

Money T@LKS

Should I Be Banking?

The E-Banking Experience

Technological developments have made life easier and more fun. Everyday we use the Internet and cell phones, download favorite songs, or send pictures. Now it's even easy to research school assignments using the Internet or view pictures instantly with a digital camera.

It's not surprising that technology has also changed the way we bank. E-banking is increasingly popular. So what is e-banking? Take the E-Banking Quiz on page 2 and find out!



UNIVERSITY of CALIFORNIA

Agriculture &
Natural Resources

Publication 8353

E-banking Quiz

ONLINE BANKING

THE ATM & DEBIT CARD MIX-UP

PRE-AUTHORIZED PAYMENTS

EASY ACCESS: THE ATM

THE POS TERMINAL

Expenses: Free vs. Fee

E-bank by Phone

DIRECT DEPOSIT

E-banking Quiz



1. The “e” in e-banking stands for:
 - a) easy
 - b) electronic
 - c) exciting
 - d) empowering
 - e) everything above
2. You can use e-banking at these locations:
 - a) home
 - b) out of the country
 - c) from the Internet café downtown
 - d) from your cell phone
 - e) everywhere above
3. E-banking can be used by:
 - a) financial institutions
 - b) consumers
 - c) the phone company
 - d) corporations
 - e) everyone above
4. You can use e-banking to:
 - a) pay bills
 - b) check account balance
 - c) transfer funds
 - d) buy food at the grocery store
 - e) everything above

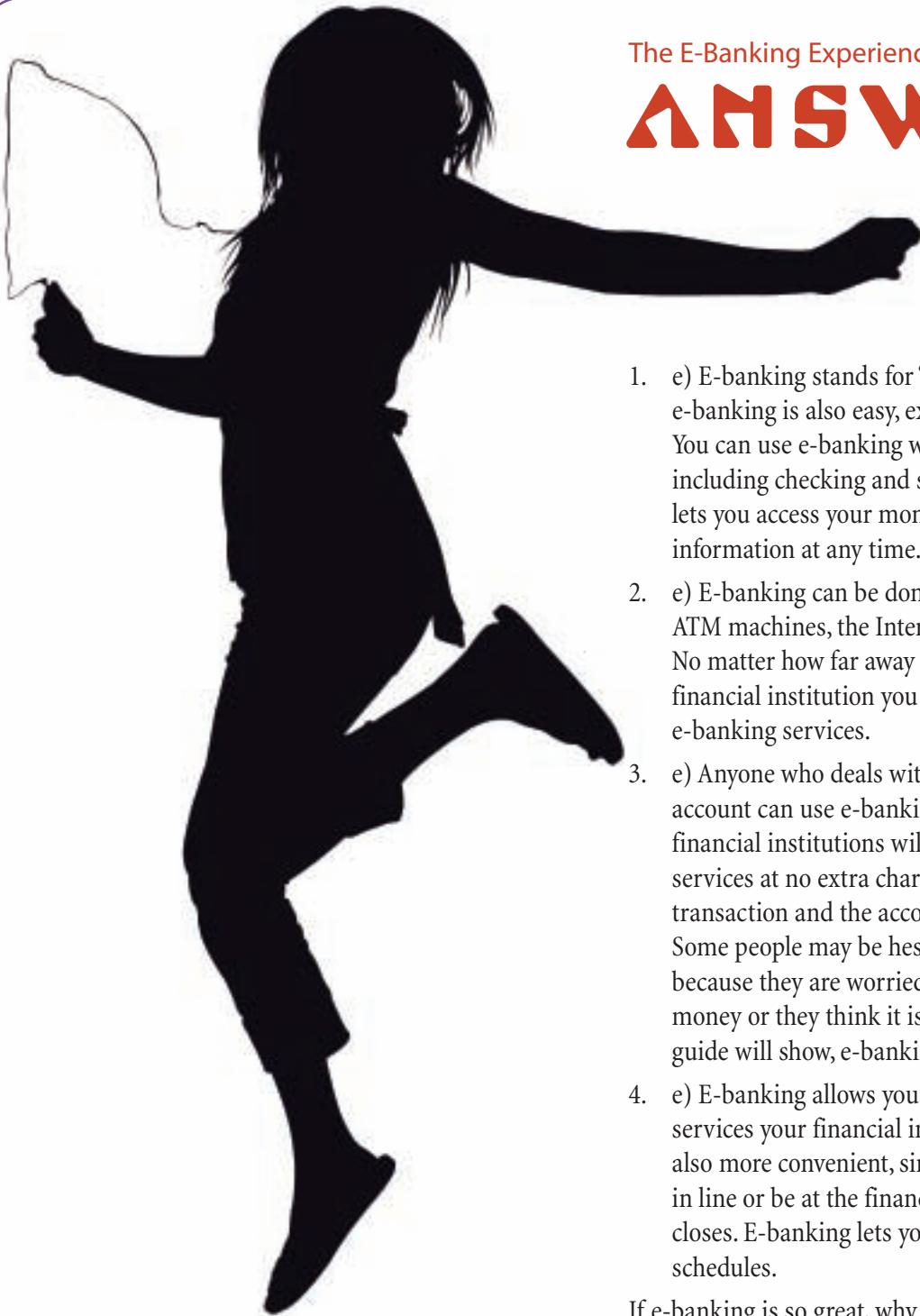
See answers on page 4.



Online Banking: the internet

Banking online is one of the easiest and cheapest ways to access your account. When banking online, you do not have to wait in line and you save time on mailing bills and money on stamps. Most financial institutions offer online services that include opening accounts, account inquiries, transfers, bill paying, an electronic account register, and access to important information regarding your financial institution. Another benefit of online banking is that it is available to you 24 hours a day. Talk to your financial institution to find out what online banking services are offered, how to access these services, and any fees charged.


ANSWERS



1. e) E-banking stands for “electronic banking,” but e-banking is also easy, exciting, and empowering. You can use e-banking with all types of accounts, including checking and savings. Using e-banking lets you access your money and account information at any time.
2. e) E-banking can be done from anywhere using ATM machines, the Internet, or even a cell phone. No matter how far away you are from your financial institution you can still access the e-banking services.
3. e) Anyone who deals with money and has an account can use e-banking. Most of the time financial institutions will provide some e-banking services at no extra charge, but depending on the transaction and the account, there may be fees. Some people may be hesitant to use e-banking because they are worried about the safety of their money or they think it is too hard but, as this teen guide will show, e-banking is safe and easy.
4. e) E-banking allows you to access most of the services your financial institution provides. It’s also more convenient, since you don’t have to wait in line or be at the financial institution before it closes. E-banking lets you bank around your own schedules.

If e-banking is so great, why don’t more people use it? Some people are afraid of new technological developments and others have no idea that they can use e-banking services. However, many people are already using e-banking without being aware of it.

Thanks to electronic fund transfer (EFT) systems that use electronic signals to record how much money is being moved in or out of different accounts, we have access to e-banking services. The most popular and widely used EFT system is the ATM. Read on to learn more about e-banking.

A close-up photograph of a person's hand holding a card near the keypad of an ATM. The background is a textured, metallic surface of the machine.

Empowering
Information:

The
ATM
&
Debit Card
Mix-up

When you open an account, your financial institution may provide you with an ATM card, debit card, or both. As more people use these cards and more places accept them, the difference between an ATM card and a debit card can become confusing. In fact, most people don't know the difference. Do you? Take the following *ATM and Debit Cards Quiz* to find out. Circle your answer.

ATM and Debit Cards Quiz (True/False)

- T F 1. An ATM will accept an ATM card or a debit card.
- T F 2. An ATM card has the logo of a major credit card company on it.
- T F 3. A debit card has the logo of a major credit card company on it.
- T F 4. I can use my ATM card to make purchases.
- T F 5. All debit cards have an overdraft line of credit.
- T F 6. I will always be asked to enter my PIN when I use my ATM card.
- T F 7. I will always be asked to enter my PIN when I use my debit card.
- T F 8. I may have to pay a fee if I use either my ATM card or my debit card.
- T F 9. I can use my debit card to get money outside the U.S.
- T F 10. I can use my ATM card to get money outside the U.S.

See answers on page 7.

Establishing payment: Pre-authorized payments



Once you begin to make regular monthly payments for a car loan, insurance premiums, gym membership, or phone bills, you may want to consider pre-authorized payments. A pre-authorized payment takes money out of your account electronically, on the same day each month, and deposits it into the merchant's account.

To make pre-authorized payments, you will need to fill out a form with your lender or merchant. When you fill out the form, you will choose which day of the month the money will be taken out of your account. Be prepared to provide the lender or merchant with personal information, such as your name, address, and account number.

There are advantages and disadvantages to making pre-authorized payments. Be sure to check out the requirement for setting up and discontinuing payments before deciding if this is a good option for you.

Advantages

Pre-authorized payments ensure that your bills are paid on time, but they also eliminate your control over deciding whom you want to pay and when you want to pay them. It is important to remember to include these payments in your account register on the appropriate date each month.

Although you may not have opportunities for pre-authorized payments right now, they are becoming more popular. Gyms, clubs, and other businesses may provide a discounted rate if you sign up for their pre-authorized payment plan.

Disadvantages

The down side to pre-authorized payments is that they are sometimes hard to stop. Say your gym membership is set up as a pre-authorized payment, but you can't find the time to exercise so you cancel your membership. If the gym continues to request payment from your bank they may continue to take the regular amount from your account. The only way to be sure the pre-authorized payments will stop, is to contact your bank to put a stop payment on the account. Unfortunately, many banks will charge you a stop payment fee (\$10-\$20), the same as if you stopped payment on a paper check. Having two pre-authorized payments for the same dollar amount can also present problems. If you cancel one payment, you may find that both payments have been cancelled or that the wrong payment has been cancelled. Be sure to point out the similarities between payments to your bank. Then watch your account statements carefully to make sure the right bills are getting paid.

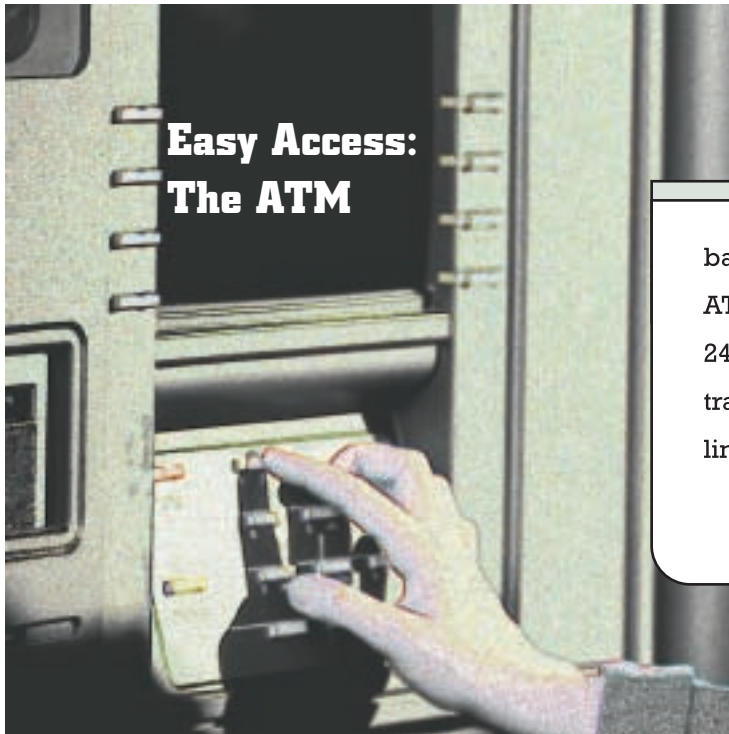
The ATM & Debit Card Mix-up Answers

Continued from page 5.



How did you do? Read the statements below to check your answers. While the ATM card and debit card are similar, they are not the same. The difference is in the way they are processed.

1. **True.** You can use both ATM cards and debit cards at ATMs.
2. **False.** An ATM card will have your financial institution's logo, account number, and an expiration date but not the logo of a major credit card company.
3. **True.** Your debit card will have your financial institution's logo, account number, an expiration date, your name, and the logo of a major credit card company. The credit card logo allows you to make purchases at any place where that company's credit card is accepted, because the store can run your debit card through a credit card machine.
4. **True.** Many places, such as gas stations and grocery stores, accept ATM cards for purchases. In order to accept ATM cards, the store must have a PIN pad where you can enter your PIN.
5. **False.** Some debit cards have an overdraft line of credit and some don't, but you cannot tell by looking at the card. Be sure to ask your financial institution. If you do have overdraft, you can use your debit card as you would a credit card. This may sound good, but it could end up costing you extra money in interest and fees.
6. **True.** Since your ATM card is always run through a PIN pad, you will always be asked to enter your pin.
7. **False.** Unlike an ATM card, a debit card can be run through either a credit card machine or a PIN pad. If your debit card is run through a credit card machine, you will be asked to sign the receipt. If your debit card is run through a PIN pad, you will be asked to enter your PIN.
8. **True.** It is not uncommon to be charged a fee when you use your ATM card or debit card. Just as you may have to pay a fee at another institution's ATM, you may be charged for using a merchant's PIN pad. Fees can accumulate quickly if you use your card often.
9. **True.** You can use your debit card at international ATMs to get cash. However, there may be fees from both the ATM owner and your card issuer. Check with your financial institution before you travel.
10. **True.** The same rules apply to ATM and debit card transactions in foreign countries.



Word Box

balance	fee	receipt
ATM	date	Personal Identification Number
24 hours	withdrawals	funds
transaction	write down	debit
limit	automated teller machine	deposits

Financial institutions provide ATMs because they make banking easier and more convenient for their customers. In fact, many people use ATMs every single day. Now let's find out how much you know about ATMs. Select the correct words from the word box below to fill the blank spaces in the statements.

Statements

- ATM stands for _____.
- Using an ATM is more convenient than going to the financial institution because, unlike financial institutions, ATMs are available _____ a day.
- At an ATM, you can make _____ and _____, check your account _____, transfer _____, and at some, even make payments.
- To use an ATM, you need your _____ card or _____ card and a _____ or PIN.
- To be sure no one has access to your account, you should **never** _____ or tell anyone your PIN.
- Most financial institutions _____ the amount of money you can withdrawal from an ATM in one day to \$200 or \$300.
- If you use an ATM from another financial institution you will probably have to pay a _____ of \$2.00 – \$3.00 to that financial institution and another \$1.00 – \$3.00 to your financial institution.
- You should always remember to take your _____ from the ATM.
- Your receipt will state the _____, the amount of money involved, and the type of _____.

Answers on page 11.



Extensive Buying Power: The POS Terminal

Point-of-Sale (POS) terminals allow you to make purchases using your ATM/debit card. This transaction is similar to a credit card transaction but withdraws the money from your account immediately. It works like this:

1. The merchant must have a POS terminal, which is connected to a processing center.
2. The processing center is connected to the financial institutions that offer their customers this e-banking service.
3. After ringing up the transaction, the cashier takes your card and runs it through the POS terminal or asks you to run it through the POS terminal.
4. The cashier asks you to enter your PIN number to authorize the transaction.
5. The sale information and your account information are sent electronically to the processing center.
6. The processing center then sends the information to your financial institution to ensure that enough money is in your account.
7. If your financial institution verifies that the money is in your account, the merchant's POS terminal receives a confirmation statement. If not, the merchant's POS terminal receives an "insufficient funds" statement.
8. Once confirmation reaches the merchant's POS terminal, the purchase amount is taken from your account (debited) immediately and is added immediately to the merchant's account (credited).

Although this is a detailed process, it happens in only a few seconds! POS transactions are becoming increasingly popular. You can use them to buy clothes, groceries, gasoline, and more. These transactions take place at restaurants, concert halls, and even on college campuses.

Expenses: **Free** **vs.** **Fee**

While e-banking definitely saves you time, it may end up costing you more than your time is worth. Fees and policies vary among financial institutions and even among accounts. It is important that you ask which e-banking services are free and which ones have fees. In some cases, you may have online banking free of charge but may still have to pay for fund transfers, or you may be charged if you use a debit card. Be sure to ask.

Another concern is using the ATM and POS terminal services. Remember to pay attention when using an ATM from another institution as there may be fees.

Record all fees in your account register. Also ask your financial institution if there are fees for using the ATM too many times in one day or one month.

Some retail stores will charge you \$.35 to \$2.00 for using a debit card. If you buy a candy bar and a soda at a gas station, you could pay more for the debit card use fee than for your snack!

Savings Tip: Ease vs. Fees

Be sure the ease of e-banking is worth the fees!

E-Bank by Phone



EASY ACCESS: THE ATM ANSWER KEY

1. automated teller machine
2. 24 hours
3. deposits, withdrawals, balance, funds
4. ATM, debit, Personal Identification Number
5. write down
6. limit
7. fee
8. receipt
9. date, transaction

You can make account inquiries, transfers, payments, and more over the telephone. Ask your financial institution for information regarding its telephone services, including the telephone number, services offered, hours available, and any fees. To save time when you call, be sure to have your account number, account access code (mother's maiden name or other information to identify yourself), and a list of your questions.

Easy Money: **Direct Deposits**



You can have your paycheck and additional regular payments from the government or other organizations automatically deposited into your checking or savings account. These automatic deposits are known as direct deposits. The benefits of direct deposit are:

- It's easy and safe
- You don't have to go to your financial institution as much
- No worry about losing your paycheck
- You have access to your money sooner
- Plus you may get free checking

Ask your financial institution about its direct deposit services.

Money Talks...Should I Be Banking? is a series of three teen guides with accompanying leader's guides designed to assist teenagers in 1) identifying their banking needs and savings habits; 2) understanding the mechanics of using banking services; and 3) developing the skills to select the best financial institutions and accounts for their lifestyles. The topics and subject matter content are based on the results of a survey completed by teens. Comments regarding these teen and leader's guides can be addressed to: Consumer Economics Department, University of California, 135 Building C, Highlander Hall, University of California, Riverside, CA 92321. Authors: Katherine Wassenberg, freelance writer; Charles Go; Margaret Johns; Patti Wooten Swanson; Keith Nathaniel; Shirley Peterson; Development Team: the UCCE Money Talks Workgroup; Graphic Designer: Kerry Decker, UC Riverside. 2008



This publication has been anonymously peer reviewed for technical accuracy by University of California scientists and other qualified professionals. This review process was managed by the ANR Associate Editor for Youth Development. To simplify information, trade names of products have been used. No endorsement of named or illustrated products is intended, nor is criticism implied of similar products that are not mentioned or illustrated.
ANR Publication 8353
©2008 by the Regents of the University of California
Division of Agriculture and Natural Resources
All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the written permission of the publisher and the authors.

The University of California prohibits discrimination or harassment of any person on the basis of race, color, national origin, religion, sex, gender identity, pregnancy (including childbirth, and medical conditions related to pregnancy or childbirth), physical or mental disability, medical condition (cancer-related or genetic characteristics), ancestry, marital status, age, sexual orientation, citizenship, or service in the uniformed services (as defined by the Uniformed Services Employment and Reemployment Rights Act of 1994; service in the uniformed services includes membership, application for membership, performance of service, application for service, or obligation for service in the uniformed services) in any of its programs or activities.

University policy also prohibits reprisal or retaliation against any person in any of its programs or activities for making a complaint of discrimination or sexual harassment or for using or participating in the investigation or resolution process of any such complaint.

University policy is intended to be consistent with the provisions of applicable State and Federal laws.

Inquiries regarding the University's nondiscrimination policies may be directed to the Affirmative Action/Equal Opportunity Director, University of California, Agriculture and Natural Resources, 1111 Franklin Street, 6th Floor, Oakland, CA 94607, (510) 987-0096.