



# Money and Banking

Practical University

---

# What is a bank?



- A bank is where you put money.
- It should be placed where people will handle it well.

# What does a bank do?

- It makes loans for:
  - Car purchases
  - Home buyers
  - Businesses
  - Farms
- It invests in securities.
  - A good bank will be conservative and not “trade” in risky investments.
- It holds money in reserves.



# Bank Services

- **Checking Accounts**

- For transactions

- **Savings Accounts**

- This earns interest.

- **Certificates of Deposit**

- Must keep money there for a period of time.
  - The longer it is there, the higher the rate.

- **NOW Accounts**

- Checking with interest earned
- Need a minimum balance

- **Credit and Debit Cards**

- **Safe Deposit Boxes** can be rented to keep valuables.

# Opening an Account



- Must sign a signature card
  - Name, address, phone #, date of birth, Social Security#, Mother's Maiden name.
- Passbook is issued
  - This shows the new account and the amount in the account.
- If under 18, must be able to sign name.
  - Usually, if you are 14-16, parents can co-sign on the account. By the time you are 17, you can have the account by yourself.

# How Checks Work

- Checks are used to pay for goods and services and transfer money.
  - It specifies to whom and how much.
  - It is authorized with a signature.
  - The check is “endorsed” by signing on the back.
- A check is a set of instructions to the bank.
- The check takes money from your bank’s account with the Federal Reserve and transfers it to the Fed account of the bank of the payee.
- The money is taken from your account.
- A cancelled check has “cleared” and can be used to prove payment.



# ATM's and Debit Cards

- An ATM is used for:
  - Withdrawing money
  - Deposits
  - Payments
  - Transfers
  - Finding the balance in the account.
- You need an ATM card (Debit Card)
  - This operates with a PIN #
    - Be careful to guard this number



# Choosing a Bank

- Convenience: check their hours and location
- FDIC Insured: this will protect your money.
- Community: does it promote your neighborhood?
- Service: Are they courteous and efficient
  - Ask your friends if they are happy.

