

## Banking in Today's World

**Purpose** - We have many options that can be very confusing when it comes to choosing a bank. This presentation will discuss what things you should consider when choosing a bank, services banks offer, and security measures you can take to protect your money.

### Objectives

After completing this workshop, the participants will be better able to:

- Recognize why banks are useful
- Compare financial institutions and choose the right type of financial institution for their financial goals
- Guard against the possible dangers of online banking
- Compare using their debit and credit cards and decide which is best and safest for them
- Limit their liability when using a debit card
- Decide whether they should add a co-owner to their account(s) or use an alternative method
- Guard against elder exploitation when it comes to joint accounts
- Safeguard their personal information and opt out of information sharing between companies

### Workshop Activities

There are two participant activities and two handouts included in the workshop:

- Choosing a Bank
- Name that Service
- How to Protect your Cards and Account Information (HO)
- Banking in Today's World Key Resources (HO)

### Why use a bank?

There are many reasons to use a financial institution like a bank. We will discuss four common reasons.

- **Safe and secure** - Your money is safe from theft, loss, and fire. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to the maximum amount allowed by law (\$250,000.) This means that the FDIC will return the money to the customers if a bank closes and cannot give its customers their money.
- **Convenience** - You can get money quickly and easily. Using direct deposit, for example, allows you quicker access to your money because funds that are electronically deposited are available sooner than if you deposited a check. You can also use Automated Teller Machines (ATMs) to get fast access to your money. Most ATMs are available 24 hours a day, 7 days a week. Additionally, you can use your bank's ATM or debit card to make purchases instead of cash.
- **Financial resource** - Using a bank is almost always cheaper than using other businesses to cash your check. Direct deposit and availability to make other deposits (e.g., cash, checks).
- **Financial Future** - Building a relationship with a bank establishes a record of paying bills, can help you save money, and can help with getting a loan.

### Activity sheet

*Name That Service (see Appendix B – Activity 2) is one way to see how much your participants know about banking. Based on goals of community members/ participants, practitioners may choose whether or not to use Appendix B – Name That Service. (Answers 1-10: Money transfer, Remittance, ATM, Telephone banking, Online banking, Money order, Direct deposit, Loan, Debit card, Prepaid card).*

## Financial Institutions

As you explore different cash management alternatives, you must also consider the different types of financial institutions that offer those alternatives. Here we will consider three of the most common alternatives: Commercial banks, online banks, and credit unions.

- **Commercial Banks**

Also known as brick and mortar banks, commercial banks generally compete by offering the widest variety of support and services. They usually have employees who can help you face-to-face with financial situations: a bank president, loan officers, customer service representatives, tellers, etc. For some, it is comforting to have a banker who knows them by name and sends them a Christmas card. Commercial banks also offer on-site services such as safe deposit boxes, fax service, cashier's checks, cookies, coffee, etc. Because they have to cover the cost of the building and of these services, they usually do not offer the highest interest rates on deposits or the lowest interest rates on loans. With today's very low interest rates, there are not many differences among different commercial banks, unless you are saving large amounts of money.

Another consideration is the size of the bank. Is the bank a small local bank or a large national bank? Whether you choose a national or local bank depends on your financial goals. If you and your children/family members have a shared account and they live in another state, you probably want a larger, national bank. However, if you want to borrow money for a local business, you may want to work with a small, local bank that probably knows your community better.

- **Online Banks**

Online or Internet banks are electronic banks that do not have traditional brick-and-mortar branches. Because they have fewer branches, employees, and capital expenditures than traditional banks, they can generally pay higher interest rates on deposits and charge less for loans than traditional banks do. However, they do not have anyone you can sit down with face-to-face. Everything is done electronically. Obviously, they do not offer the onsite services that commercial banks and credit unions offer. Some common online banks include Ally Bank, Nationwide Bank, Discover Bank, Capital One 360, and ING.

- **Credit Unions**

Credit unions are similar to banks, but they are not-for-profit organizations and are owned by their members. The members are those who invest in and borrow from the credit union. Since credit unions do not need to make a profit, they often offer slightly higher rates on savings accounts and lower rates on loans. Credit unions offer many of the same benefits that commercial banks offer.

## Five Criteria for comparing financial institutions

There are five common criteria, with multiple questions for each, when comparing financial institutions. Think about each question and what is most important to you as the consumer.

- **Convenience -**  
How convenient is it for you to work with the institution? What is the availability of branches and ATMs? Are they close to your home and work? Will you have to travel much? What are the direct deposit options? Can you deposit a check with your phone? Do they have a notary you can use for free? Does the institution offer overdraft protection, safety deposit boxes, credit cards, etc.?
- **Cost (and fees) -**  
How much will it cost to do business with this bank? What are the monthly fees associated with checking and savings accounts? Are there minimum balances required? What happens if you fall below the minimum balance? Are there per check fees or balance-dependent scaled fees? What fees are associated with overdrafts or insufficient funds? What interest rates are charged on loans?
- **Consideration -**  
Does the institution offer personalized financial advice and give attention to detail? How important is it that a bank officer remembers your name and is happy to work with you? Do you have an unusual financial situation that would be better handled by a person than a rule?
- **Security -**  
Are your accounts insured by FDIC or NCUA? Most credit unions are insured by the National Credit Union Administration (NCUA). The deposit insurance rules are the same at NCUA-insured credit unions as they are at FDIC-insured banks. Do you have more than \$250,000 in one account? (Amounts above \$250,000 are not insured.)
- **Gain -**  
Is interest paid on your checking account? On your savings account? What are the interest rates? One place to compare interest rates for cash management is [www.bankrate.com](http://www.bankrate.com).

In today's market of extremely low interest rates and competitive services, the most important criterion is often **convenience**, especially when it comes to the location of the bank and ATM machines. With a convenient bank you save time and out-of-network fees. **Cost and fees would probably be the second most important criterion**, especially if you have a knack for overdrawing your checking account.

### Activity sheet

*After discussing the five criteria for comparing financial institutions, use the Choosing a Bank and a Bank Account Checklist (**see Appendix A1 – Activity 1**) to help attendees understand how to choose a bank and the account that is right for them. Based on goals of community members/ participants, practitioners may choose to use **Appendix A2 – Bank Comparison Table**.*

## Safety of online banking

When participating in online banking, it is important to understand how to protect yourself - including paying bills online, checking your account online, online/mobile check deposit, and electronic transfer of money.

- **Current statistics**
  - Around the world, 46% of those surveyed said they have used their mobile phone for banking.
  - One study predicts that by 2020, smart phones will be the preferred way to transfer funds between accounts, open new accounts, make loan payments, apply for loans, write checks, and even pay for items at the store.
  - Almost 52% of consumers in the U.S. cite concerns about security and privacy as the reason they have not yet tried mobile banking.
  
- **Six tips for staying safe (from NEFE):**
  - Never disclose account information or passwords via email or text and never click links that seem to be from your bank.
  - Set a STRONG password you don't use anywhere else, using a combination of numbers and letters (NOT your birth date).
  - Download new apps with caution and be sure to get your apps from trusted sites.
  - Protect yourself from viruses, hackers, and thieves by getting security apps that monitor your phone and allow you to lock your phone or delete all content if lost or stolen (search "security" in your app store for options). If your phone is stolen, call your bank and change your mobile login immediately.
  - Update your banking apps frequently to help fix security bugs.
  - Check your bank accounts regularly to verify mobile transactions went through and that no charges have been made that weren't by you.
  
- **3 ways to protect yourself**
  - Take "information" security seriously
    - Install security software and keep it updated (Anti-virus and anti-malware)
    - Keep the operating system current
  - Follow your financial institution's security procedures
    - Dedicated email account for banking - for all online banking and only for banking
    - Use complex passwords - 8-14 characters in length, upper, lower case, symbols, numbers
  - Do not share detailed personal information on social media
    - Electronic data (on the internet) lives forever
    - Data mining is used to build a detailed profile of your life from the internet
    - Games and social media sites can reveal personal details used for security questions

## Debit card or credit card? Which is safer to use?

If you typically use a debit card for online purchases, you may want to reconsider. If you lose your card, you will find that debit and credit cards are treated differently. That said, debit cards can be just as safe as credit cards if you use them correctly.

**The key difference:** With a credit card, the card issuer must fight to get *its* money back. With a debit card, *you* must fight to get *your* money back.

If card information has been stolen and potentially fraudulent transactions have been made, [two laws](#) protect your rights. For credit cards, the primary law is the Fair Credit Billing Act, or FCBA. For debit card transactions, the Electronic Funds Transfer Act (EFTA) applies. While these laws offer some similar protections, knowing the differences is key to understanding why it may be safer to use one type of plastic than the other.

- **Credit card loss or fraudulent charges** - Under the FCBA, your liability for unauthorized use of your credit card tops out at \$50. However, if you report the loss before your credit card is used, the FCBA says you are not responsible for any charges you didn't authorize. If your credit card number is stolen, but not the card, you are not liable for unauthorized use.
- **Debit card or ATM card loss or fraudulent transfers** – Similar to credit cards, if you report an ATM or debit card missing before someone uses it, the EFTA says you are not responsible for any unauthorized transactions. If someone uses your ATM or debit card before you report it lost or stolen, your liability depends on how quickly you report it:

If you report:	Your maximum loss:
Before any unauthorized charges are made.	\$0
Within 2 business days after you learn about the loss or theft.	\$50
More than 2 business days after you learn about the loss or theft, but less than 60 calendar days after your statement is sent to you,	\$500
More than 60 calendar days after your statement is sent to you.	All the money taken from your ATM/debit card account, and possibly more; for example, money in accounts linked to your debit account.

Similar to credit cards, if someone makes unauthorized transactions with your debit card number, but your card is not lost, you are not liable for those transactions if you report them within 60 days of your statement being sent to you.

**The real difference** between a debit card and a credit card when it comes to fraud is in how you get your money back. When a fraudulent transaction occurs on your credit card, you have lost no money. You can report the fraud, get a credit on your statement, and the issue will never affect your bank account.

With a debit card, your bank account balance is affected from the moment the fraudulent transaction takes place. If the transactions are significant, you could experience a domino effect of financial headaches. Fraudulent charges can tie up funds so that legitimate charges are declined or cause overdrafts.

- **Limit your liability with your debit card -**

- You may also want to disable any form of overdraft protection (should you have it) on the account used for purchases. Many banks offer this service (usually on a checking account), which automatically withdraws from a savings account should the checking account be overdrawn. In the case of fraud, this essentially means the crook has access to two accounts instead of one. If you do have overdraft protection in place, be sure to consult your bank on how and when it applies.
- Another way to limit your liability is to use a prepaid debit card. If someone does gain access to the account, they'll have access only to what you have loaded onto the card.

References: <https://www.consumer.ftc.gov/articles/0213-lost-or-stolen-credit-atm-and-debit-cards> and <https://www.nerdwallet.com/blog/credit-cards/credit-card-vs-debit-card-safer-online-purchases/>

- **Using your debit card correctly** - If you want to be protected by Visa or Mastercard's zero-liability policies (see below), you need to run your debit card as a credit (i.e., not using a pin) rather than using your pin and running it as a debit card. Not using your pin is also another layer of protection from thieves. Running your card as a credit allows your money to go from your bank through the Visa or MasterCard system and *then* to the vendor.

#### **Visa's Zero-Liability Policy**

*Visa's Zero Liability\* Policy is our guarantee that you won't be held responsible for unauthorized charges made with your account or account information. You're protected if your Visa credit or debit card is lost, stolen or fraudulently used, online or offline.*

#### **Mastercard's Zero-Liability Policy**

*Whether you use Debit MasterCard to shop online, by phone or in a store, every purchase is backed by Zero Liability Protection\*. That means you won't be held responsible in the event that someone makes unauthorized purchases with your card.*

#### **Handout**

*Pass out the How to Protect Your Cards and Account Information (see **Appendix C – Handout 1**) and discuss the points you feel are most relevant to your participants.*

## Who should be on the account with you as you age

You may wonder whether or how to add someone else, usually a relative, to a bank account. These decisions are not to be taken lightly.

- **Adding Co-Owners to a Deposit Account vs. Alternative Arrangements**  
Under FDIC rules, a joint account is a deposit account owned by two or more people who have **equal rights** to withdraw 100 percent of the deposits and to close the account. In addition, each co-owner is insured for up to \$250,000 for his or her share in all joint accounts at an insured bank.
- **Warning** - You may want to add co-owners primarily for convenience purposes or accessing money in an emergency. Be careful in who you add to which accounts because they'll have **full access** to that account to deposit or withdraw money, write checks, etc. Additionally, **creditors** with money judgments against the joint account holder can take money from the account to satisfy the judgment (e.g., unexpected accident, catastrophic illness, or divorce). In addition, if the **elder dies**, the money/account automatically goes to the child/person who is the co-owner, thereby disinheriting the other children.
- Instead of adding a relative as a joint-owner, you can keep single-owner status and grant an **authorized signer**. This means they can write checks and withdraw and deposit funds. However, because they are not an owner of the account, all transactions must be made on your behalf. The bank doesn't monitor this, but if the family member takes money without authorization, you at least have a **legal claim** against him. In addition, this means the family member's creditors cannot get at the money in the account.
- Another way to give someone limited access to a deposit account on an as-needed basis without granting ownership rights is to obtain a **power of attorney** (the written authorization for one or more people to represent or act on another's behalf in financial affairs or other personal matters). Powers of attorney can be broad, allowing unlimited access, or narrow, limiting access to accounts. A power of attorney can limit the agent's authority to only certain actions, such as paying monthly bills, preparing annual tax returns, or making investment decisions. In most states, if you make the power of attorney "durable," it remains in effect even if the elder becomes incapacitated -- usually a good idea.
- According to the AARP, ***about 60% of adult protective services cases of financial abuse nationwide involved an adult child of the elderly person.***

## Privacy Laws and Regulations

Companies that collect personal financial information share YOUR information with other companies/affiliates. You may want to restrict the sharing of your personal information and “opt out.”

- **Privacy Notices**

Privacy notices explain how:

- The company collects, handles, and shares your personal financial information
- Your personal financial information is protected
- You might limit the company from sharing your information with others

You will receive an initial privacy notice when you open your account and every year thereafter. Financial institutions may share your information with other companies to offer you other products and services. Federal privacy laws give you the right to stop or opt out of some sharing of your personal financial information. Many of us just throw these notices away or do not act on them. We suggest you contact the companies and opt out unless you want offers from other companies.

- **Opting Out**

If you prefer to limit the promotions you receive, or if you do not want marketers and others to have your personal financial information, you must:

- Review the privacy notice to determine whether the company shares information with others.
- Tell the credit bureaus not to share information on you with lenders and insurers who use the information to decide whether to send you unsolicited offers of credit or insurance.

You have the right to opt out of some information sharing with companies that are:

- Part of the same corporate group as your financial company (or affiliates)
- Not part of the same corporate group as your financial company (or non-affiliates)

You can opt out of receiving prescreened offers by:

- Calling 1-888-5-OPTOUT (567-8688)
- Visiting [www.optoutprescreen.com](http://www.optoutprescreen.com)

**Note:**

- If you opt out, you limit the extent to which the company can provide your personal financial information to non-affiliates.
- If you do not opt out within a reasonable period of time (e.g., 30 days after the company mails the notice), then the company can share certain personal financial information.
- If you did not opt out the first time you received a privacy notice from a financial company, contact your financial company and ask for instructions on how to opt out.
- Remember, however, that any personal financial information that was shared before you opted out cannot be retrieved.

You cannot opt out and completely stop the flow of all your personal financial information. The law permits your financial companies to share certain information about you without giving you the right to opt out. Among other things, your financial company can provide to non-affiliates:

- Information about you to firms that help promote and market the company’s own products or products offered under a joint agreement between two financial companies



- Records of your transactions—such as your loan payments and credit card or debit card purchases—to firms that provide data processing and mailing services for your company
- Information about you in response to a court order
- Your payment history on loans and credit cards to credit reporting agencies

### **Handout**

*Pass out the Financial Exploitation - Key Contact Information (see Appendix D – Handout 2) and discuss the points you feel are most relevant to your participants.*

### **Financial Exploitation**

- If you are a victim of financial exploitation, with a bank or in any capacity, you can contact:
  - Adult Protective Services - [www.eldercare.gov](http://www.eldercare.gov) or 1-800-677-1116
  - Federal Trade Commission (FTC) - [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (438-4338)
  - Federal Deposit Insurance Corporation (FDIC) - [www5.fdic.gov/starsmail/index.asp](http://www5.fdic.gov/starsmail/index.asp) or 1-877-ASK-FDIC
  - FDIC Insurance covers - CDs, checking, savings, money market deposit, and IRA deposit accounts. FDIC does not cover - stocks or bonds, mutual funds, life insurance policies, annuities, municipal securities

### **Key Points to Keep in Mind**

- Ask for help if you do not know whom to talk to at a bank.
- Ask questions until you are clear on all the information.
- Do not sign anything you do not understand.
- Ask for written information to take home to review.
- Use the Choosing a Bank and a Bank Account Checklist to help you choose a bank and the account that is right for you.
- Take steps to protect yourself when banking online
- Always run your debit card as credit and don't use your pin if you can help it
- Add an authorized signer or use a durable power of attorney instead of adding a co-owner to your accounts
- Opt out of information sharing by your financial institutions
- Contact the authorities if you are a victim of financial exploitation

## Appendix A1 – Activity 1

### Choosing a Bank / Bank Account Checklist

*If the financial institution is a credit union, be sure you are eligible to join.	Bank Name/ Account Type _____	Bank Name/ Account Type _____	Bank Name/ Account Type _____
<b>Bank Information</b>			
Does the bank offer the services I need?			
Convenient branches and ATMs?			
Bank hours?			
Do employees speak my language?			
Is it insured by FDIC/NCUA?			
<b>Accounts</b>			
• Requirements for opening account?			
<b>Checking Accounts</b>			
• Minimum opening balance?			
• Minimum monthly balance?			
• Fees?			
• Fee waivers available?			
• Number of withdrawals per month without a fee?			
• Earns interest?			
• Deposit hold times?			
<b>Overdraft Programs</b>			
• Low balance alerts offered?			
• Overdraft fees?			
• Link to a savings account to cover overdrafts?			
• Opt-out options?			
<b>Savings accounts</b>			
• Minimum opening balance?			
• Minimum monthly balance?			
• Annual percentage yield (APY)?			
• Fees?			
• Fee waivers available?			
• Withdrawal limits per month?			
• Services available?			
<b>ATM Cards</b>			
• Fees?			
• Fee waivers available?			
• Location/number of ATMs?			

<b>Debit Cards</b>			
• Fees?			
• Fee waivers available?			
• Rebates or bonuses for use?			
• Location/number of ATMs?			
• Debit card transactions requirements or limits?			
<b>Mobile/online banking</b>			
• Is it available?			
• Transaction types and limits?			
• Fees?			
• Fee waivers available?			
• Online bill pay?			
<b>Other Information?</b>			
<b>Total Monthly Costs</b>			
<b>Total Annual Costs</b>			

My banking goals: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What services are most important to me in a new bank?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

For my current banking goals, the best bank for me is: \_\_\_\_\_

\_\_\_\_\_

### Appendix A2 - Bank Comparison Table

Checking Account Feature	Small/Local Bank Name	Large Regional Bank Name	Large National Bank Name	Credit Union Name
Minimum deposit to open the account				
Monthly fees or service charges				
Interest rates earned				
Interest rates on loans				
Overdraft protection				
Bounced check fees				
Minimum balance fees				
Transaction fees				
Other possible fees				
Types of accounts available (e.g., MM, CDs, high-yield savings)				
Convenient locations				
Automatic bill payments				
Online transfers between accounts and other banks				
Free checks and debit card				
Free notary				
Direct deposit				
Mobile deposit via smart phone				
Other Mobile banking options				
Other				
Other				

## Appendix B – Activity 2

### Name That Service

Read the description of each service. Choose the banking service that matches it and fill in the blank with the name of the banking service.

#### Banking services

Direct deposits	Money transfer
Money order	Debit card
Telephone banking	Prepaid card
Online banking	Loan
ATM	Remittance

#### Description of services

1. \_\_\_\_\_ A method of electronically transferring money from one bank to another.
2. \_\_\_\_\_ A specific type of money transfer that goes to a bank or a person in another country.
3. \_\_\_\_\_ A kiosk or terminal where you can deposit, withdraw, or transfer money from one account to another 24 hours a day.
4. \_\_\_\_\_ You place a call to check your account balance.
5. \_\_\_\_\_ This allows you to check your account balance on the computer. It may also include the ability to pay bills and transfer funds between accounts.
6. \_\_\_\_\_ This is used like a check to pay a bill.
7. \_\_\_\_\_ One method your employer or a government agency might choose to issue your paycheck or benefits check.
8. \_\_\_\_\_ Money you borrow from a bank with a written promise to pay it back later.
9. \_\_\_\_\_ When you use this card to buy something from a store or another business, the money comes out of your bank account immediately.
10. \_\_\_\_\_ A card onto which you can load money to be used for future purchases.

## Appendix C – Handout 1

### How to Protect Your Cards and Account Information

#### For Credit and ATM or Debit Cards

- **Don't disclose your account number** over the phone unless you initiate the call.
- **Guard your account information.** Never leave it out in the open or write it on an envelope.
- **Keep a record of your account numbers,** expiration dates, and the telephone numbers of each card issuer so you can report a loss quickly.
- **Draw a line through blank spaces** on charge or debit slips above the total so the amount can't be changed.
- **Don't sign** a blank charge or debit slip.
- **Tear up copies** and save your receipts to check against your monthly statements.
- **Cut up old cards** — cutting through the account number — before you throw them away.
- **Open your monthly statements promptly** and compare them to your receipts. Report mistakes or discrepancies as soon as possible.
- **Carry only the cards you'll need.**

#### For ATM or Debit Cards

- **Don't carry your PIN in your wallet, purse, or pocket** — or write it on your ATM or debit card. Commit it to memory.
- **Never write your PIN** on the outside of a deposit slip, an envelope, or other papers that could be lost or looked at.
- **Carefully check your ATM or debit card transactions;** the funds for this item will be quickly transferred out of your checking or other deposit account.
- **Periodically check your account activity,** especially if you bank online. Compare the current balance and transactions on your statement to those you've recorded. Report any discrepancies to your card issuer immediately.

## Appendix D – Handout 2

### Financial Exploitation - Key Contact Information

- If you are a victim of financial exploitation, with a bank or in any capacity, you can contact:
  - Adult Protective Services - [www.eldercare.gov](http://www.eldercare.gov) or 1-800-677-1116
  - Federal Trade Commission (FTC) - [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (438-4338)
  - Federal Deposit Insurance Corporation (FDIC) - [www5.fdic.gov/starsmail/index.asp](http://www5.fdic.gov/starsmail/index.asp) or 1-877-ASK-FDIC
  - FDIC Insurance covers - CDs, checking, savings, money market deposit, and IRA deposit accounts. FDIC does not cover - stocks or bonds, mutual funds, life insurance policies, annuities, municipal securities

### Opt Out

- You can opt out of receiving prescreened offers by:
  - Calling 1-888-5-OPTOUT (567-8688)
  - Visiting [www.optoutprescreen.com](http://www.optoutprescreen.com)

### Key Points to Keep in Mind

- Ask for help if you do not know whom to talk to at a bank.
- Ask questions until you are clear on all the information.
- Do not sign anything you do not understand.
- Ask for written information to take home to review.
- Use the Choosing a Bank and a Bank Account Checklist to help you choose a bank and the account that is right for you.
- Take steps to protect yourself when banking online
- Always run your debit card as credit and don't use your pin if you can help it
- Add an authorized signer or use a durable power of attorney instead of adding a co-owner to your accounts
- Opt out of information sharing by your financial institutions
- Contact the authorities if you are a victim of financial exploitation