

Banking Unit Study Notes

Credit Unions and banks offer similar financial services

Bank—a for-profit company, owned by investors in its stock

Credit union—financial institutions owned by their customers, who are also called members

Savings account—a place to deposit money you don't plan to spend right away.

When you open a savings or share (credit union) account, you will need to provide identification, your address, your signature, your Social Security number, and a deposit

FDIC and NCUA—insures up to \$250,000 per account holder

Debit card—sometimes called a check card, which acts like a check, deducting the amount of your purchase directly from your checking account.

Overdraft—bounced check; you will be charged a fee

Use a PEN when writing a check

Checks, using your Debit Card, using an ATM are all DEBIT transactions and will be **subtracted** from your checking account

Deposits and transfers into your account are CREDIT transactions and will be **added** to your checking account

Other bank services—check cashing, foreign currency exchange, safe deposit boxes, etc.

Endorsement—to sign your name on the back of a check

Blank endorsement—just signing your name on the back of a check

Restrictive endorsement—writing the words “For Deposit Only” on the back of a check before your signature

Special endorsement—transfer check to another person by writing “Pay to the Order of _____” on the back of the check before your signature

Fringe Banking—a cash-based system of limited financial services that provides small, short-term loans to individuals at extremely high interest rates and requires little or no documentation
Pawn shops, Title loans, Payday loans

Check Register—a tabulated form that allows an individual to record all transaction in an account and keep a running balance

Bank reconciliation—process of matching your checkbook register with the bank statement each month

****YOU MUST KNOW HOW TO RECONCILE A BANK STATEMENT FOR THE TEST****