

# FINANCIAL LITERACY WORKSHOP 5

Basic Banking

2 Facilitators Needed

Estimated Time: 1 hr 35 min

## Things to Prepare BEFORE THE WORKSHOP

ITEM	APPENDIX #	PAGE # USED
Flip Chart 5-1	A-5-1	5-2
Flip Chart 5-2	A-5-1	5-2
Handout 5-1 <i>Basic Banking Pamphlet</i>	A-5-3	5-3
ANGEL and DEVIL signs	A-5-4	5-4
Set of Strips <i>Pros, Cons, and Obstacles</i>	A-5-5 A-5-6	5-6
Evaluation Form	Trainer's Section	5-9

Activity	Page	Time	Materials
<b>Introduction</b> <ul style="list-style-type: none"> <li>Introduction of facilitator and participants, icebreaker</li> <li>Review workshop objectives</li> </ul>	5-2	15 min	<input type="checkbox"/> Flip Chart 5-1 Why Use a Bank?  <input type="checkbox"/> Flip Chart 5-2 Workshop Objectives
	5-2	5 min	
		<b>20 min</b>	
<b>Learning Activity 1: Checking and Savings Accounts</b> <ul style="list-style-type: none"> <li>Role Playing</li> </ul>	5-3	20 min	<input type="checkbox"/> Handout 5-1 Basic Banking Pamphlet <input type="checkbox"/> DEVIL and ANGEL Signs <input type="checkbox"/> Tape
		<b>20 min</b>	
<b>Break</b>	5-4	<b>15 min</b>	
<b>Learning Activity 2: Checking Accounts</b> <ul style="list-style-type: none"> <li>Group Discussion 1</li> <li>Group Exercise</li> <li>Group Discussion 2</li> </ul>	5-5	10 min	<input type="checkbox"/> Blank Flip Chart/Markers  <input type="checkbox"/> Set of Strips Pros, Cons and Obstacles  <input type="checkbox"/> Tape
	5-6	15 min	
	5-6	10 min	
		<b>30 min</b>	
<b>Wrap-up</b> <ul style="list-style-type: none"> <li>Workshop Evaluation</li> </ul>	5-9	10 min <b>10 min</b>	<input type="checkbox"/> Evaluation Form

# Introduction

Time: 20 min

Materials: Prepared Flip Chart 5-1, Prepared Flip Char 5-2

Reminder: The Trainer's role is always to *educate*, not to provide *advice*

- **Introduction of Facilitators and Participants**

- Welcome the participants and introduce yourself to the group.
- Ask the participants to introduce themselves and conduct one Icebreaker selected by the facilitator from the Icebreaker list.
- Tell the group that this session will focus on Basic Banking.

- **Workshop Objectives**

- Refer to Flip Chart 5-1: Why Use a Bank? and review it with participants.
- Refer to Flip Chart 5-2: Objectives and review it with participants.
  - Review the objectives with the group
  - Hang the Flip Chart so it is visible to the entire group

# Learning Activity 1: Savings and Checking Accounts

Time: 20 min

Materials: Handout 5-1, Tape, DEVIL and ANGEL signs

This Activity Requires Two Facilitators

- **Before the Activity** make copies of Handout 5-1 (1 copy per person). Fold along the dotted line in the form of a brochure.
  
- **Discussion of Handout 5-1 Basic Banking**
  - **DISTRIBUTE HANDOUT 5-1 Basic Banking.**
    - Ask the group to look over the section “Advantages and Disadvantages of ATM’s”
    - One facilitator should be the banker and the other should be Maria.
    - Tell the group that you will be role playing a real-life situation of Maria going to the bank to open an account.
    - Explain to the group that Maria wants to open a bank account but does not know how to go about it, and doesn’t know the differences and similarities between checking and savings accounts.
    - **ROLE PLAYING:**
      - Banker: Good Afternoon
      - Maria: Um, Hello. I’m thinking of opening an account and would like more information.
      - Banker: Well that is a very good decision because your money will be safe, you will be able to cash checks, and you will have fast access to your money.
      - Banker: Would you like to open a savings or checking account, or both?
      - Maria: Well I don’t know.
      - Banker: To open a checking account, you need to qualify based on your credit. Checking accounts require careful recording of the transactions you make in order to avoid spending more than you actually have in your account.
      - Banker: You may want to open a checking account to make it easier to pay your monthly bills.

Maria: Oh good, and what about a saving's account?  
Banker: In a saving's account, your credit history is not reviewed. The bank may charge fees if account balance goes below the set limit. Also, only limited monthly withdrawals are allowed before additional fees are charged.  
Maria: I see. Well, how do I get started?

- REFER BACK TO HANDOUT 5-2 Basic Banking
  - **Before the activity:**
    - Make a copy of ANGEL and DEVIL Signs
    - Cut along the dotted lines
    - One facilitator will tape the DEVIL sign to himself or herself and the other the ANGEL sign.
  - **ROLE PLAYING:**
    - Ask the group to look over the section of “Advantages and Disadvantages of ATM’s”
    - The ANGEL will read the “Disadvantages” and the DEVIL will read the “Advantages”
      - Be humorous. Make it seem like if they have an angel and devil on their shoulders.
    - After completing the role play, tell the group that they’re the ones who have to decide whether the advantages outweigh the disadvantages.
  
- REFER BACK TO HANDOUT 5-1 Basic Banking
  - Ask the group to look over the “Electronic Transfer Accounts-ETA” and ask them to read it.
  - Emphasize that these options are for people who receive federal benefits and would like to receive their funds quickly and safely each month.
  
- REFER BACK TO HANDOUT 5-1 Basic Banking
  - Ask the group to read the “Additional Services” section
  - Explain that these are additional services that most banks offer

-----15 min BREAK-----

## Learning Activity 2: Checking Accounts

Time: 30 min

Materials: Blank Flip Chart, Markers, tape, Handout 5-2

### • Group Discussion 1

- Ask the group whether any of them has had, or knows someone who has had, a bad checking account experience. Start with this example. *Say: For example, I know of a case where someone was charged a lot of money for having a bounced check. He was just a few cents short and was charged \$20 for not having 5 cents in the bank. Write down the group's responses on a blank flip chart page. Once they have given you their examples, ask them if they think that learning more about handling a checking account could have prevented those problems. Write either "Yes" or "No" next to their example. (See [Figure 5-1: Bad Checking Account Experiences](#) for an example of how the flip chart should look like.)*
  - Write key word responses on the blank Flip Chart page.
    - Expected Responses:
      - Costly bank error
      - High bounced check fees
      - Other costly fees
      - Disagreements with bank staff
  
- After completing the flip chart, there should be more "YES" answers than "NO" answers next to their examples. Explain the importance of knowing how to handle a checking account in order to prevent these problems. Except for institutional errors and customer service issues, most bad experiences with checking accounts stem from insufficient knowledge about handling the account and can be prevented.
  - Ask the group to explain how a checking account works. Write down key word responses on a blank Flip Chart page.
    - The correct answer should consist of the following key points (Make sure you mention the key points that the group does not make):
      - Deposits are made
      - Interest may or may not be added
        - Customer writes checks against balance
        - Fees may or may not be added

- Monthly statements show all transactions
- Customer balances checkbook

- **Group Exercise**

1. **Before the exercise**, make copies of Handout 5-2: Pros, Cons, and Obstacles. Cut along the dotted lines to make a set that consists of 15 strips. Prepare as many sets as necessary, according to the number of groups (Ideal groups consist of 2-4 people per group).
2. Give EACH group a set of strips, tape, and a Flip Chart page with the following words:  

<b><u>Pros</u></b>	<b><u>Cons</u></b>	<b><u>Obstacles</u></b>
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Ask the groups to tape a phrase from each strip in the category they think is the best fit (See Figure 5-3: Pros, Cons, Obstacles for an example on how the flip chart page should look).
3. Hang the pages on the wall and ask a volunteer from each group to read each of the lists explaining why they chose what they did.

**After completing the exercise:**

- ❑ Explain that obviously there are both advantages and disadvantages to having a checking account
- ❑ Explain that not all banks or credit unions charge monthly service fees or fees for writing more than a specified number of checks each month, and that most bank customers save money by avoiding use of check-cashing outlets.
  - In addition, it is easier to trace disputed payments when you pay with a personal check than with a money order.
- ❑ Explain that it is wise to compare fees at several banks and credit unions before deciding where to open an account.
- ❑ Explain that debit cards can be both an advantage and a disadvantage and you will talk more about this later in this session.

## **Group Discussion 2**

- Ask the participants “*Who has a checking account?*” (Let them raise their hands) then ask “*Those of you who do: Is it easy maintaining a checking account? If not, what are the difficulties?*” (Ask them to give an actual example)
- Write key words on a blank flip chart page.
- Check participant responses against the following.
 

<b>Errors/Omissions -</b>	Deposit or check amounts not recorded or recorded incorrectly
<b>Arithmetic errors -</b>	in check register
<b>Joint account issues -</b>	Issues arising from joint accounts such as not realizing additional checks were written
<b>Automatic debits -</b>	Failure to account for authorized automatic debits
<b>Bank fees-</b>	Failure to register bank fees that cause overdrafts
<b>Unbudgeted expenses -</b>	Using checking account for unbudgeted expenses
<b>Floating a loan -</b>	Writing checks before deposits are made and having the check clear before the deposit is made
- Once the participants have given their responses, read the following examples to them:

**Errors/Omissions -** You deposit \$250 but you write \$520 in your checkbook. The problem arises when you start subtracting amounts from \$520 when in reality you only have \$250.

**Arithmetic errors -** You don’t subtract or add correctly so you’re working with money that you may not have.

**Joint account issues -** In a husband and wife joint account, meaning they have the same account number, each may have their own checkbook but don’t inform each other of what they spent. The problem arises when one is spending money they don’t have because the spouse already spent it and didn’t record it appropriately.

**Automatic debits -** You authorize an insurance company to automatically withdraw the premium each month from your account and you forget to deduct the transaction in your register, negatively affecting your account balance.

**Bank fees-** You forget to record the monthly bank service fees. Let’s say the bank charges you a \$5.00 service charge per month, and you don’t subtract it from your balance. This error could cause you to overdraw the account putting you at risk of bouncing a check.

**Unbudgeted expenses -**

You have a monthly budget for household expenses. You see a shirt for \$50 and decide to write a check for it. This results in insufficient funds to pay your bills.

**Floating a loan -**

You get paid on the 15<sup>th</sup> and you pay with a check on the 13<sup>th</sup> knowing you'll have a deposit in 2 days. You have a problem when the check tries to clear on the 14<sup>th</sup>.

Obviously you don't have the money in the bank. The bank bounces the check, charges you a fee and whomever you wrote the check to charges you an additional fee.

## **WRAP UP**

Time: 10 Minutes

Materials: Evaluation Form

- **Evaluation of Workshop**

- Distribute Evaluation Forms.
- Ask the group to please take a few minutes to complete the Evaluation Form.
- Let them know that their comments are important to further improve the module
- Thank them for taking the time to attend this workshop and ask them if they have any questions
- If you cannot answer a particular question, write it down along with the contact information for the person who asked the question. Contact them later with an answer.

## **FLIP CHART 5-1: Why Use A Bank?**

### **Why Use A Bank?**

Keeps Money Safe

Builds Good Credit History

Encourages Savings Habit

Avoid Check-Cashing Fees

## **FLIP CHART 5-2: Objectives**

### **WORKSHOP OBJECTIVES**

#### **LEARN ABOUT:**

Advantages of Banking

Checking Accounts

Savings Accounts

ATMs

Other Bank Services

**FIGURE 5-1: Bad Checking Account Experiences**  
***EXAMPLE***

<b>Bad Checking Account Experiences</b>	<b>Problem Prevented with Knowledge?</b>
Costly Bank Error	Yes
High Bounced Check Fee	Yes

**FIGURE 5-2: Pros, Cons, Obstacles** *EXAMPLE*

<b>PROS</b>	<b>CONS</b>	<b>OBSTACLES</b>
Free check cashing	Monthly Balancing	Poor or no credit history
Improves credit	Bounced Check Fees	Insufficient ID
Direct-Deposit possibility	Check-Printing Fees	Poor Arithmetic Skills
24 hour access-ATM card	ATM fees	
Convenient Debit Card	Excess Check Fees	
	Holds on Deposits	
	Monthly Service Charges	

## ADDITIONAL SERVICES

CREDIT UNIONS AND BANKS OFFER SEVERAL OTHER SERVICES THAT INCLUDE:

- Money Orders
- Cashier's Checks
- Postage Stamps
- Traveler's Checks
- Coin Machines
- Safe Deposit Boxes
- Electronic Funds Transfer (transferring money between checking and saving's accounts)
- Bill Paying
- Some Exchange Foreign Currency



## SENDING MONEY TO MEXICO?

WESTERN UNION OFFERS A SELECTION OF SERVICES FOR SENDING MONEY TO MEXICO THAT INCLUDE:

- Dinero en Minutos (In-Minutes Service) is available at [westernunion.com](http://westernunion.com).
- Giro Telegrafico (Wire Service) available at Western Union Agent locations
- Dinero a Domicilio (Home Delivery Service)
- Dinero Día Sigiente (Next Day Service)

FOR MORE INFORMATION  
CALL: 1-800-325-4045

# BASIC BANKING



HANDOUT 5-1  
A-5-3

## SIMILARITIES AND DIFFERENCES BETWEEN CHECKING AND SAVINGS

### Checking Account

- May need good credit to open
- Must carefully record transactions to avoid overdrafts
- Good for monthly bill paying

### Savings Account

- Credit history not reviewed
- Bank may charge fees if account balance goes below set limit.
- Limited monthly withdrawals allowed before additional fees are charged

### Checking and Savings Account

- Money is safe
- Facilitate check cashing
- Automated Teller Machine—fast access to your money



## ADVANTAGES AND DISADVANTAGES OF ATMS



*Does the convenience outweigh the disadvantages? Decide that for yourself*

### Advantages



- 24 hour access to your money, including days, weekends, and holidays

### Disadvantages



- Easy access facilitates impulsive use for non-budgeted expenses
- Fees— either at your bank, other banks that own ATMs or both
- Facilitates withdrawing more than you may need
  - Example: Need \$15, but can only withdraw in increments of \$10
- Users may forget to enter withdrawals into account register— could lead to overdraft

## ELECTRONIC TRANSFER ACCOUNTS —ETA

### WHAT ARE THEY?

- Low-cost accounts you can open at federally insured banks, savings and loans or credit unions where you see the ETA logo.

### WHO QUALIFIES?

- These special accounts were designed by the U.S. Department of Treasury, primarily for Federal benefit recipients who do not have checking or savings accounts, even if they were unable to qualify for one in the past.

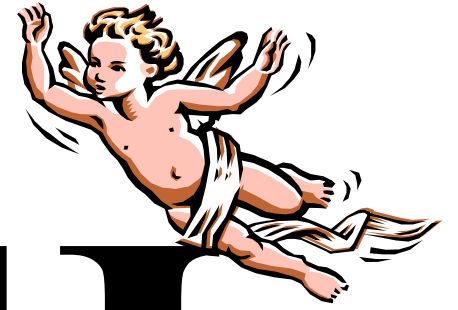
### WHAT ARE THE BENEFITS?

- Customers can withdraw at least four times a month.
- There is no minimum balance requirement.
- Recipients with bad credit histories cannot be denied these special accounts.

### CONTACT INFORMATION:

1-888-382-3311

TDD: 1-877-326-5833



ANGEL

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DEVIL

## SET OF STRIPS

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Free check cashing

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Monthly Balancing

---

Poor or no credit history

---

Improves credit

---

Bounced Check Fees

---

Insufficient ID

---

Direct-Deposit possibility

---

---

Check-Printing Fees

---

Poor Arithmetic Skills

---

24 hour access-ATM card

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ATM fees

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Convenient Debit Card

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Excess Check Fees

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Holds on Deposits

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Monthly Service Charges

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