

## Section 2—Bank Services/Checking Accounts

**Title of Lesson/Subject:** *Banking Services*

**Prepared by:**

**Contact Information**

**E-mail address:**

**Phone:**

**Time Allotment:**

**Grade Level:**

**ND Standards Competencies:**

**Key Economic Concepts:**

**Brief Description:**

This lesson plan was adapted from lesson six at: [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com). A PowerPoint presentation is included. The activities with asterisks are available at the web site in the high school section in lesson six. The answer keys and overheads are also available there.

**Objectives:**

1. Students will learn the basics of different types of banking services.
2. Students will learn the steps to opening a checking account.
3. Students will learn how to write checks, endorse checks, and make deposits.
4. Students will learn how to keep a running balance in a checking account.
5. Students will learn how to reconcile a checking account.
6. Students will demonstrate their understanding of opening, keeping balances, and reconciling a checking account.

**Introduction:**

**Materials Needed:**

1. Banking services overhead with PowerPoint presentation for discussion.
2. Computer lab with Internet access for research.
3. Phone books for a listing of banks in your area.
4. Students will need pencils to complete the activities.

**Audio/Visual Equipment Needed:**

**Lesson Outline:**

### **Day One**

Begin with a discussion about the banking services used by the students in the class. Find out how many students have checking accounts. Have the students explain the process they went through to open their accounts. (5 minutes)

Go through the overheads or PowerPoint presentation discussing high-cost financial services, comparing checking accounts, and opening checking accounts. Define the following: (15 minutes)

- Pawn shops—charge very high interest for loans based on the value of items you give them such as jewelry or electronics.
- Rent-to-own programs—can purchase anything from home entertainment systems to furniture or appliances for a small weekly fee. The problem is the total amount you end up paying is far more than if you bought it on credit.
- Check-cashing outlets—charge high fees just to cash a paycheck or government check that could be cashed for nothing at your own bank. They often charge 2 or 3 percent.
- Rapid-refund tax services—provide instant refunds when you pay to have your federal tax return prepared by them. They charge as much as 120% interest for this service.
- Check-deferral services—lets customer get a cash advance on their next paycheck. These short-term loans are very expensive. For instance, a \$200, two week advance can cost over \$30 with annual costs exceeding \$900.

Things to think about when comparing checking accounts:

- Bank location—convenience, hours, ATM availability
- Fees—some banks charge fees such as monthly fees, per-check fees, or certified checks
- Interest—rate earned on checking, minimum deposit for interest, compounding method, fees for falling below minimum balance
- Restrictions—include minimum balance, deposit insurance, holding period for checks deposited
- Special features—direct deposit, automatic payments, overdraft protection, online banking, free checking

#### Student Activity

Choose a Checking Account\*--have the students research opening a checking account at a local bank. (15 minutes)

Go through Overheads or PowerPoint slides on making a deposit, endorsing a check, and writing a check. (20 minutes)

Making a Deposit—go through steps for making a deposit into a checking or savings account. Discuss the steps to filling out a deposit slip including cash and checks in the deposit. Explain how to keep cash back from the deposit.

Endorsing a Check—explain the three types of endorsements and the reasons for using them.

- Blank Endorsement—a check with a blank endorsement simply has the endorser's signature. The check can be cashed by whoever has possession of the check. You should never sign your check with a blank endorsement until you are at the bank ready to deposit.

- Restrictive Endorsement—restricts further transfer of the check’s ownership. Usually “For Deposit Only” so check can only be deposited in the account listed in the endorsement. Much more secure than blank endorsement.
- Special Endorsement—used to transfer ownership of the check to another person. The words “Pay to the order of” and the name of the new owner of the check are in the endorsement.

Writing a Check—go through the steps to writing a check. Explain the check identification numbers printed on the bottom of the check.

#### Student Activity

Have a blank deposit slip for the students to practice filling out a deposit slip. Have a blank check for the students to practice writing a check. I use blank check and deposit slips from the accounting working papers.

#### **Day Two**

Go over the deposit slips and checks the students practiced with for yesterday’s assignment. (5 minutes)

Go through the overheads or PowerPoint slides about keeping a running balance, reading a bank statement, and reconciling a checking account. (20 minutes) Demonstrate how to enter checks and ATM transactions in the check register. Demonstrate how to read a bank statement. Go through the steps to reconciling a checking account.

#### Student Activities

Keeping a Running Balance\* – have students complete the activity recording deposits and checks in the checkbook register. They also need to answer the questions about the check register after completing the check register. (15 minutes)

Reading a Bank Statement\* – have students complete the activity answering questions about reading the bank statement provided. (10 minutes)

Reconciling an Account\* – have students complete the activity completing a bank reconciliation on the form provided. (10 minutes)

#### **Day Three**

Review the topics covered on the first two days of the lesson. Ask the students questions about the information provided. (5 minutes)

Go over the overheads or PowerPoint slides about electronic banking services and smart cards. (10 minutes)

Electronic banking services:

- Direct deposit—explain the advantages of using direct deposit

- Automatic payments—set up payment to be automatically withdrawn from your account
- Point-of-sale transactions—explain the advantages and pitfalls of using ATM or check cards for purchases at retail stores
- Store-value cards—prepaid cards such as pre-paid credit cards or phone cards
- Cyberbanking—explain benefits of online banking

Smart cards:

- Electronic wallets—look like ATM cards, but contain microchip
- Minicomputer stores prepaid amounts for buying goods or services
- Can store data about a person's account balances, etc.

Student Activity

Have the students do research about smart cards on the Internet and type up a short report about them. They need to include a detailed explanation about what smart cards are and what they are being used for. They also need to explain what they are expected to be used for in the future. (35 minutes)

Banking Services Quiz\* (5 minutes)

**Resources:**

Lesson plan adapted from lesson six at:

[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com).

A PowerPoint presentation is available to download from the same website.

**Activities:**

**Application/Assignment:**

**Evaluation Plan:**

The students will be assessed by the Student Activities and the Banking Service Quiz.