

# Section 03.

## Banking Services

- Unit 03 01. Banking
- Unit 03 02. Saving & Investing
- Unit 03 03. About Credit
- Unit 03 04. Credit Cards





*Compound interest is the greatest mathematical discovery of all time.*



attributed to Albert Einstein

## Overview

If you have a chequing account you can write cheques to pay bills or have regular expenses paid automatically out of your account. A chequing account gives you the considerable benefit of a bank card which lets you access thousands of ATMs across Canada.

If you want to save some money for your short-term needs, a savings account might be your best bet. With this type of account, money that stays untouched earns interest.

This unit looks at electronic banking and various service charges and encourages awareness of costs and benefits. Students will learn to assess the value of the service in relation to the fees.

The Canada Deposit Insurance Corporation's (CDIC) basic deposit insurance coverage is also discussed.

## Goal

Provide practice in comparing and evaluating various banking services including chequing and savings accounts, ATM, debit cards, and online banking. Perform the tasks associated with maintaining chequing and savings accounts.

## Time Frame

Three 75-minute periods

**Lesson 03.01.01**

Banking charges and services

**Lesson 03.01.02**

Chequing account activities

**Lesson 03.01.03**

Banking activities

End-of-unit quiz and answer sheet

Each lesson includes black-line print masters for overheads and activities.



Lesson 01  
Banking charges and services

.01

## Overview

If the fee for an ATM transaction to withdraw money is \$1 and a person withdraws money twice a week, the banking fees for that person will be \$104 a year. Over a five-year period, those fees invested at 5 percent would grow to more than \$570.

This is just one example of the areas in which people are not aware of the amounts spent for banking fees. Recent studies also reveal that people are often charged more than \$20 or \$30 per transaction for overdrafts on their chequing accounts.

This lesson will investigate the different banking institutions and accounts that are available including the services offered at each along with the banking fees that can be incurred. When selecting a chequing account, remind students to consider the required balance, monthly fees, interest earned, cost of printing cheques, and charges for other fees and services.

## Goals

Help students understand the various banking fees that can be incurred.

Make students aware of the banking options and types of accounts that are suited to individual needs.

## Objectives

Understand the services offered by banks, trust companies, and credit unions.

Outline various fees charged by banking institutions.

Develop a knowledge of the banking system.

Outline some of the factors to consider when choosing a chequing account.

## Timeline

Student activity

Part 1 30 minutes

Part 2 20 minutes

Discussion 15 minutes

Note taking 10 minutes

## Instructions

### Student Activity

Divide students into groups of three.

#### Part 1—BANKING SERVICES

Each group will select a bank, trust company and credit union.

Fill out Activity A outlining the services offered at the banking institutions they selected.

As a class, discuss student findings. What differences exist among the financial institutions? What are some reasons for those differences?

#### Part 2—CHEQUING ACCOUNTS

Remaining in the same groups, have students brainstorm the advantages and disadvantages of opening a chequing account.

Using the guidelines provided in class, have students shop for a chequing account and compare two banks.

Record their thoughts on Activity B, Choosing a chequing account.

Discuss what they found. Which bank would they choose? Why?

### Note taking

Have students record all responses on their activity sheets (A and B).

## Teacher Notes

Obtain flyers from a variety of banks, trust companies, and credit unions.

Assign students to groups of three.

Have each group select a bank, or trust company and credit union.

Have the students fill out Activity A regarding charges for each of the services listed for the financial institution that they selected.

Move about the room from group to group to listen to student responses, and give prompts and suggestions when needed.

As a class, discuss students' findings.

Discuss the differences between banks, trust companies and credit unions with the class.

Discuss chequing accounts with the class, using overheads A and B.

## Required Materials

Activity A, Banking services

Activity B, Choosing a chequing account

Overhead A, Comparing chequing accounts

Overhead B, Opening a chequing account

## Assessment and Evaluation

Activities can be used as a formative or summative assessment.

Notebook check.

## Additional Web Resources

Practical Money Skills

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

Select: Consumers

Select: Banking Services

Select: Why Get a Chequing Account

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

Select: Consumers

Select: Banking Services

Select: Shopping Around for a Chequing Account

TD Canada Trust

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

Select: Accounts

BMO Financial Group

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

Select: Consumers

Select: Personal Finances

Select: Accounts and Plans



# activity A

## Activity A Banking services

**03.01.01**

name: \_\_\_\_\_

date: \_\_\_\_\_

	BANKS	CREDIT UNIONS	TRUST COMPANIES
Chequing accounts			
Automatic deposit and payment			
Storage of valuables			
Interest on chequing			
Transfer of money			
Telephone banking			
Overdraft chequing			
Traveller's cheques			
CDIC (Canada Deposit Insurance Corporation)			
Credit cards			
Debit cards			
ATMs			



# activity B

## Activity B

### Choosing a chequing account

**03.01.01**

name: \_\_\_\_\_

date: \_\_\_\_\_

CRITERIA	NAME OF BANK	NAME OF BANK
<b>Branch information</b>		
Branch nearest your home		
Branch nearest your work		
Number of branches		
Number of ATMs		
Bank hours		
Are your funds insured?		
<b>Fees</b>		
Must maintain a minimum daily balance of		
Must maintain an average daily balance of		
Monthly maintenance charge		
<b>Interest</b>		
How much interest do you earn on your account?		
How is it calculated?		
<b>Cheques</b>		
Printing cheques		
NSF cheques		
Stopping cheques		
<b>Withdrawals at</b>		
Teller window		
Bank-owned ATMs		
Interac ATMs		
National network ATMs		
International network ATMs		
<b>Deposits</b>		
Overdraft chequing		
Traveller's cheques		
<b>CDIC (canada Deposit Insurance Corporation)</b>		
Credit cards		
Debit cards		
ATMs		



# overhead A

## Overhead A Comparing chequing accounts

03.01.01

### **Location**

**Branch offices; hours of operation; availability of ATMs**

### **Fees**

**Monthly fees; per cheque fees; printing of cheques; balance inquiry fees;  
ATM fees**

### **Other charges**

**Overdraft charge; stop-payment fees; certified cheque fees**

### **Interest**

**Rate earned; minimum deposit to earn interest; compounding method; fee  
charged for falling below necessary balance**

### **Restrictions**

**Minimum balance; deposit insurance; holding period for deposited cheques**

### **Special features**

**Direct deposit; automatic payments; overdraft protection; on-line banking;  
discounts or free chequing for students, seniors, or employees of certain  
companies**



# Overhead B

## Opening a chequing account

03.01.01

### APPLICATION FOR DEPOSIT SERVICES Branch Transit # \_\_\_\_\_

Branch Name \_\_\_\_\_

#### Information About You

First Customer Name \_\_\_\_\_ Product(s) Service(s) at bank? \_\_\_\_\_

Address \_\_\_\_\_

City & Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Birthdate \_\_\_\_\_ SIN \_\_\_\_\_ Language \_\_\_\_\_ Home Phone \_\_\_\_\_ Business Phone \_\_\_\_\_

I.D. \_\_\_\_\_ I.D. \_\_\_\_\_

Employer \_\_\_\_\_ Occupation \_\_\_\_\_

Joint Customer Name \_\_\_\_\_ Product(s) Service(s) at bank? \_\_\_\_\_

Address \_\_\_\_\_

City & Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Birthdate \_\_\_\_\_ SIN \_\_\_\_\_ Language \_\_\_\_\_ Home Phone \_\_\_\_\_ Business Phone \_\_\_\_\_

I.D. \_\_\_\_\_ I.D. \_\_\_\_\_

Employer \_\_\_\_\_ Occupation \_\_\_\_\_

Mailing Address (if different from above) \_\_\_\_\_

#### Deposit Services Set-up as Requested By You Today

Packages			Other Services		
Type of Service	Setup	Requested	Type of Service	Setup	Requested

Deposit Accounts							
Type of Service	Account #	Signing Arrangement	Recordkeeping	Personalized Cheques?	Cheque Return Option?	Initial Deposit	Source of Funds

Particulars of Deposit \_\_\_\_\_

PIN (Personal Identification Number) Request  
 Credit Card / Debit Card for First Customer       Credit Card / Debit Card for Joint Customer

You apply for the services indicated on this application and agree to be bound by the agreements governing these services. You agree to pay the service charges which may be levied in connection with the services you have applied for.

First Customer Signature \_\_\_\_\_ Joint Customer Signature \_\_\_\_\_

Date \_\_\_\_\_ Prepared by \_\_\_\_\_ Date \_\_\_\_\_ Prepared by \_\_\_\_\_



Lesson 02  
Chequing account activities

.02

### Overview

It is important for students to not only understand the importance of maintaining their bank accounts appropriately, but also to be able to perform the functions associated with bank accounts when needed.

Financial literacy for students includes the ability to write cheques accurately, keep accurate records of their daily transactions, and the ability to reconcile their bank account.

## Goals

Make students aware of the importance of keeping accurate records with respect to their chequing accounts.

Give students the skills necessary to be able to perform everyday banking functions associated with their chequing accounts.

## Objectives

Understand the responsibilities of having a chequing account.

Perform the tasks associated with maintaining chequing and savings accounts.

Write cheques and keep a running balance in a chequebook.

Describe how to deposit a cheque.

Read and interpret a chequing account statement.

Reconcile a chequing account using a chequing account statement and a cheque register.

## Timeline

Discussion	15 minutes
Note taking	10 minutes
Student activity	50 minutes

## Instructions

### Student Activity

Keeping a Running Balance in a Cheque Register

Using the examples provided in Activity A, have students keep a running balance in a cheque register.

Reading and Interpreting a Bank Statement

Have students answer the questions in Activity B regarding the sample bank statement.

Reconciling an Account

Using the examples provided in Activity C, have students reconcile the example account.

### Note taking

Have students record all responses on their activity sheets (A, B, and C).

## Teacher Notes

Using Overhead A, go over with the students how to make a deposit at the bank. Discuss with students that with debit cards and Internet banking, this is not always needed, but there will be times that they may have to use this. (e.g., fundraising, clubs, etc.).

Use Overhead B and Overhead C to show students how to write and endorse a cheque for different purposes.

Use Overhead D to review with students how to keep a running balance.

Use Overhead E to review with students how to read a bank statement.

Use Overhead F to show how to reconcile a chequing account.

Have students work on the activity sheets as stated above.

Move about the room and give prompts and suggestions as needed while students are working on the

activity sheets.

As a class, take up the results of the activity sheets.

## Required Materials

Activity A, Keeping a running balance (two pages and two-page answer sheet)

Activity B, Reading a bank statement (two pages and answer sheet)

Activity C, Reconciling an account (two pages and answer sheet)

Overhead A, Making a deposit

Overhead B, Endorsing a cheque

Overhead C, Writing a cheque

Overhead D, Keeping a running balance

Overhead E, Reading a bank statement

Overhead F, Reconciling a chequing account

## Assessment and Evaluation

Activities can be used as formative or summative assessment.

Notebook check.

## Additional Web Resources

Practical Money Skills

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

Select: Consumers

Select: Banking Services

Select: Balancing Your Chequebook

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

Select: Consumers

Select: Banking Services

Select: Do It



# Overhead A

## Overhead A

### Making a deposit

03.01.02

CASH	CURRENCY		2
	COINS		3
LIST CHEQUES SINGLY			5
TOTAL FROM OTHER SIDE			6
TOTAL			7
LESS CASH RECEIVED			8
NET DEPOSIT			9

1 DATE

SIGN HERE IN TELLER'S PRESENCE FOR CASH RECEIVED

322-21  
1610

1st First Bank  
Anytown, Canada

:9124 6027 486586519 30937 3620000 108

1. Write the date you are making the deposit in this field.
2. If you are depositing currency (paper bills), write the total amount here.
3. If you are depositing coins, write the total amount here.
4. If you are depositing a cheque, write the name of the person/company who wrote the cheque here.
5. Write the amount of the cheque here.
6. If you are depositing more cheques than can be listed on the front, continue to list them on the back, and write the total amount of the cheques on back here.
7. Write the total amount you are depositing here.
8. If you are making a deposit inside a bank with a teller and you want to receive cash back from your deposit, write the amount you want in this field.
9. Write the total amount (less cash back) of your deposit in this field.



# Overhead B

## Endorsing a cheque

03.01.02

### Blank endorsement

Anyone can cash cheque

John Doe

#127 30021  
1610

\_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ DOLLARS

\_\_\_\_\_

7534964 127

### Restrictive endorsement

More secure than blank endorsement

For deposit only  
Acc# 0417-678

John Doe

#127 30021  
1610

\_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ DOLLARS

\_\_\_\_\_

7534964 127

### Special (or full) endorsement

Transfer cheque to another party

Pay to the order of  
Jane Smith

John Doe

#127 30021  
1610

\_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ DOLLARS

\_\_\_\_\_

7534964 127



# Overhead C

## Writing a cheque

03.01.02

**1** — 20

**2** — PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_

**3** — /100 DOLLARS

**4** —

**5** — John Doe  
Mary Doe  
2111 Elm Street  
Anytown, Canada

**6** —

**7** — MEMO \_\_\_\_\_

**8** — :9124 6027 486586519 00523 7534964 127

- 1. Date**  
Enter the date you are writing the cheque.
- 2. Payee**  
Enter the name of the person or the company to whom you are going to give the cheque.
- 3. Amount of cheque in numerals**  
Enter the amount of the cheque, in numbers. Don't leave any space between the preprinted dollar symbol (\$) and the numbers indicating the amount of the cheque; there should be no room for someone to add in extra numbers.
- 4. Amount of cheque in words**  
Enter the amount of the cheque in words. Start writing at the far left side of the line. Follow the written dollar amount by drawing a line to the 100 at the end of the line. Then write the amount of cents over the number 100.
- 5. Name**  
Your personal information is printed here.
- 6. Signature—Sign your cheque**  
Sign the cheque exactly the way you signed your name on the signature card you filled out when you opened your account.
- 7. Memo**  
Use this space to note why you wrote the cheque. If you are paying a bill, this is a good place to put information requested by the company.
- 8. Identification numbers**  
These numbers are used to identify the bank, your account number, and the check number. They are printed in a special magnetic ink that machines can read.



# overhead D

## Overhead D

### Keeping a running balance

03.01.02

#### Keeping a running balance of your bank account

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT	BALANCE	
						366	97
161	6/4	Sound Out	216	30		150	67
ATM	6/18	withdrawal	35	00		115	67
DrCrd	6/18	debit card	55	00		60	67

- Periodically go to the ATM machine at your bank.
- Place your debit card in the machine.
- Follow the instructions and enter your password.
- Select the option to print your recent transactions.



# overhead E

## Overhead E Reading a bank statement

03.01.02

		<b>STATEMENT FOR</b> Jane Doe 4 Primrose Lane Anytown, Canada					
		<b>THIS STATEMENT COVERS</b> 12/20/___ through 1/18/___					
<b>CHEQUING ACCOUNT</b> 0471-678	<b>Previous Statement Balance On 12/19/___</b>		612.04				
	<b>Total of 3 Deposits For</b>		1,980.68 +				
	<b>Total of 10 Withdrawals For</b>		1,705.25 -				
	<b>Total Service Charges</b>		3.50 -				
	<b>New Balance</b>		883.97 +				
<b>CHEQUES AND OTHER DEBITS</b>	<b>CHEQUE</b>	<b>DATE PAID</b>	<b>AMOUNT</b>	<b>CHEQUE</b>	<b>DATE PAID</b>	<b>AMOUNT</b>	
	181	12/24	15.00	184	12/17	1232.27	
	182	1/04	17.00	186	12/31	54.47	
	183	12/26	217.54	187	1/03	53.97	
	<b>Monthly Maintenance Charge</b>					1/18	3.50
	<b>Withdrawal #00281 at ATM #423A</b>					12/24	40.00
	<b>Withdrawal #02628 at ATM #423A</b>					12/31	20.00
	<b>Withdrawal #08744 at ATM #430E</b>					1/15	20.00
	<b>Withdrawal #02456 Debit Card</b>					1/16	35.00
	<b>DEPOSITS AND OTHER CREDITS</b>	<b>Transfer from 4039-557 at ATM #423C</b>		12/27	1200.00		
<b>Customer Deposit at ATM #423A on 1/12</b>		1/14	521.78				
<b>Direct Deposit from #05323 on 1/17</b>		1/18	258.90				
<b>ATM LOCATIONS USED</b>	<b>423A: 2500 Centre Plaza, Anytown, Canada</b> <b>423C: 2500 Centre Plaza, Anytown, Canada</b> <b>430E: 945 Hamilton Ave., Big City, Canada</b>						
<b>THANK YOU FOR BANKING WITH Your First Bank</b>							









# activity A

## Keeping a running balance (answers)

03.01.02

Record deposits and keep a running balance in the cheque register below.

1. On May 26 your balance is \$527.96.
2. On May 27 you write cheque #107 to your landlord, Mrs. Wilson, for \$226.00.
3. On May 28 you use your debit card at Food Mart for \$22.52.
4. On June 1 you write a cheque for \$156.32 to Gateway Motors for your car payment.
5. On June 1 you realize your cheque to Gateway Motors should have been for \$165.23 so you void the first cheque and write a new cheque for \$165.23.
6. On June 2 you write a cheque to your phone company for \$62.77.
7. On June 2 you use your ATM card to withdraw \$20.00.
8. On June 15 your paycheque for \$425.00 is automatically deposited.
9. On June 15 you use your debit card at Gifts Plus to buy a \$18.99 birthday present for your mother.
10. On June 15 you write a cheque for \$246.45 to XYZ Insurance Co. to cover your insurance premium.
11. On June 22 you transfer \$100.00 on-line from your chequing account to your savings account.
12. On June 24 you use your debit card at Gas Up to fill up your car. You spend \$12.88.
13. On June 28 you use your ATM card to withdraw \$30.00 from your chequing account.

CHEQUE NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT		BALANCE	
							527	96
107	5/27	Mrs. Wilson	226	00			301	96
DrCrd	5/28	Debit-card Food Mart	22	52			279	44
108	6/1	Gateway Motors	156	32			123	12
	6/1	Void Cheque #108			156	32	279	44
109	6/1	Gateway Motors	165	23			114	21
110	6/2	Phone Company	62	77			51	44
ATM	6/2	cash withdrawal	20	00			31	44

# activity A

## Activity A Keeping a running balance (answers)

03.01.02

Use the cheque register you just completed to answer the following questions

CHEQUE NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT		BALANCE	
							31	44
ATM	6/15	deposit			425	00	456	44
DrCrd	6/15	Debit card- gift plus mom's b-day	15	99			437	45
111	6/15	XYZ Insurance	246	45			191	00
ATM	6/22	transfer to savings	100	00			91	00
DrCrd	6/24	Debit card- Gas Up	12	88			78	12
ATM	6/28	withdrawal	30	00			48	12

- 1. What was your account balance on May 30?**  
 \$279.44
- 2. Could you have paid your car insurance payment on June 1 instead of June 15? If not, why?**  
 No—the payment was \$246.45 but the account balance on June 1 was only \$114.21.
- 3. The love of your life has been in a bad mood lately, and you think an expensive present might help. You've found a leather jacket on sale for \$189.00. Can you afford to buy the jacket on June 8? What will your account balance be if you do?**  
 No—the account will be overdrawn by \$157.56.
- 4. The hottest new band in town has just released a CD. It costs \$21.99. Can you afford to buy the CD on June 2? What will your account balance be if you do?**  
 Yes—\$9.45
- 5. What was your account balance after you withdrew \$30.00 on June 28?**  
 \$48.12
- 6. What was the amount of check #111, to whom did you write it, and for what?**  
 \$246.45 to XYZ Insurance for a car insurance payment



# activity B

## Reading a bank statement

03.01.02

name: \_\_\_\_\_ date: \_\_\_\_\_

Using the bank statement on the next page, answer the following questions:

1. What period does this statement cover?  
\_\_\_\_\_
2. What is the account number of this statement?  
\_\_\_\_\_
3. How many deposits were made and what were the amounts?  
\_\_\_\_\_
4. How many cheques cleared and what was the total dollar amount of the cheques that cleared?  
\_\_\_\_\_
5. Was there any ATM activity? If so, how many transactions were there, and what was the total amount?  
\_\_\_\_\_
6. Was there any debit card activity? If so, how many transactions were there, and what was the total amount?  
\_\_\_\_\_
7. Were there any service charges? If so, what was the total amount?  
\_\_\_\_\_
8. What is the total of all withdrawals (cheques, ATM transactions, debit card transactions, service charges)?  
\_\_\_\_\_
9. What is the new balance of the account?  
\_\_\_\_\_
10. Did cheque #182 clear?  
\_\_\_\_\_
11. What was the amount of cheque #183?  
\_\_\_\_\_
12. Did cheque #185 clear?  
\_\_\_\_\_
13. What was the amount of cheque #187?  
\_\_\_\_\_

# activity B

## Activity B Reading a bank statement (continued)

03.01.02

name: \_\_\_\_\_

date: \_\_\_\_\_

		<b>STATEMENT FOR</b> Jane Doe 4 Primrose Lane Anytown, Canada				
		<b>THIS STATEMENT COVERS</b> 12/20/___ through 1/18/___				
<b>CHEQUING ACCOUNT</b> 0471-678		Previous Statement Balance On 12/19/___	612.04			
		Total of 3 Deposits For	1,980.68 +			
		Total of 10 Withdrawals For	1,705.25 -			
		Total Service Charges	3.50 -			
		<b>New Balance</b>	<b>883.97 +</b>			
<b>CHEQUES AND OTHER DEBITS</b>	<b>CHEQUE</b>	<b>DATE PAID</b>	<b>AMOUNT</b>	<b>CHEQUE</b>	<b>DATE PAID</b>	<b>AMOUNT</b>
	181	12/24	15.00	184	12/17	1232.27
	182	1/04	17.00	186	12/31	54.47
	183	12/26	217.54	187	1/03	53.97
	Monthly Maintenance Charge				1/18	3.50
	Withdrawal #00281 at ATM #423A				12/24	40.00
	Withdrawal #02628 at ATM #423A				12/31	20.00
	Withdrawal #08744 at ATM #430E				1/15	20.00
	Withdrawal #02456 Debit Card				1/16	35.00
<b>DEPOSITS AND OTHER CREDITS</b>				<b>DATE POSTED</b>	<b>AMOUNT</b>	
	Transfer from 4039-557 at ATM #423C			12/27	1200.00	
	Customer Deposit at ATM #423A on 1/12			1/14	521.78	
	Direct Deposit from #05323 on 1/17			1/18	258.90	
<b>ATM LOCATIONS USED</b>	423A: 2500 Centre Plaza, Anytown, Canada 423C: 2500 Centre Plaza, Anytown, Canada 430E: 945 Hamilton Ave., Big City, Canada					
<b>THANK YOU FOR BANKING WITH Your First Bank</b>						



# activity B

## Reading a bank statement (answers)

03.01.02

Using the bank statement on the next page, answer the following questions:

1. What period does this statement cover?

12/20/ —1/18/ ...

2. What is the account number of this statement?

0471-678

3. How many deposits were made and what were the amounts?

Three, for the amounts of \$1,200, \$521.78, and \$258.90

4. How many cheques cleared and what was the total dollar amount of the cheques that cleared?

Six, for a total amount of \$1,590.25

5. Was there any ATM activity? If so, how many transactions were there, and what was the total amount?

Yes—three for a total amount of \$80.00

6. Was there any debit card activity? If so, how many transactions were there, and what was the total amount?

Yes—one for a total amount of \$35.00

7. Were there any service charges? If so, what was the total amount?

Yes—\$3.50

8. What is the total of all withdrawals (cheques, ATM transactions, debit card transactions, service charges)?

\$1,708.75

9. What is the new balance of the account?

\$883.97

10. Did cheque #182 clear?

Yes

11. What was the amount of cheque #183?

\$217.54

12. Did cheque #185 clear?

No, as it is not showing as paid on the statement.

13. What was the amount of cheque #187?

\$53.97









## Lesson 03

### Banking activities

# .03

### Overview

Most students know that banks and other financial institutions (credit unions, trust companies) offer a variety of services. However, few people know how to make wise choices when using financial services. Encourage students to avoid pawn shops, rent-to-own programs, cheque-cashing outlets, payday loan advance services, and other high-cost financial service providers.

Electronic banking has expanded to the point that it is an everyday commonplace way of banking. Costs and benefits must be clear to students. Students should be aware of the convenience of computerized banking. They should assess the value of the service in relation to the fees.

## Goals

Make students aware of the various high-cost options for financial services that include cheque cashing, advances on your cheque etc.

Make students aware of the procedures associated with online banking.

## Objectives

Identify high cost banking services to avoid.

Outline internet banking services/Debit card use and explain how this is a new way of doing your banking.

Describe what a debit card is and explain how it is used.

## Timeline

### Part 1

Discussion	20 minutes
Note taking	15 minutes

### Part 2

Student activity	25 minutes
Discussion	15 minutes

## Instructions

### Discussion

With the whole class, discuss the various high-cost options that are available for some banking services that include cheque cashing, advances on your cheque etc.

With the whole class, discuss the various procedures associated with online banking and ATM cards. In addition, review the security procedures students should follow when electronic banking.

With the recent growth in popularity and use of debit cards, a local bank officer would be a good guest speaker on this topic.

### Note taking

Have students record the information from Overhead C (Beware of these high-cost financial services)

## Teacher Notes

### PART 1

Using the information from Overhead C (Beware of these high-cost financial services) as a guide, discuss with students the various high-cost options of banking services (and other institutions) that they should avoid.

Have students record the information from Overhead C in their notes.

### PART 2:

Arrange students in groups of two.

Using Overhead A (Electronic banking services) and Overhead B (A primer on debit and ATM cards), have each group answer the questions on Activity A Electronic banking/debit cards. Give the groups the opportunity to use their own experiences as well as access Web sites below to answer the questions.

Move about the room from group to group to listen to

student responses, and give prompts and suggestions when needed.

As a class, discuss students' findings.

## Required Materials

Activity A, Electronic banking/debit cards

Overhead A, Electronic banking services

Overhead B, A primer on debit and ATM cards (two pages)

Overhead C, Beware of these high-cost financial services

## Assessment and Evaluation

Activities can be used as formative or summative assessment.

Notebook check.

## Additional Web Resources

Practical Money Skills

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

Select: Consumers

Select: Banking Services

Select: Electronic Banking

Select: Learn It

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

Select: Consumers

Select: Banking Services

Select: Electronic Banking

Select: Do It

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

Select: Easyweb Internet Banking, Take a Tour

Select: Personal Banking



# overhead A

## Electronic banking services

03.01.03

- **Direct deposit**

Earnings (or government payments) automatically deposited into bank accounts, saving time, effort, and money.

- **Automatic payments**

Utility companies, loan payments, and other businesses use an automatic payment system with bills paid through direct withdrawal from a bank account.

- **Automatic teller machines (ATMs)**

Allow customers to obtain cash and conduct banking transactions.

- **Point-of-sale transactions**

Acceptance of ATM/debit cards at retail stores and restaurants for payment of goods and services.

- **Stored-value cards**

prepaid cards for telephone service, transit fares, store prepaid cards (Starbucks, Chapters, etc.).

- **Internet/cyberbanking**

Banking through on-line services. Banks with Web site “cyber” branches allow customers to check balances, pay bills, transfer funds, compare savings plans, and apply for loans on the Internet.



# overhead B

## Overhead B

### A primer on debit and ATM cards

03.01.03

#### What is a debit card?

- A debit card is a service provided by a bank. It is a banking card enhanced with automated teller machine (ATM) and point-of-sale features to become a debit card. It can be used for purchasing goods or services at various merchants. Each financial institution creates an identity for its debit card to customize the product and differentiate it in the market. Debit cards are linked to an individual's bank account, allowing funds to be withdrawn at the ATM and point-of-sale without writing a cheque.

#### What is an example of a debit card?

- A debit card is a financial institution's ATM card with point-of-sale features. These cards may incorporate a specific acceptance mark (e.g., Visa® or MasterCard®). Payment is completed by signing a sales draft or by entering a PIN number, and then the amount of the sale is deducted automatically from the cardholder's bank account. A debit card is accepted anywhere consumers use their Visa or MasterCard credit card. Another type of deposit access card is an ATM card bearing an INTERAC®, PLUS® or CIRRUS® logo that, when used at the ATM or merchant location that accepts INTERAC, PLUS or CIRRUS with the entry of a PIN, will automatically deduct the sales amount from the cardholder's bank account. A regular ATM card doesn't have a Visa® or MasterCard® logo, but instead has an INTERAC®, PLUS® or CIRRUS® logo and is good only where the merchant accepts those brands or at an ATM.

#### What does it do?

- A debit card enables the cardholders to pay for purchases via a bank card linked to their bank account, replacing cash and cheques.

#### How is a debit card used?

- When using a debit card to pay for goods and services, the purchase amount is deducted from the cardholder's account. Depending on the type of card, processing a debit card transaction requires the cardholder either to sign a sales draft or to enter a PIN into special terminal equipment, just like at an ATM.

### Benefits of using a debit card

- Convenience. The payment process at the checkout counter is made quicker and more convenient. No need to fill out a cheque or to present identification and wait while the identification is written down or verified.
- Eliminates the need to carry a chequebook and a lot of cash.
- Doesn't deplete the available cash in your wallet.
- Can be used out of town or at locations where personal cheques are not accepted.
- Reduces the possibility of loss or theft of cash.

### Disadvantages of using a debit card

- Although accepted at over 10.5 million locations around the world, debit cards cannot be used in all situations (making cash and cheques necessary in some situations).
- The cardholder must be certain of his or her account balance as it might be possible to make purchases beyond the funds available in his/her bank account.

### Where are debit cards accepted?

- Debit cards can be used at merchant locations wherever the various acceptance marks are displayed (e.g., Visa®, MasterCard®, Interac® Direct Payment)

### What does it cost?

- Banks determine the fees for each card and/or transaction.

### How do you keep track of your debit card transactions?

- Debit card holders receive a receipt at each ATM or merchant location. Users typically record debit card purchases in the registers of their bank accounts provided by their financial institutions. By deducting debit card transactions from an account on a regular basis, debit card holders will be able to maintain the most up-to-date available balance in their bank accounts.

### Your ATM receipt

- All debit card transactions will appear as deductions on your next account statement from your financial institution. However, in order to maintain an up-to-date balance in between statements, cardholders should retain their ATM receipts and record all transactions in their bank account register. Upon receipt of your monthly statement, verify all ATM transactions.



# overhead C

**Overhead C**  
Beware of these high-cost  
financial services

**03.01.03**

- Pawn shops charge very high interest for loans based on the value of tangible assets (such as jewellery or other valuable items).
- Rent-to-own programs offer an opportunity to obtain home entertainment systems or appliances for a small weekly fee. However, the amount paid for the item usually far exceeds the cost if the item were bought on credit.
- Cheque-cashing outlets charge high fees (sometimes 2 or 3 percent) just to cash a paycheque or government cheque.
- Rapid-refund tax services provide “instant refunds” when you pay to have your federal tax return prepared. However, this “instant refund” is a loan with interest rates as high as 120 percent.
- Cheque-deferral services allow consumers to get a cash advance on their next paycheque. However, these short-term loans are very expensive. A \$200, two-week advance may cost over \$30 (with annual costs exceeding \$900).



# activity A

## Electronic banking/debit cards

03.01.03

name: \_\_\_\_\_

date: \_\_\_\_\_

Electronic Banking/Debit Cards	
What it is	
What it looks like	
Advantages of using a debit card	
Disadvantages of using a debit card	
Where is a debit card accepted	
How to use a debit card	
Security measures when using a debit card	
Advantages of on-line banking	
Disadvantages of on-line banking	



## Banking

# quiz

Quiz

03.01.

name: \_\_\_\_\_

date: \_\_\_\_\_

### True/False (5 marks)

1. \_\_\_\_ A pawnshop offers loans to people starting their own business.
2. \_\_\_\_ Opening a chequing account requires completing a signature card.
3. \_\_\_\_ A blank endorsement allows anyone to cash a cheque.
4. \_\_\_\_ A debit card may be used to obtain cash at any ATM.
5. \_\_\_\_ An outstanding cheque refers to one written on an account with a very low balance.

### Multiple Choice (5 marks)

6. The highest loan rates usually occur when borrowing from a
  - A. bank
  - B. credit-card company
  - C. pawnshop
  - D. credit union
7. A \_\_\_\_\_ will result in a deduction of funds from your bank account.
  - A. cheque
  - B. deposit slip
  - C. signature card
  - D. withdrawal slip
8. A \_\_\_\_\_ endorsement includes the words "FOR DEPOSIT ONLY."
  - A. full
  - B. special
  - C. blank
  - D. restrictive
9. Obtaining cash from an ATM is similar to
  - A. writing a cheque
  - B. making a deposit
  - C. opening a new account
  - D. earning interest on your account
10. A service charge on your bank statement will result in
  - A. a higher balance
  - B. a lower balance
  - C. earning more interest
  - D. more outstanding cheques

### Case Application (5 marks)

A recent bank statement for Istvan Zubov revealed various service charges and fees of over \$10. How might Istvan reduce his costs for banking fees?

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**True/False (5 marks)**

1. **F** A pawnshop offers loans to people starting their own business.
2. **T** Opening a chequing account requires completing a signature card.
3. **T** A blank endorsement allows anyone to cash a cheque.
4. **T** A debit card may be used to obtain cash at any ATM.
5. **F** An outstanding cheque refers to one written on an account with a very low balance.

**Multiple Choice (5 marks)**

6. The highest loan rates usually occur when borrowing from a  
A. bank  
B. credit union  
C. pawnshop  
D. payday lender
7. A \_\_\_\_\_ will result in a deduction of funds from your bank account.  
A. cheque  
B. debit card  
C. credit card  
D. money order
8. A \_\_\_\_\_ endorsement includes the words "FOR DEPOSIT ONLY."  
A. blank  
B. restrictive  
C. full  
D. partial
9. Obtaining cash from an ATM is similar to  
A. writing a cheque  
B. cashing a cheque  
C. depositing a cheque  
D. depositing cash
10. A service charge on your bank statement will result in  
A. a higher balance  
B. a lower balance  
C. a higher interest rate  
D. a lower interest rate

**Case Application (5 marks)**

A recent bank statement for Istvan Zubov revealed various service charges and fees of over \$10. How might Istvan reduce his costs for banking fees?

Istvan should start by analyzing his financial services habits. For example, if he uses an ATM often, the fees could be high. Or, if his checking account goes low he may have to pay a monthly fee or other charges for overdrawn accounts. If his fees are still high after careful use of banking services, he should compare the costs at other banks or a credit union and consider moving his account.