

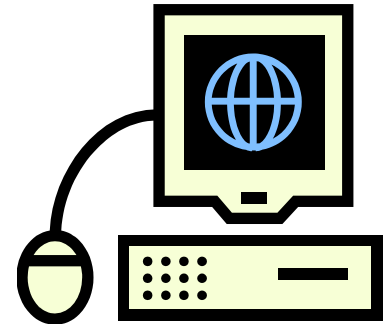
CHECKING ACCOUNT & DEBIT CARD SIMULATION

Understanding Checking Accounts and Debit Card Transactions



WHAT IS A CHECKING ACCOUNT?

- Common financial service used by many consumers
- Funds are easily accessed
 - Check
 - ATM (automated teller machine)
 - Debit card
 - Telephone
 - Internet
- Services and fees vary depending upon the financial institution



WHY DO PEOPLE USE CHECKING ACCOUNTS?

- Reduces the need to carry large amounts of cash
- Convenience – useful for paying bills
- Spending Plan Tool
 - Keeps a record of where money is spent
- Safety – using checks is safer than carrying cash



WHAT IS A CHECK?

- Used at the time of purchase as the form of payment

- Piece of paper pre-printed with the account holder's:
 - Name
 - Address
 - Financial institution
 - Identification numbers



BOUNCING A CHECK

- Check written for an amount over the current balance held in the account
 - **'Bounces'** due to insufficient funds, or not enough money in the account to cover the check written
- A fee will be charged to the account holder
- Harm future opportunities for credit



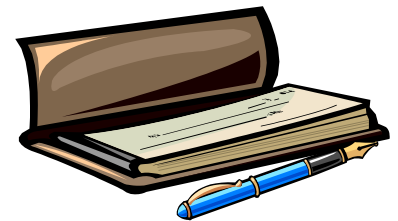
OTHER CHECKING COMPONENTS

○ Checking Account Register

- Place to immediately record all monetary transactions for a checking account
 - Written checks, ATM withdrawals, debit card purchases, deposits and additional bank fees

○ Checkbook

- Contains the checks and the register to track monetary transactions



ATM



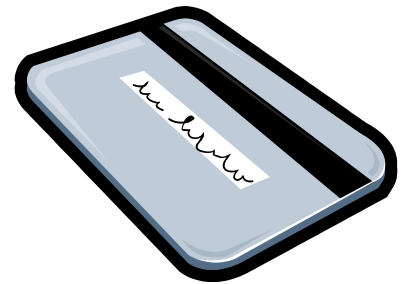
- **Automated teller machine**, or a cash machine
- Can be used to withdraw cash and make deposits
- Additional fees may be assessed if the ATM used is not provided by the financial institution sponsoring the card

DEBIT CARD

- Plastic card that looks like a credit card
- Electronically connected to a bank account
- Money is automatically taken from the bank account when purchases are made
- Requires a PIN (personal identification number)
 - Confirms the user is authorized to access the account

TO USE A DEBIT CARD

- Swipe it through the store machine or put into an ATM
- Enter the PIN
- Complete transaction



PROS AND CONS - DEBIT CARDS

Pros

- Convenient
- Small
- Can be used like a credit card
- Allows a person to carry less cash
- Does not allow overspending

Cons

- Can lose track of balance if transactions are not written down
- Opens checking account up to credit fraud
- Others can gain access to the account if the card is lost and PIN is known

ENDORISING A CHECK

○ Endorsement

- Signature on the back of a check to approve it to be deposited or cashed
- A check must be endorsed to be deposited

○ Three types

- Blank
- Restrictive
- Special

BLANK ENDORSEMENT

- Receiver of the check signs his/her name
- Anyone can cash or deposit the check after has been signed

Endorse Here

X *Sally Smith*

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

RESTRICTIVE ENDORSEMENT

- More secure than blank endorsement
- Receiver writes “for deposit only” and account number above his/her signature
 - Allows the check to only be deposited

Endorse Here	
	<i>For Deposit Only—Acct. # 1234567890</i>
X	<i>Sally Smith</i>
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR FINANCIAL INSTITUTION USE	

SPECIAL ENDORSEMENT

- Receiver signs and writes “pay to the order of (fill in person’s name)”
- Allows the check to be transferred to a second party
 - Also known as a two-party check

Endorse Here
<i>Pay to the order of Mike Smith</i>
X <i>Sally Smith</i>
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR FINANCIAL INSTITUTION USE

WORKSHEET ANSWERS

Blank

Endorse Here

X Student's Signature

Restrictive

Endorse Here

For Deposit Only—Acct. # 987654321

X Student's Signature

Special

Endorse Here


Pay to the Order of Jonathon Smith

X Student's Signature

MAKING A DEPOSIT

- **Deposit slip**
 - Contains the account holder's account number and allows money (cash or check) to be deposited into the correct account
 - Located in the back of the checkbook
- Complete a deposit slip to make a deposit
- Deposited amount must be recorded in the checking account register to keep the balance current
- Deposits can be made at an ATM or with a bank teller

COMPLETING A DEPOSIT SLIP


Deposit Slip		93-456-9540
	Sally Smith 500 Great Street Yountown, MT 55555	
Date September 1, 2006	<small>DEPOSITOR'S NAME</small>	
<small>SIGN HERE FOR CASH RECEIVED</small>		
Guardian Angel Banking 423 South 15th Yountown, MT 55555		
0123456789 : 1234567890 *		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
TOTAL FROM OTHER SIDE		
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT	\$	

○ Date

- The date the deposit is being made

COMPLETING A DEPOSIT SLIP

Deposit Slip 93-456-9540



Sally Smith
500 Great Street
Yowntown, MS 55555

Date September 1, 2006 DATE

Sally Smith
SIGN HERE FOR CASH RECEIVED

Guardian Angel Banking
423 South 15th
Yowntown, MS 55555


CASH	Dollars	Cents
CHECKS LIST SINGLY		
TOTAL FROM OTHER SIDE		
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT \$		

0123456789 : 1234567890 *

- Signature Line
 - Sign this line to receive cash back

COMPLETING A DEPOSIT SLIP

Deposit Slip 93-456-9540



Sally Smith
500 Great Street
Yountown, MT 55555


Date September 1, 2006 2006

Sally Smith
SIGN NAME FOR CASH RECEIVED

Guardian Angel Banking
423 South 15th
Yountown, MT 55555

0123456789 : 1234567890 *


CASH	Dollars	Cents
CHECKS LIST SINGLY		
TOTAL FROM OTHER SIDE		
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT	\$	



○ Cash

- The total amount of cash being deposited

COMPLETING A DEPOSIT SLIP

Deposit Slip		93-456-9540	
	Sally Smith 500 Great Street Yountown, MS 55555		
Date	September 1, 2006		
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>			
Sally Smith			
<small>SIGN HERE FOR CASH RECEIVED</small>			
Guardians Angel Banking 423 South 15th Yountown, MS 55555			
0123456789 : 1234567890 *			
CASH	Dollars	Cents	
CHECKS LIST SINGLY			
Piggly Wiggly #5678	154	01	
TOTAL FROM OTHER SIDE			
SUBTOTAL			
* Less Cash Received			
NET DEPOSIT			

○ Checks

- List each check individually

- Identify each check on the deposit slip by abbreviating the name of the check writer

CASH
Dollars
Cents

CHECKS
List Singly

Piggly Wiggly #5678

Total From Other Side


COMPLETING A DEPOSIT SLIP

CHECKS LIST SINGLY	Dollars	Cents
1. Fran Smith #601	20	00
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL ENTER ON FRONT	\$ 20	00

○ Checks


- If more checks are being deposited than number of spaces on the front, use the back
- List each check
- Add the total, enter it on the front

COMPLETING A DEPOSIT SLIP

<i>Deposit Slip</i>		
93-456-9540		
 <p>Sally Smith 500 Great Street Yountown, MS 55555</p>		
Date <u>September 1, 2006</u>		
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
<u>Sally Smith</u>		
<small>GUARDIANE SIGN HERE FOR CASH RECEIVED</small>		
<p>Guardiane Angel Banking 423 South 15th Yountown, MS 55555</p>		
0123456789 : 1234567890 *		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
Piggly Wiggly #5678	154	01
TOTAL FROM OTHER SIDE	20	00
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT		

- Total from Other Side
 - The total amount from all checks listed on the back


COMPLETING A DEPOSIT SLIP

Deposit Slip		
 <p>Sally Smith 500 Great Street Yountown, MS 55555</p>		
93-456-9540		
Date	September 1, 2006	
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
<p>Sally Smith</p> <p><small>Signature</small> <small>SIGN HERE FOR CASH RECEIVED</small></p>		
<p><small>Guardians</small> Angel Banking 423 South 15th Yountown, MS 55555</p>		
0123456789 : 1234567890 *		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
Piggly Wiggly #5678	154	01
TOTAL FROM OTHER SIDE	20	00
SUBTOTAL	174	01
* Less Cash Received		
NET DEPOSIT		

○ Subtotal

- The total amount of cash and checks


COMPLETING A DEPOSIT SLIP

Deposit Slip		
 <p>Sally Smith 500 Great Street Yountown, MS 55555</p>		93-456-9540
Date	September 1, 2006	
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
<p>Sally Smith</p> <p><small>Guardian</small> SIGN HERE FOR CASH RECEIVED</p> <p><small>Angel Banking</small> 423 South 15th Yountown, MS 55555</p>		
0123456789 : 1234567890 *		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
Piggly Wiggly #5678	154	01
TOTAL FROM OTHER SIDE	20	00
SUBTOTAL	174	01
* Less Cash Received	30	00
NET DEPOSIT		

○ Less Cash Received

- The amount of cash back being received
- This amount is not deposited into account

COMPLETING A DEPOSIT SLIP


<i>Deposit Slip</i>		
	<i>Sally Smith</i> 500 Great Street Yountown, MS 55555	93-456-9540
Date <u>September 1, 2006</u>	<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>	
<u><i>Sally Smith</i></u>	<small>SIGN HERE FOR CASH RECEIVED</small>	
<small>Guardian Agent Banking 423 South 15th Yountown, MS 55555</small>		
0123456789 : 1234567890 *		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
Piggly Wiggly #5678	154	01
TOTAL FROM OTHER SIDE	20	00
SUBTOTAL	174	01
* Less Cash Received	30	00
NET DEPOSIT	144	01

○ Net Deposit

- The amount being deposited into the account
- To calculate the amount, subtract the cash received from the subtotal

WORKSHEET ANSWER

Deposit Slip 93-456-9540

 *Sally Smith*
500 Great Street
Yountown, MT 55555

Date: September 2, 2006

DEPOSITS Sally Smith MAY NOT BE A VAIL. SSS

Guardian Angel Banking
423 South 15th
Yountown, MT 55555

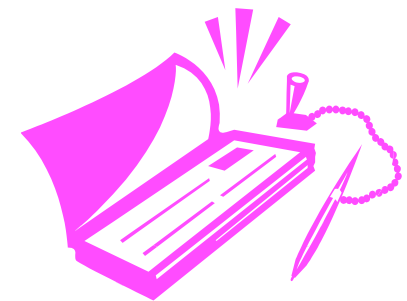
0123456789 : 1234567890 *

	Dollars	Cents
CASH		
CHECKS LIST SINGLY		
<i>Lonni James #598</i>	50	00
TOTAL FROM OTHER SIDE	101	00
SUBTOTAL	151	00
* Less Cash Received	15	00
NET DEPOSIT \$	136	00

CHECKS LIST SINGLY	Dollars	Cents
1. <i>Sarah Lanning #4459</i>	86	00
2. <i>Roberta Smith #692</i>	15	00
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL ENTER ON FRONT	\$ 101	00

WRITING A CHECK

- To pay for items using a checking account
 - A check is given as a form of payment
 - Must be completed and given to the person or business
- Pre-printed items on a check
 - Name and address of account holder
 - Name and address of financial institution
 - Check number
 - Identification numbers (account, routing)



WRITING A CHECK

Sally Smith
500 Great Street
Yountown, MS 55555

93-456-9540
 45086244786

301

Date _____

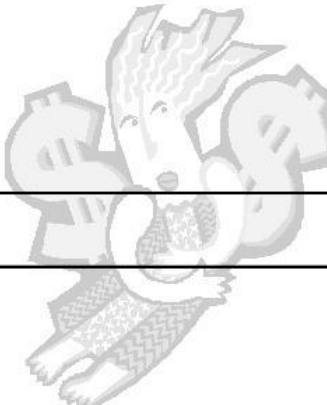
Pay to the
 Order of _____

_____ Dollars

Guardian Angel Banking
423 South 15th
Yountown, MS 55555

Memo _____

0123456789 : 1234567890 : 301



○ Personal Information

- Account holder's name and address
- May include a phone number, not required
- DO NOT list a social security number for safety reasons

WRITING A CHECK

Sally Smith
500 Great Street
Yountown, MS 55555

93-456-9540
45086244786

301

Date _____

Pay to the
Order of _____

_____ Dollars

Guardian Angel Banking
423 South 15th
Yountown, MS 55555

Memo _____

0123456789 : 1234567890 : 301

○ Check Number

- Numbers used to identify checks
- Printed chronologically

WRITING A CHECK

Sally Smith
500 Great Street
Yountown, MS 55555

93-456-9540
 45086244786

301

Date September 2, 2006


Pay to the
Order of _____

_____ *Dollars*

Guardian Angel Banking
423 South 15th
Yountown, MS 55555

Memo _____

0123456789 : 1234567890 : 301



○ Date

- The date the check is written

WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		<i>Date</i> <u>September 2, 2003</u>	
<i>Pay to the Order of</i> _____	GAS 'N' GO	_____	<input type="text"/>
		_____	<i>Dollars</i>
<i>Guardian Angel Banking</i> 423 South 15th Yountown, MS 55555			
<i>Memo</i> _____		_____	
0123456789 : 1234567890 : 301			

○ Pay to the Order of

- The name of the person or business to whom the check is being written

WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		Date	<u>September 2, 2003</u>
Pay to the Order of	GAS 'N' GO		\$15.<u>78</u>
			Dollars
Guardian Angel Banking 423 South 15th Yountown, MS 55555			
Memo			
0123456789 : 1234567890 : 301			

- Amount of the Check in Numerals
 - The amount of the check written numerically in the box
 - Write the cents smaller and underline
 - Write the numbers directly next the dollar sign to prevent someone else from adding numbers to change the amount

WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		<i>Date</i> <u>September 2, 2003</u>	
<i>Pay to the Order of</i>	GAS 'N' GO		\$15.⁷⁸
FIFTEEN AND 78/100			<i>Dollars</i>
<i>Guardian Angel Banking</i> 423 South 15th Yountown, MS 55555			
<i>Memo</i> _____			
0123456789 : 1234567890 : 301			

○ Amount of the Check in Words

- The amount of the check written in words on the second line
- Start at the far left of the line, write the amount in words, followed by 'and', and the amount of cents over 100; draw a line from the end of the words to the word 'dollars'

WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		Date	<u>September 2, 2003</u>
Pay to the Order of	GAS 'N' GO		\$15. ⁷⁸
FIFTEEN AND 78/100			Dollars
Guardian Angel Banking 423 South 15th Yountown, MS 55555			
Memo	GAS		
0123456789 : 1234567890 : 301			

○ Memo

- Space used to identify the reason for writing a check; optional
- Good place to write information requested by a company when paying a bill, generally the account number

WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		Date	<u>September 2, 2003</u>
Pay to the Order of	GAS 'N' GO		\$15. ⁷⁸
FIFTEEN AND 78/100			Dollars
Guardian Angel Banking 423 South 15th Yountown, MS 55555			
Memo	GAS	<i>Sally Smith</i>	
0123456789 : 1234567890 : 301			

○ Signature

- The account holder's signature agreeing to the transaction

WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		Date	<u>September 2, 2003</u>
Pay to the Order of	GAS 'N' GO		\$15. ⁷⁸
<u>FIFTEEN AND 78/100</u>			Dollars
<i>Guardian Angel Banking</i> 423 South 15th Yountown, MS 55555			
Memo	<u>GAS</u>	<i>Sally Smith</i>	
0123456789 : 1234567890 : 301			

○ Identification Numbers

- First - routing numbers to identify the account's financial institution
- Second - account number
- Third - check number

WORKSHEET ANSWERS

Sally Smith 500 Great Street Yountown, MA 55555		93-456-9540 45086244786	302
		Date	<u>September 3, 2006</u>
Pay to the Order Of:	<u>Aspen Properties</u>		\$ <u>375.00</u>
<u>Three hundred, seventy-five dollars and no/100</u>			<u>Dollars</u>
Memorandum	<u>rent</u> <i>Guardians Angel Basketing</i>		<u>Sally Smith</u>
0123456789 : 1234567890 : 302			

WORKSHEET ANSWERS

Sally Smith 500 Great Street Yountown, MT 55555		93-456-9540 45086244786	303 Date <u>September 6, 2006</u>
Pay to the Order Of: <u>Hungry Man</u>			\$ <u>27.32</u>
<u>Twenty seven dollars and 32/100</u>		Dollars	
Memo <u>food</u>	Guendine Vogel Basking	<u>Sally Smith</u>	
0123456789 : 1234567890 : 303			

DEBIT CARD

- **Account Number**—Links all purchases made with the card to a designated bank account
- **Expiration Date**— The debit card is valid and may be used until this date
- **Cardholder's Name**— The cardholder's full name is written out and displayed.
- **Magnetic Strip**— When the debit card is swiped, the magnetic strip automatically withdraws funds from the cardholder's account.

DEBIT CARD

- **Authorized Signature**— Sign in the signature box on the back of the debit card to authorize payments
 - Should also write, “See ID” in the signature box
 - Ensures the person using the card is authorized to do so
- **Verification Number**—This three digit code is located on the back of the card in the signature area
 - Help ensure the card is in the cardholder’s possession when making purchases
 - Prevents unauthorized use

CHECKING ACCOUNT REGISTER

- Place to record all monetary transactions for a checking account
 - Deposits, checks, ATM use, debit card purchases, additional bank fees
- Used to keep a running balance of the account
- Remember
 - Record every transaction!

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		✓ T	FEE (IF ANY)	BALANCE	
			\$		\$			\$	\$	
9/03			\$		\$			\$	\$	

○ Date

- The date the check was written or transaction was made

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
9/03	301		\$		\$			\$	\$	

○ Number

- The number of the written check; if a debit card or ATM was used, write DC or ATM

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		✓ T	FEE (IF ANY)	BALANCE	
			\$		\$			\$	\$	
9/03	301	Gas 'N' Go	\$		\$			\$	\$	
		Gas								

○ Description of Transaction

- The person/business the check was written to or where the debit card was used
- Gray line can be used to write the memo

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
9/03	301	Gas 'N' Go	\$ 15	78	\$			\$	\$	
		Gas								

○ Payment/Debit(-)

- Amount of the transaction
- Deducted from the balance

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
			\$		\$ 100	00		\$	\$	

○ Deposit/Credit(+)

- Amount of the transaction
- Added to the balance

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
9/03	301	Gas 'N' Go	\$ 15	78	\$			\$	\$	
		Gas								

○ ✓ T

- A box used to track whether the check has cleared on the monthly bank statement when reconciling at the end of each month

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
9/03	301	Gas 'N' Go	\$ 15	78	\$			\$	\$	
		Gas								

○ Fee (if any)

- Any extra fees charged to the account
- Listed on the bank statement

CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/ DEBIT (-)		DEPOSIT/ CREDIT (+)		√ T	FEE (IF ANY)	BALANCE	
									\$ 275.00	
9/1	DEP	Deposit			144	01			144	01
		September Paycheck							419	01

○ Balance

- The running total of the checking account
- Calculated by adding or subtracting each transaction
- Keep this updated

MONTHLY BANK STATEMENT

- Lists each monetary transaction and the current account balance for a specified time period
- Includes:
 - Dates
 - Identification for each transaction (number or type, date, amount)
 - Transaction amounts for withdrawals and/or deposits
 - Interest earned (if applicable)
 - Fees or charges (if applicable)

MONTHLY BANK STATEMENT

- Lists each transaction and current account balance
 - Deposits
 - Checks
 - Debit Card transactions
 - ATM transactions
 - Additional fees



CHECKING ACCOUNT SAFETY

- If a checkbook, ATM, and/or debit card becomes lost or stolen
 - Immediately report it to the financial institution
 - File a report with the police
- Reported lost/stolen checkbook:
 - Financial institutions generally do not hold the account holder liable for any fraudulent charges

SAFETY CONTINUED

- Reported lost/stolen ATM/debit card:
 - Within 2 business days
 - Cardholder is only liable for \$50.00
 - Longer than 2 business days
 - Could be liable for up to \$500.00
 - Varies depending upon the financial institution
 - May not charge the account holder anything if the correct steps were taken to report the lost/stolen card

QUESTIONS?