



Bank Accounts

November 2019

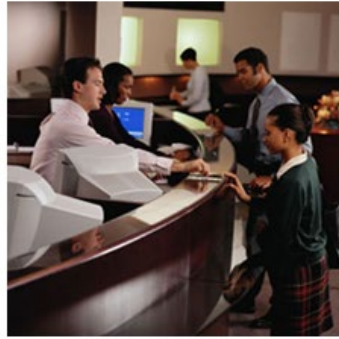


Bank Basics

Types of Banks

- **Bank:** operates under regulations and federal and state laws.
 - Banks make loans, pay checks, accept deposits, and provide other financial services.
- **Credit Union:** not-for-profit financial institution owned by people who have something in common (i.e., work for the same industry, belong to the same workers' union or live/work in a certain area).
 - Credit unions offer many of the same services as banks and thrifts, and operate under the same regulations and laws.
- **Cooperative/Thrift Banks:** owned by their shareholders (stock ownership) or by their depositors (mutual ownership).
 - Reading Cooperative Bank is a mutually owned cooperative bank.

How Do Banks Work?



You place your money in a savings account with your bank



The bank uses that money to lend to other people and businesses



These people and businesses pay the bank interest for borrowing the money



The bank pays you interest for using your money to make the loans and keeps the difference

Why Keep Your Money in a Bank?

- Safety.
- Convenience with 24/7 access.
- Interest – we pay you to deposit!
- Security.
- Helps you set goals and save!
- Good credentials for loan applications with responsible use.



How Banks Look at Accounts

- Low Cost (Pay less Interest)
 - Checking;
 - Savings; and
 - Money Market Accounts.
- High Cost (Pay higher Interest)
 - Certificate of Deposits (CDs); and
 - Retirement Accounts.



We Insure Deposits – 100%!

- Federal Deposit Insurance Corporation (FDIC):

- Insures the savings of millions of Americans throughout the FDIC Insured banks (more than 4,500 banks).
- Will insure up to \$250,000.00
- Checks the safety and soundness of member banks.

- Share Insurance Fund (SIF):

- Massachusetts is the only two-tiered bank insurance state through the Co-operative Central Bank.
- Will cover amounts over the FDIC's \$250,000.00.
- Other types include: Depositors Insurance Fund (DIF) or Massachusetts Credit Union Share Insurance Corporation (MSIC)





Goal Setting

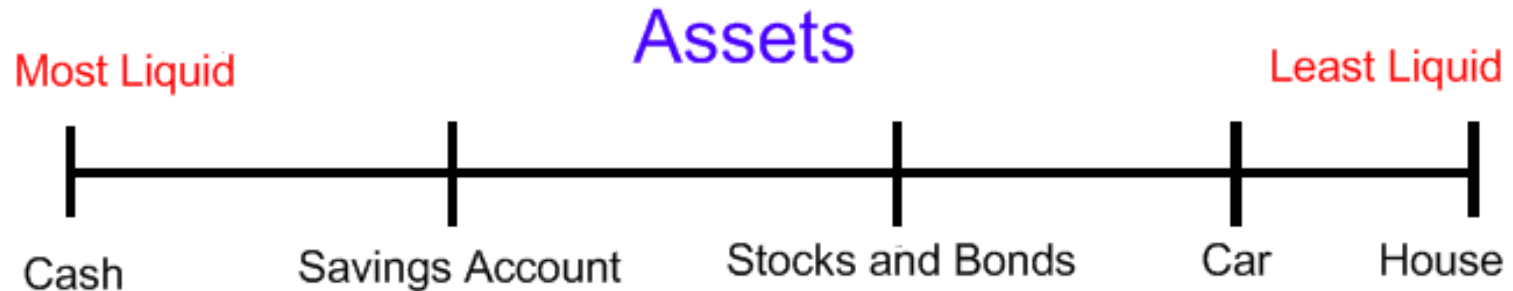


- **Short-Term Goals:** events and items you are saving for that will take a year or less to save for.
- New cell phone, clothes, or laptop.
- **Long-Term Goals:** events and items you are saving for that will take more than a year to save for.
- Like college, a car, or a house!



Liquidity

- Liquidity is how quickly you can turn an asset into cash.
 - An asset is another term for deposit and investment accounts in your name.
 - The most liquid asset is cash with the least liquid being a house.

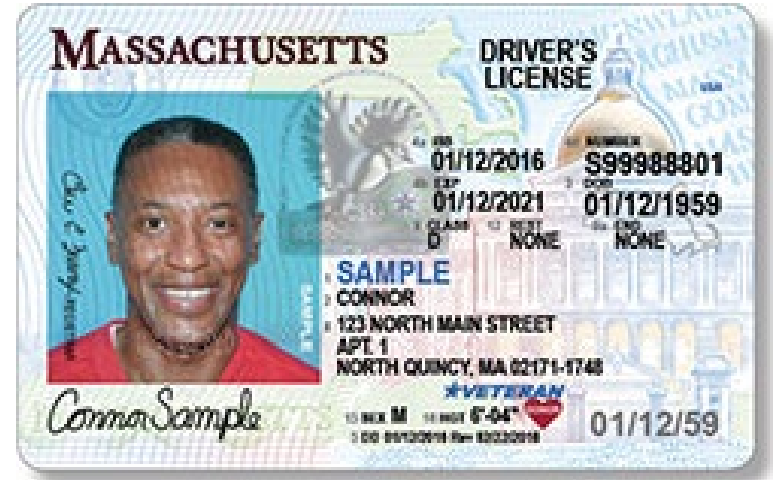


Shopping Around Banking Accounts

- Monthly Fees
- Per-check Charge
- Balance Requirements
- Interest Rate
- Funds Availability
- Bounced Check Charge
 - When you write and you have NSF in your account; &
 - When you deposit and the account check is drawn off of has no funds in it.
- ATM Locations and Networks
- ATM/Debit Card Charges
- Stop Pay Fees
- Charges for Checks
- Location & Number of Branches
- Electronic Banking Suite
- Bank's Technology.
- Is there one in my school?

What Do You Need to Open an Account?

- Social Security Number;
- A Non-expired Government Issued Photo ID;
 - School ID Counts!
- Money to Deposit;
- We might ask you questions, too!
 - Helps the bank learn your routine.



Common Bank Services

Direct
Deposit

ATMs

Debit Card

ATM Cards

Loans

Money
Orders

Online
Banking

Deposit
Accounts

Bill Pay

Mobile
Banking

Bank
Checks

Telephone
Banking

A check form template with a textured, light brown background. The form includes fields for the payor's name and address, a routing number (9-5678/1234), a date line, a pay-to-the-order-of field with a dollar sign and a blank space, a field for the amount in dollars, a field for the payee's name, and a field for the purpose of the payment. At the bottom, there is a MICR line with the numbers 123456780 and 0301, and another MICR line with the numbers 123456789. A small green icon is visible in the top right corner of the form.

Checking Accounts

What is a Checking Account?

- A type of deposit account from which you can also withdraw money for daily needs like paying bills or buying groceries.
- Referred to as a *Demand Deposit Account* (DDA) in the Banking lingo.
- For the bank it is considered a low cost account.



How Do I...

- Open a Checking Account
 - In Branch or Online
- Deposit Funds
 - In Branch, at ATM, or Automatically
- Withdraw from Account
 - Check
 - ATM or Debit Card
 - Automatic Withdrawals



Completing a Check

Amount in words **Who the check is to** **Today's date** **Amount in numbers**

G. I. SAWEWELL
123 BUCK AVE. PH. 213-555-0125
MONEYVILLE, NY 45678

DATE 6-26-05 8956

PAY TO THE ORDER OF Yackmoore Cell Phone Co. \$ 123.45

one hundred twenty-three and ⁴⁵/₁₀₀ DOLLARS

FREAK National Bank

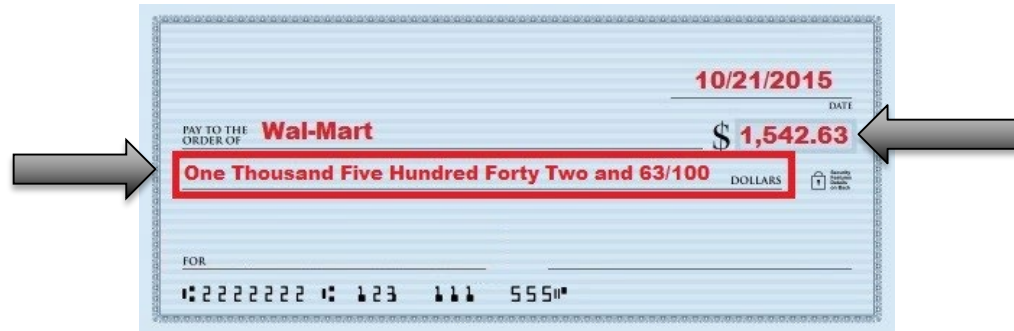
MEMO # 716-555-8237 G. I. Sawewell

⑆123456789⑆55555555501⑆08956

Your cell phone account number **Your official signature**

How much is it Worth?

- Checks and withdrawals tickets are negotiable for the amount written in words.
- Make sure the customer has written this in or the check/withdrawal ticket is worth zero.
- If there is a discrepancy, we need to take the check for the amount written in words OR the customer can get a new check.



ATM Card vs Debit Card

- Use at ATM
 - Make Withdrawals
 - Make Deposits
 - Transfer Funds
- Use at Stores that allow you to use your PIN



- Use at ATM
- Use at Stores for PIN-based Transactions
- Use at Stores for Signature-based transactions
- Has Visa or MasterCard Logo



Debit Card Chip Technology – EMV

- Europay, MasterCard, Visa (aka EMV) helps keep your account safe against scammers who try to access your account!
- The chip stores unique data that tells that bank and vendor that the transaction is being done with your card present instead of a fake card.

EMV (chip)



Balancing a Checking Account

- Checkbook register tracks the deposits, checks written, and other transactions on your account.
- If used all the time, the register will have your most current account balance.
- The bank only knows that transactions that have posted to your account, we don't know the outstanding transactions.

Transfer = T Direct Deposit = DD ATM Deposit = AD ATM Withdrawal = AW Automatic Payment = AP Loan Payment = LP Expense = E Tax Deductible = TD									
ITEM NO. Nº de cheque	DATE Fecha	DESCRIPTION OF TRANSACTION Descripción de la transacción	PAYMENT WITHHELD OR FEE AMOUNT Monto del pago - cargo o cargo	✓	CODE Código	PAYMENT, DEPOSIT OR INTEREST Pago, depósito o interés	BALANCE		
							\$771	75	
208	4/20	Board Shack	6	20	✓		876	55	
		Sales tax on ck 189 purchase					878	78	
272	4/23	Next level clothes	78	78	✓		806	77	
		April wk #3 purchase					844	95	
273	4/23	Le Grain de Cafe	14	95	✓		860	82	
		April wk #3 purchase					880	83	
274	4/24	VirtuGasoline	20	83	✓		860	89	
		April wk #4					840	89	
275	4/24	Virtufood	75	00	✓		765	89	
		April wk #4 food					765	89	
276	4/29	VirtuSupply	20	00	✓		745	89	
		April wk #4 supply					745	89	
277	4/29	Hot N Tasty Subs	80	00	✓		665	89	
		April wk #4 purchase					665	89	
278	4/29	843 C.H.O.P	51	13	✓		614	86	
		April wk #4 purchase					614	86	
Fee	5/2	Account Fee	9	00			605	86	
		For for May					605	86	
Dep	4/29	Payment from U.C.			✓	1,130	1,735	16	
		Pay Period 4/1-4/15					1,735	02	
279	5/14	Bryne's Bazaar	265	44			1,470	44	
		May wk #1 purchase / SC					1,205	58	
280	5/14	entertaining you	50	00			1,155	58	
		May wk #1 purchase / VA					1,105	98	
281	5/14	Audio Star	599	98			506	00	
		May wk #1 purchase					506	00	
282	5/14	Next level clothes	191	94			315	94	
		May wk #1 purchase					315	00	
283	5/15	Virtu Property Manage..	325	00			0	00	
		May Rent					0	00	

Transacción = T Depósito directo = DD Depósito en cajero automático (ATM) = DA Retiro de cajero automático (ATM) = RA Pago automático = PA Pago de préstamo = PP
Cargo = C Exención de impuestos = EI

For _____

Does it Match Your Bank Statement?



CHEQUING ACCOUNT STATEMENT
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JOHN JONES
1643 DUNDAS ST W APT 27
TORONTO ON M6K 1V2

Statement period	Account No.
2003-10-09 to 2003-11-08	00005-123-456-7

Date	Description	Ref.	Withdrawals	Deposits	Balance
2003-10-08	Previous balance				0.55
2003-10-14	Payroll Deposit - HOTEL			694.81	695.36
2003-10-14	Web Bill Payment - MASTERCARD	9685	200.00		495.36
2003-10-16	ATM Withdrawal - INTERAC	3990	21.25		474.11
2003-10-16	Fees - Interac		1.50		472.61
2003-10-20	Interac Purchase - ELECTRONICS	1975	2.99		469.62
2003-10-21	Web Bill Payment - AMEX	3314	300.00		169.62
2003-10-22	ATM Withdrawal - FIRST BANK	0064	100.00		69.62
2003-10-23	Interac Purchase - SUPERMARKET	1559	29.08		40.54
2003-10-24	Interac Refund - ELECTRONICS	1975		2.99	43.53
2003-10-27	Telephone Bill Payment - VISA	2475	6.77		36.76
2003-10-28	Payroll Deposit - HOTEL			694.81	731.57
2003-10-30	Web Funds Transfer - From SAVINGS	2620		50.00	781.57
2003-11-03	Pre-Auth. Payment - INSURANCE		33.55		748.02
2003-11-03	Cheque No. - 409		100.00		648.02
2003-11-06	Mortgage Payment		710.49		-62.47
2003-11-07	Fees - Overdraft		5.00		-67.47
2003-11-08	Fees - Monthly		5.00		-72.47
*** Totals ***			1,515.63	1,442.61	

Check Register

Number	Date	Description of Transaction	C Debit (-)	Credit (+)	Balance
	10/8/03	Previous balance		\$0.55	\$0.55
Dep	10/14/03	Payroll	✓	\$694.81	\$695.36
DC	10/14/03	Web Bill Payment	✓ \$200.00		\$495.36
ATM	10/16/03	Interac Bank	✓ \$21.25		\$474.11
Fee	10/16/03	ATM Fee	✓ \$1.50		\$472.61
Dc	10/20/03	Electronic	✓ \$2.99		\$469.62
DC	10/21/03	AMEX Payment	\$300.00		\$169.62
ATM	10/22/03	First Bank	\$100.00		\$69.62
DC	10/23/03	Supermarket	\$29.08		\$40.54
Dep	10/24/03	Return Electronic Purchase		\$2.99	\$43.53
Dc	10/27/03	Visa Payment	\$6.77		\$36.76
Dep	10/28/03	Payroll		\$694.81	\$731.57
Tran	10/30/03	From Savings		\$50.00	\$781.57
AW	11/3/03	Insurance	\$33.55		\$748.02
409	11/3/03	Bagel World	\$100.00		\$648.02
AW	11/6/03	Mortgage Payment	\$710.49		-\$62.47
Fee	11/7/03	Overdrafts	\$5.00		-\$67.47
Fee	11/8/03	Monthly	\$5.00		-\$72.47
Dep	11/9/03	Birthday Money		\$150.00	\$77.53

What Checking Accounts Look Like at RCB

Account Name	Interest	Minimum Balance	Fee if Min. Bal. not Maint.	# Checks per Month	Per Check Charge	Minimum to Open	ATM Fees Rebated
Value	No	None	\$0.00	Unlimited	\$0.00	\$10.00	No
Value NOW	Yes	\$500 or Monthly Direct Deposit	\$10.00	Unlimited	\$0.00	\$10.00	No
Student Checking	No	None	\$0.00	Unlimited	\$0.00	\$10.00	Yes
On-the-Go	No	\$100.00	\$3.99	Unlimited	\$0.00	\$10.00	Yes
Green Checking	No	None	\$0.00	Unlimited	\$0.00	\$10.00	No
Green On-the-Go	No	\$100.00	\$3.99	Unlimited	\$0.00	\$10.00	Yes

Free ATM/Debit Cards, Electronic Banking, and eStatements available on all accounts.

Green accounts may only be opened online. All other accounts required to be open at an RCB Branch.



Savings Accounts

What is a Savings Account?

- Interest earning account that allows customer to deposit funds and make withdrawals.
- Unlike a checking accounts, there are no checks to access your funds.
- You may have an ATM Card to access statement savings accounts.
 - If you have a checking account with a debit card, we can link statement savings accounts to the card.



How Do I...

- **Open a Savings Account:**
 - In Branch or Online
- **Deposit Funds:**
 - In Branch, At ATM (if applicable), or Direct Deposit
- **Withdraw Funds:**
 - In Branch, Online (if applicable), or at ATM (if applicable)



Statement

vs.

Passbook

- Easy Access:
 - ATM Card Available
- Link to your Checking Account.
- Received Statements or enroll in eStatements.
- Withdrawals may be Made:
 - At ATM
 - Online

- Passbook Required for each Withdrawal.
- Limited Access:
 - No ATM;
 - Cannot make Online Withdrawals.
- Passbook Acts as Your Statement.



What Savings Accounts Look Like at RCB

Account Name	Passbook Account	ATM Access	Minimum Balance	Withdrawal	Redemption	Minimum to Open	Deposit Frequency
Statement	No	Yes	None	Unlimited	N/A	\$10.00	None
Passbook	Yes	No	None	Unlimited	N/A	\$10.00	None
Student Statement	No	Yes	None	Unlimited	N/A	\$10.00	None
Student Passbook	Yes	No	None	Unlimited	N/A	\$10.00	None
Green Online	No	Yes	None	Unlimited	N/A	\$10.00	None
Christmas Savings*	Yes	No	None	None	November	\$10.00	None
Vacation* Savings	No	No	None	None	Maturity Date	\$10.00	Min. \$25 per month from RCB Acct.

Electronic Banking and eStatements available on all accounts. Green accounts may only be opened online. All other accounts required to be open at an RCB Branch.

* designates in branch or green account available.



Interest Basics

What is Interest?

- Money earned at a particular rate on money deposited into a deposit account or money paid at a particular rate for borrowing funds from a bank.
- There are two types:
 - **Simple Interest:** Interest is earned based on the principal dollar amount in the account.
 - $\text{Principal} \times \text{Rate} \times \text{Years} = \text{Amount Earned}$
 - **Compound Interest:** Interest is earned based on the principal dollar amount plus any accumulated interest earned on previous periods.
 - $\text{Principal} (1 + \text{Interest rate}/\text{Times Earned a Year})^{\text{Time}} - \text{Principal} = \text{Amount Earned}$
- Sometimes interest is tiered so as the balance changes so does the interest rate.

Deposit Interest

- Annual Percentage Yield (APY) is the interest rate expressed as an annual rate.
- Interest will post to the deposit account either monthly, quarterly, annually, at maturity, etc.



Loan Interest

- Annual Percentage Rate (APR) is the interest rate expressed as an annual rate.
- Your monthly payment on a loan is usually a percentage of the principal plus the monthly interest charged on the outstanding balance of the loan.
- Example: Monthly Loan Payment = \$1,530.67
 - \$1,000.00 (principal payment) + \$530.67 (interest payment) = Monthly PMT.

APR

Tiered
Penalty
Purchase
Default
Advance
Delayed
Introductory
Cash
Fixed
Variable



Certificate of Deposit

What is a CD?

- A certificate of deposit (CD) is a savings account that pays a higher interest rate than a regular savings account.
- In return of the higher rate, you agree to “lock-up” your money for a certain time frame (this is called the term).
- You are able to withdraw the principal on the day the term ends (this is called the maturity date).
- If you withdraw the principal prior to the maturity date, you are required to pay a bank fee (called an early withdrawal penalty). This can be 3 or 6 months worth of interest.
- You are able to withdraw, change the term, close the CD or add money starting at the maturity date and for a certain number of calendar days (this is called the grace period).



Money Market Deposit Account

What is a MMDA?

- A deposit account which pays interest based on current interest rates in the money markets.
- Account usually pays higher interest rates in return for higher balance requirements.
- MMDAs have minimum balances and limit the number of transactions, so it is less accessible than other savings accounts.



Questions?