using the travelers' checks to pay their bills during their vacation.

2. Savings Account – With an interest-bearing savings account, Joey can earn interest on his money. His money is safe from theft or loss because it is protected by FDIC (Federal Deposit Insurance Corporation) and is easily accessible should he need his money.

3. Automobile Loan – With an automobile loan, John will have access to needed transportation while keeping his savings available should he need to use it until he receives his first paycheck. John's loan payments will also help to build a strong credit record for future financial needs.

4. Checking Account – Leticia should open a checking account that will allow her to pay her bills by check thereby having a payment record. It would also

Visual Aids

Overhead 5 Regulation of Electronic Banking Services

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be to Leticia's advantage if she utilized direct deposit for her paycheck, which would eliminate her having to take the check to the bank.

5. Safe Deposit Box – Thomas should rent a safe deposit box at his local bank. This will keep his legal documents and valuable keepsakes safe from fire, theft, or other dangers.

6. Personal Loan – If Elizabeth does not have enough money in her savings account, she can take advantage of a small personal loan from her bank.

7. Money Remittance (Wire Transfer) – Most banks offer money transfer services to send money almost anywhere in the world. While Oscar will have to pay a fee for the transfer, it is much safer than sending cash. To receive the cash, Oscar's brother will go to a designated place in his town, show identification, and receive the money.

Visual Aids

BASIC BANKING SERVICES

ACTIVITY 2 - HANDOUT 1



TRADITIONAL BANK SERVICES

SERVICE	DESCRIPTION
Checking Account*	Bank account where funds can be withdrawn by writing a check, using an ATM or debit card, or making personal withdrawals.
Savings Account*	Bank account where money usually remains for a period of time. Interest is earned on the account. Money can be withdrawn at any time.
Loan*	A sum of money borrowed from a financial institution at an agreed rate of interest.
Cashier's Check	A check issued by a bank, drawn on its own funds and signed by the cashier.
Money Remittance (Wire Transfer)	Process of moving money from one bank to another, sometimes between countries. Remittances can sometimes be sent from a bank to a business.
Travelers' Checks	Documents that function as cash. Can be replaced if lost or stolen. Often used when traveling to other countries.
Safe Deposit Box	Locked box rented in a secure area of the bank. A place to store valuables.

* can be managed on the Internet

BASIC BANKING SERVICES

ACTIVITY 2 - HANDOUT 2 - PG. 1



CASE STUDIES

TRADITIONAL SERVICES OF A BANK

- Automobile Loan
- Safe Deposit Box
- Travelers' Checks
- Checking Account
- Personal Loan
- Savings Account
- Home Loan
- Money Wire/Transfers/Remittance

Directions

In small discussion groups, review the following cases. Decide if any of the bank services listed above could help the individuals. Be prepared to share your reasons with the full group.

Case 1

Henry and Maria are taking a "dream vacation" they planned for years. They are now discussing how much money they should take on the trip. Do you think it would be wise for Henry and Maria to take a large amount of cash with them? What other choices do they have?

Case 2

Joey is in high school and has been working hard on his paper route for many years. Every day, as Joey delivers the papers, he dreams of going to college and becoming a mechanical engineer. He wants to pay some of his college expenses. Until now, Joey has put his paper route paychecks in his checking account each payday. Is this the best place for Joey's money? What would you suggest? Why?

Case 3

John was recently laid off from his job. He has successfully located another job, but it is in a community about 30 miles away. Further, John does not have transportation. He is shopping for a reliable used car and believes he has found the right one. He has some money that he has saved, but it is not enough to cover the full price. John is also concerned that he may need to use some of the money he has saved for his family's needs until he receives his first paycheck. What would you suggest that John do? Why?

Case 4

Leticia has been working at her first job for about two months. She loves having her own apartment and wants to start decorating. The one issue that has concerned Leticia is that she has been cashing her paycheck and paying all of her bills in cash. Do you think this is a wise decision on Leticia's part? What would you suggest that Leticia do? Why?

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ACTIVITY 2 - HANDOUT 2 - PG. 2



Case 5

Thomas is worried because there have been several burglaries in his neighborhood. He has all of his valuable papers at home: the deed to his house, his car title, birth certificate, passport, insurance policies, and a very special watch his father gave him. Thomas has been looking around his house for a safe spot to put these valuables. Do you think he should keep them at home or in a safety deposit box? Why?

Case 6

Elizabeth has decided to take advantage of out-of-season sales and purchase a window air conditioner for her apartment. She has a savings account, a credit card, and a debit card that she could use, or she could apply for a loan. What would be the advantages or disadvantages of each for her? Which one would you recommend? Why?

Case 7

Oscar has just received a letter from his brother in Mexico. His brother has lost his job and is asking Oscar for a loan until he can find another job. Oscar is anxious to send his brother some money but is concerned about sending cash. What are Oscar's options? Why?

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ACTIVITY 2 - OVERHEAD 1



REMITTANCE OPTIONS TO SEND AND RECEIVE MONEY

Immigrants utilize a variety of mechanisms to send remittances: banks, credit unions, small and large money transmitter companies (such as MoneyGram and Western Union), postal services, hand delivery by the actual sender or by a third party, and lesser-regulated mechanisms such as *hawala* or *hundi*.

Methods to Send Money:

1. Money Transfer Organizations (MTOs)

MTOs, such as Western Union and MoneyGram, are licensed regional or global companies that offer cash transfers across borders. These services are available at agents within the local community, on the phone, or on the Internet.

2. Bank Transfers

Some banks and credit unions offer money transfer services from bank account to bank account and from bank account to cash, typically through a wire transfer or via check. The services are available via the bank branch, ATM, phone, and Internet. The money can be picked up at a local bank branch/agent or via a debit card through ATMs.

3. Hand Delivery

Some immigrants send money home through a courier, friends, or families returning to their home country for hand-delivery of the remittances.

4. Mail

Some immigrants send cash, money orders, or checks via the mail to their families in their home country.

5. Hawala

Hawala is an informal system, where an agent in the host country receives a certain amount and asks an agent in the destination country to give the corresponding amount in the local currency. The two agents will settle the debt through various mechanisms at a later time. This practice is common throughout South Asia.

6. Post Offices

Post offices throughout the world handle money transfers between countries. Countries in which post offices are used for remittance include the U.S., Mexico, many European countries, China, Israel, and Brazil.

7. Stored Value Cards

A stored-value card is a pre-paid account and is generally card-based. (The card can be used to transfer funds for payment, for example, to a merchant at a POS terminal, within the pre-paid balance of the account.)

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ACTIVITY 2 - OVERHEAD 2



BANK OCCUPATIONS

Tellers:

The individuals who typically process financial transactions (Examples: deposits, withdrawals, payments) and help customers with service on their accounts. Tellers are also responsible for uncovering additional customer needs and referring customers to the appropriate sales person.

Platform Bankers:

The salespeople who offer financial product and service solutions. The platform banker opens bank accounts (Examples: checking and savings accounts) and credit products such as credit cards, home loans, and credit lines. If they have the proper licenses, they can also offer investment products such as mutual funds, or insurance products. After assessing a customer's needs, these individuals may bring in additional specialists to help.

Mortgage Lenders:

Sales staff who specialize in helping customers finance their home purchases. Mortgage lenders help customers understand what home mortgage amounts they can afford by pre-qualifying them. They process mortgage applications and assist customers throughout the process of buying a home or refinancing their existing home. Some mortgage lenders specialize in certain segments of the market, such as first-time home buyers or properties in low-to-moderate income neighborhoods.

Operations Manager:

This person is typically responsible for the financial operations of a bank branch. While computers balance accounts, the operations manager reviews reports for any action that needs to take place. Some of their job responsibilities may include reviewing and making decisions on overdraft reports, reviewing teller transaction reports, ensuring that ATMs have money in them, and verifying teller balances at the end of the workday.

Branch Manager:

The person responsible for making sure the branch operates correctly from every level. The branch manager is responsible for hiring staff, ensuring the bank branch runs efficiently, meeting the needs of customers, and serving the needs of the community where the bank is located. Exact responsibilities vary from bank to bank, but the branch manager may also be responsible for bringing new business to the branch.

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ACTIVITY 2 - OVERHEAD 3



ELECTRONIC BANK SERVICES

Online banking is the fastest growing Internet activity in the U.S.

In 2004, 53 million Americans (representing 44 percent of all U.S. Internet users) used online banking.*

Types of Services

- Bank Cards
- Automated Services

Protect Your Passwords

- Remember that your ATM, bank, or online passwords provide access to your accounts. Protect yourself from theft or fraud by choosing passwords that work for you, but no one else.
- Use unusual passwords. Combine numbers and letters, and avoid passwords that could be guessed easily, such as your birthdate or license number.
- Keep passwords secret, even from your small children. If you let them “help you” when you withdraw money from an ATM or use a debit card, keep them from seeing what password you use.
- Never give passwords or other key information to strangers via e-mail.
- Change passwords often.
- Use different passwords for different accounts.

* *Pew Internet & American Life survey, November 2004*

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ACTIVITY 2 - HANDOUT 3



ONLINE BANKING BENEFITS

Using online banking has many benefits – not only for you, but also for banks and the environment too.

BENEFITS TO CONSUMERS	BENEFITS TO BANKS	BENEFITS TO THE ENVIRONMENT
<ul style="list-style-type: none"> • Instant access to up-to-date financial information • Reduced expenses; no need to pay for checks, envelopes, or stamps to pay bills • Tools to keep track of spending and bill payments • Reduced service charges 	<ul style="list-style-type: none"> • Customers are more educated; they learn more about their finances and take ownership of them • Reduced personnel demands, which lead to lower costs for consumers • Decreased mailing and reporting costs 	<ul style="list-style-type: none"> • Less paper used • Reduced paper waste that could clog landfills • Reduced carbon emissions

If you received and paid ten bills over the Internet, you would:

- Save 3.7 pounds of paper and 4.8 gallons of gasoline
- Prevent 36 gallons of wastewater from discharging into water sources
- Prevent the release of 148 pounds of greenhouse gases*

Can you think of other benefits of online banking and bill paying?

* Source: <http://www.payitgreen.org/green-calculator.html>

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ACTIVITY 2 - OVERHEAD 4



BANK CARDS

TYPES	DESCRIPTION
Check Cards or ATM/Debit Cards	<ul style="list-style-type: none">• Bank cards that allow for the payment of goods and services to be subtracted <i>directly</i> from a bank deposit account.• Can be used with merchants that take major credit cards—known as point of sale (POS) transactions.
Stored Value Cards	<ul style="list-style-type: none">• Cards with a preset, limited value.• Used to pay for goods and services.• Alternative to cash.

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ACTIVITY 2 - HANDOUT 4



ELECTRONIC BANK SERVICES

Automated Services

<p>Direct Deposit</p>	<ul style="list-style-type: none"> • Payments <i>from</i> third party into bank accounts for paychecks, Social Security, etc.
<p>Transfers between Accounts</p>	<ul style="list-style-type: none"> • Automatic transfer of money from one account to another, such as from a checking account to a savings account. • Occur on a designated date of month.
<p>Transfers to a Third Party</p>	<ul style="list-style-type: none"> • Automatic payments of variety of bills <i>directly</i> from a bank account, such as automatically paying rent or monthly auto loan payment. • Account holder receives confirmation.
<p>Online Banking</p>	<ul style="list-style-type: none"> • Requires computer and Internet access. • Security = Username + Password. • Available in real time. • Allows customers to complete most regular bank transactions. • Can be used to pay utility and other bills (bill payment). • Is friendlier to the environment
<p>Bank by Phone</p>	<ul style="list-style-type: none"> • Provides electronic account access. • Keypad or voice-activated. • Requires a Personal Identification Number (PIN) or password access. • Includes various options. • Allows review of regular bank transactions. • Allows one to speak to a bank customer service representative. • Can be used to pay bills.
<p>ATM</p>	<ul style="list-style-type: none"> • Automated Teller Machine • Allows one to obtain cash and conduct banking transactions. • Allows regular review of bank transactions. • Requires a Personal Identification Number (PIN).

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ACTIVITY 2 - OVERHEAD 5



REGULATION OF ELECTRONIC BANKING SERVICES

Electronic Fund Transfer Act

Protects consumers using any type of electronic banking from certain losses and protects their privacy.

Banks must:

- **Offer consumers a record or receipt for all computer transactions.**
- **Investigate errors and report to consumer within ten days of error notification.**

Customers are responsible for reporting any errors.