

THE E-BANKING EXPERIENCE

This leader's guide is designed to accompany *The E-Banking Experience* teen guide. The leader's guide includes: learning objectives, background information, discussion questions, activities with accompanying handouts and visuals, a glossary, and a list of additional resources. The background information is meant to: 1) prepare instructors *before* teaching the unit and 2) be used as lecture material to cover with the teens. It is recommended that each teen receives a copy of the teen guide and reads it *before* participating in the activities outlined in this guide.

The purpose of this unit is to educate teens about electronic banking (e-banking). Just as technology has changed the way we are able to play music, view media, type up term papers and communicate, it has also changed the world of banking. Some teens may be surprised to learn that they are e-banking already! Regardless, it is important for them to be prepared for a future where banking is almost entirely electronic.

BACKGROUND INFORMATION

What is Electronic Banking?

While the term e-banking has no official definition, it is used to describe the realm of banking that technology has opened up. For some, e-banking is a broad term that describes various forms of electronic fund transfers (EFTs) - the use of computer and electronic technology as substitutes for checks and other paper transactions. In this context, some e-banking technology and transactions are:

- ⇒ Automated Teller Machines (ATMs)
- ⇒ Direct Deposit
- ⇒ Pay-by-Phone
- ⇒ Personal Computer Banking
- ⇒ Point-of-Sale Transactions (POS)
- ⇒ Electronic Check Conversion
- ⇒ Pre-Authorized Payments

Overall Learning Objectives

Teens will:

- Understand that e-banking encompasses many types of electronic transactions
- Become familiar with various types of electronic fund transfers
- Learn about different electronic fund transfer cards and their features
- Become familiar with a bank's privacy policy
- Learn how to protect their accounts from fraud and theft



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Did You Know?

- While cash and check payments are used for a significant number of transactions in the United States, the dollar volume of electronic payments is much larger than that of the cash and check payments combined. (Federal Reserve Education Organization, n.d.)



- Advantages of Internet banks:
 - ⇒ Convenience - 24/7 access
 - ⇒ Efficiency - no driving or waiting in lines
 - ⇒ Worldwide connectivity
 - ⇒ Generally lower fees
 - ⇒ Generally pay higher interest rates for savings
 - ⇒ Some offer free bill paying services
- Disadvantages of Internet banks:
 - ⇒ ATM fees
 - ⇒ Deposits must be made by mail, direct deposit or transfers between funds
 - ⇒ No face-to-face interaction

To others, e-banking describes the process of using a computer or phone for banking transactions as a substitute for having to visit a bank. There are many terms people commonly associate with this definition of e-banking, such as:

- ⇒ online banking
- ⇒ Internet banking
- ⇒ virtual banking
- ⇒ home banking
- ⇒ remote electronic banking
- ⇒ phone banking

Reasons for Electronic Banking

There are several reasons why e-banking is becoming so widely used. An e-banking customer can:

- Gain immediate access to bank account information 24 hours a day, 7 days a week
- View current account balances
- View account history
- Search history of transactions by type, amount or date
- See if checks and deposits have cleared
- Print copies of checks that have cleared
- Transfer funds between accounts
- Pay bills
- Request stop payments
- Download information into personal finance software

Types of Banks

Most banks today offer their customer's the option of going to a physical branch office to use an ATM or to be assisted by a teller AND the option of using e-banking services to do their business, such as bank-by-phone or using the bank's website. However, another type of bank that is becoming increasingly popular is an Internet bank (also known as an online, virtual, cyber, net, or web bank) which offers banking services by electronic means only.

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How to Open an Electronic Banking Account

Customers who have existing accounts at a bank and want to begin using electronic banking services may simply ask their financial institution for instructions. Once part of the system, customers have electronic access to all of their accounts.

New customers can establish an electronic account either by completing a PC banking application form and mailing it to an institution offering such a service or accessing a financial institution's web site and applying online for Internet banking. A customer can fund their online account with a check, a transfer of funds from another account or a wire. No physical interface between the customer and institution is required (Al-Abed, 2003).

Additional Methods of E-Banking

In addition to conducting bank transactions via computers and telephones, other methods are:

Direct Deposit

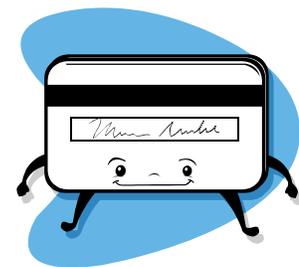
Direct deposit occurs when funds are automatically deposited into a bank account instead of issuing a check. It is one of the most widely used forms of Electronic Funds Transfer (EFT) – the transfer of money directly from one bank account to another without any paper money changing hands. The IRS even uses direct deposit to make tax refunds.

E – Cards

There are many types of electronic fund transfer (EFT) cards that can be used at ATMs and POS terminals. The popularity of these cards is on the rise because they are so convenient. Teens who know the pros and cons of each type can evaluate which would best suit their personal needs. E-cards include:

Did You Know?

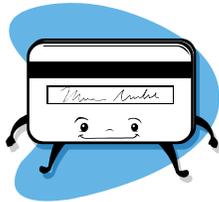
- According to the FDIC, each year the U.S. Treasury Department replaces more than 800,000 checks that have been lost, stolen or damaged during delivery. (Bankrate, n.d.)



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Did You Know?

- Debit cards are the fastest growing segment of electronic payments. (Dratch, 2004)
- The number one way financial institutions make money is through late fees and foreign ATM usage. (New York Public, 2004)



- A foreign ATM is an ATM other than one belonging to your financial institution.
- Foreign ATMs can charge fees for using their machines. ATMs are required by law to notify customers how much they will be charged before processing the transaction. A customer has a right to decline use of the machine once they are notified about the fee. (New York Public, 2004)

- Automated Teller Machine (ATM) cards
ATM cards can be used to: withdraw cash, make deposits, transfer funds and check account balances. They can be used at: the customer's financial institution and its' ATMs, foreign ATMs, and most businesses. Some may be used to pay bills and loans. ATM cards can have limitations, such as how often they can be used or which / ATM machines they can be used in without having to pay fees.
- Debit cards
Debit cards permit merchants to deduct the cost of a purchase directly from a customer's checking/savings account. They often have ATM capabilities and may have an overdraft line of credit. *Note: Some businesses charge a transaction fee for debit card payments.*
- Pre-paid cards
Pre-paid cards look and work like debit cards, but are issued with a specific dollar amount. Card holders can make purchases where most debit and credit cards are accepted and withdraw money at ATM or POS terminals. The amount of each withdrawal or purchase is deducted from the value of the card immediately. Prepaid cards may have high activation fees and membership fees. There also might be per transaction fees, and load fees—a fee to put money on the card.
- Gift Cards
Gift cards are a different kind of electronic card. They look like credit cards but are essentially gift certificates and have no tie to a financial account. While most gift cards do not have expiration dates, they may have service fees and other strings attached. It is a good idea to check with the businesses that issued them for their policies.

Electronic Check Conversion

Electronic check conversion occurs when a check is converted into an electronic payment. This is done when a check is scanned at a register and used as a source of information for making a one-time electronic fund transfer. Once the electronic transaction occurs, the check is voided and returned to the customer.

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Pre-authorized Payment

Pre-authorized payments are automatic electronic withdrawals of money taken from an account on the same day each month and deposited into another account. To set up this payment method, a customer must fill out a form from the lender or merchant. The form asks for personal information (e.g., name, address, business account number and bank account number), as well as the opportunity to select the day that funds will be taken each month. This payment method ensures that bills will always be paid on time. In addition, many businesses that have monthly membership fees (e.g., gyms) offer discounted rates to customers who sign up for a pre-authorized payment plan.

When using this payment method, customers need to speak to their financial institution about the requirements for setting up and discontinuing payments. If it is necessary to stop a bill payment, usually a three-business-day notice must be given before the scheduled transfer. This notice may be in writing or oral, however, the institution may require a written follow-up within 14 days of making the oral notice.

In addition to businesses, individuals can use pre-authorized payments to transfer money between personal accounts or into other consumer accounts. Some people use pre-authorized payments to regularly add to savings accounts.

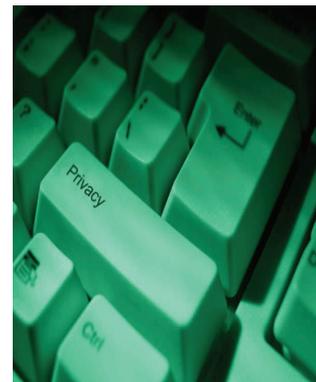
Teens and E-Banking

Teens can access many e-banking services (such as ATMs and direct deposit) through their bank accounts. However, whether they can use debit cards, online banking services or open up an Internet bank account varies by institution and its policies for collecting information on teens. Most financial institutions avoid any data collection that would trigger costs and risks associated with violating the Children's Online Privacy Protection Act (COPPA) (Insley, 2004).



Did You Know?

- E-banking customers may want to ask whether their banks track their online browsing habits.



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Did You Know?

- Most computer network break-ins rely on commonplace deceptions or theft, not advanced technology.
(Federal Reserve Bank of New York, 2004)
- Hackers sometimes impersonate technical support workers or others to obtain private information.
(Federal Reserve Bank of New York, 2004)



Even though some teens may not use e-banking services until they are 18 years old, early education will ensure that they are knowledgeable and comfortable with electronic banking when they are of age.

Privacy Policy

Privacy is a big concern when doing banking of any sort. Being familiar with privacy rights can help improve protection against fraud. All financial institutions should have a privacy policy in place that tells their customers what information the bank keeps about them and what information, if any, it shares with other companies. It should also explain that customers have a choice to “opt-out” of having non-public personal financial information shared with third parties, as well as specify how to notify the bank about that choice.

Secure E-Banking

Along with the convenience of e-banking comes greater opportunity for theft and fraud. It is very important to safeguard personal banking information. Aside from being careful to secure e-cards and checks, perhaps the most effective way to prevent theft or fraud is to keep personal information confidential. Some ways to protect confidentiality include:

- ◆ Not sharing passwords or other confidential information.
- ◆ Keeping passwords out of plain sight both at home and work.
- ◆ Selecting a unique password.
- ◆ Memorizing the password and PIN instead of writing them down or telling anyone.

Computers being used for banking need to be protected as well. Some ways to increase security include:

- ◆ Using a security or virus protection software to protect against intrusions from outsiders.

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- ◆ Using log-on passwords, screen saver passwords, or other devices to prevent anyone else from using the computer without permission.
- ◆ Verifying that the bank web site uses security features like encryption. Small icons of “locks” or “keys” on a web site show that the data is encrypted. These icons are usually found along the bottom of the screen.

In addition to theft as a result of stolen e-cards, checks or account passwords, online scams are commonly used by scam artists to defraud e-banking customers. Two frequently used methods are:

1. Setting up a web site that deliberately uses a name or web address very similar to that of a real financial institution. People click on these phony web sites and give personal information thinking they are applying to open an account or obtain a loan.
2. Sending an e-mail that claims to be from a financial institution, asking for account information to solve a problem or update files. Legitimate financial institutions NEVER do this.

Before opening an account at an online financial institution or responding to e-mails, it is smart to call the financial institution to determine whether it is legitimate. Another option to verify if an Internet bank is legitimate is to contact:

- ◆ Federal Deposit Insurance Corporation
1-800-934-3342 or <http://www.fdic.gov>
- ◆ Office of the Controller of the Currency
1-800-613-6743 or <http://www.occ.treas.gov>
- ◆ Office of the Thrift Supervision
1-800-842-6929 or <http://www.ots.treas.gov>

Opening Discussion Questions

- What is e-banking?
- Who can use e-banking?
- Where and when would it be smart to use e-banking?
- How can e-banking save you time?
- How safe is e-banking?



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ACTIVITY ONE: PAYING BY PLASTIC

Estimated Activity Time: 45—60 minutes

In this activity, teens will learn about the different types of electronic transfer cards people can use to withdraw money and pay for items. Teens will then create a brochure or poster explaining the features of one type of card.

Getting Ready Checklist

- Make one copy of Handouts #1a, #1b, and #1c
- Make three copies of Handout #2
- Assemble supplies for project: paper, poster board, markers, pictures from magazines, scissors, glue and rulers

Doing the Activity

1. Begin by going over the “What is Electronic Banking?,” “Reasons for Electronic Banking,” “Types of Banks,” and “Additional Methods of E-Banking” sections on pp. 1-5 of the Leader’s Guide Background Information. Cover the following points:
 - E-banking is a broad term that describes several forms of electronic fund transfers.
 - E-banking allows customers to bank anytime or anywhere.
 - It’s easy to open an electronic banking account.
2. Ask teens if any of them already use e-cards, and if so, which ones. Encourage them to share any benefits or drawbacks they have experienced in using them.
3. Reiterate the note in the debit card section of the Background Information stating that some businesses charge a fee for debit card payments. Ask teens to share any examples of this that they can think of.

Learning Objectives

- Teens will learn about different e-banking cards: ATM, Debit, and Pre-Paid
- Teens will learn about the different fees associated with each e-banking card

Supplies Needed

- Handout #1a-#1c
- Handout #2
- Paper
- Poster board
- Markers
- Scissors
- Magazines
- Glue
- Rulers
- Computers with online capabilities (Optional)

Extend the Lesson Supplies

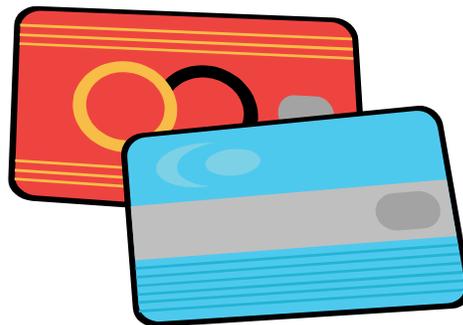
- Notebook or paper for journaling activity

Related Money Talks Online Game:

- Bricks and Bucks Banking

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4. Divide teens into three groups, an ATM card group, a debit card group and a pre-paid card group.
5. Distribute Handouts #1a - #1c to the appropriate group. Explain to the groups that their handout describes the different features of their assigned card. (Handouts #1a-#1c)
6. Distribute Handout #2 to all groups. Tell the class that they will put together an informational brochure or poster about their card that will be presented to the class. Handout #2 addresses the type of information the groups need to include. If computers are available, teens may also do additional research about their card online. Have the groups use the art supplies or computer publishing software, if available, and encourage them to be creative. (Handout #2)
7. Give the groups 20-30 minutes to put together their document. Have each group present its findings to the entire group. Allow time for the groups to answer questions from their peers about the EFT card they were assigned.
8. *Extend the Lesson—Electronic Funds Transfer Journal*
Have the class journal on the following questions:
 - After hearing the different presentations, which card appeals to you and why?
 - What are some things you would do to avoid paying fees when using an EFT card?



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ACTIVITY TWO: WHAT'S IN YOUR STATEMENT?

Estimated Activity Time: 30-45 minutes

In this activity, teens will learn about online banking and the benefits it can provide. They will compare their checkbook register to an online statement to check for accuracy.

Getting Ready Checklist

- Copy Handouts #3a and #3b for each teen

Doing the Activity

1. Copy and distribute Handouts #3a and #3b to each teen. (Handouts #3a, #3b)
2. Explain to teens that the handouts are examples of the way Lisa Lee records and views the financial data in her checking account. Handout #3a is a copy of the financial transactions she recorded for one month in her checkbook register. Handout #3b is a copy of her checking account statement downloaded from her computer. (Handouts #3a, #3b)
3. Give teens time to review both handouts. Then ask the following questions: (The answer and explanation follow each question.)

Q1. When comparing Lisa's e-statement to her checkbook register, did Lisa record all of the transactions in her checkbook register that appear on her e-statement?

Learning Objectives

- Teens will understand the benefits of online statements
- Teens will become familiar with electronic funds transfer definitions: direct deposit, electronic check conversion, etc.

Supplies Needed

- Handout #3a
- Handout #3b

Extend the Lesson Supplies

- Computers with online capabilities

Related *Money Talks* Online Game:

- Bricks and Bucks Banking



Activity #2



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Date	Amount
10/20	\$ 738.97
10/21	\$26.82
10/22	\$80.53
10/23	\$24.21
10/24	\$62.24
10/25	\$08.42
10/26	
10/27	

Note: Overdrawing an account can result in extra fees.



A. No

One of the benefits of going online to check your account activity is that all financial transactions will be listed on the e-statement. Telephone banking can also be used to check on your account activity. In Lisa's case, she forgot to record some transactions in her checkbook register.

Q2. What was Lisa's checking account balance on her e-statement and in her checkbook register?

A. \$165.32 was the balance on her e-statement and \$250.99 was her balance in the checkbook register.

There is a discrepancy between the two balances. Lisa forgot to record all of her transactions in her checkbook register and she calculated some figures incorrectly. Because of these errors, Lisa thought she had more money than she actually did. One of the benefits of online banking is the ability to check account balances 24 hours a day.

Q3. Did Lisa record ATM fees in her checkbook register?

A. No

On 5/30/XX, Lisa was charged \$2.00 for using a foreign ATM. It is important to remember that foreign ATMs may charge fees for using their machines. ATMs are required by law to notify customers how much they will be charged before processing the transaction. A customer has a right to decline use of the machine once they are notified about the fee. Customers may also be charged an additional fee by their own banks for using foreign ATM.

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Q4. Name one transaction Lisa did not record in her checkbook register when she used her debit card?

- A.** 6/23/XX Debit Card/ Allen's Florist \$45.67 or
6/10/0XX Debit Card/ Payco Gas \$23.00

Debit cards are convenient to use, however, it is important to remember that money instantly comes out of the account that the debit card is linked to. Treat a debit card like it is cash.



Q5. Was Lisa charged any service fees for her checking account?

- A.** Yes and No

The answer is tricky here. Lisa was charged \$3.00 for having this checking account, but was then credited \$3.00 on 6/2/XX because she has direct deposit. Many financial institutions will waive fees for having an account if a customer signs up for direct deposit or maintains a certain balance.

Q6. Give an example of when a check was directly debited from Lisa's checking account?

- A.** 6/22/XX Check 159 for \$15.82 to Office Supply Store or 6/22/XX Check 158 for \$30.00 to Cutters

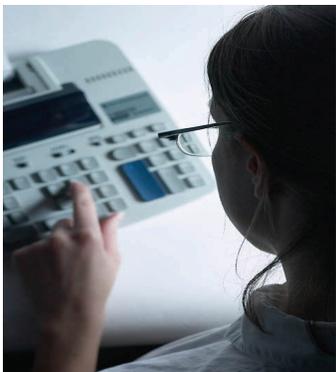
When Lisa wrote these checks, the money was directly debited from her checking account at the time of purchase. Many stores will accept a check at the sales counter, scan it through a reader, hand the voided check back to the customer and then use the information from the check for an electronic funds transfer. This is known as an electronic check conversion.



Activity #2



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Q7.When looking at Lisa's e-statement, did she have any money transferred into or out of her account?

A. No

Although Lisa did not transfer any money into her account from another account, she could in the future. Many financial institutions allow their customers to transfer money from one account to another through online banking or through phone banking.

Q8.Did Lisa record her gym membership in her checkbook register?

A. No

Lisa's membership is directly debited on the 15th of every month. This is called a pre-authorized payment. When using this payment method, customers should speak to their financial institution about the requirements for setting up and discontinuing payments. If it is necessary to stop a bill payment, usually a three-business-day notice must be given before the scheduled transfer. The notice may be in writing or oral, however, the institution may require a written follow-up within 14 days of making the oral notice.

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ACTIVITY THREE: INTERNET BANKING - IS IT SAFE?

Estimated Activity Time: 30—60 minutes

In this activity, teens will learn about safe online banking practices. They will receive information about insured deposits, how to keep personal information private and secure, understand what their rights are as consumers, and learn where to go for more assistance from banking regulators.

Getting Ready Checklist

- | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <input type="checkbox"/> Copy Visual #1 to display as overhead transparency or Power Point slide <input type="checkbox"/> Copy Handouts #4a and #4b for each teen <input type="checkbox"/> Set up overhead projector or LCD projector |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Doing the Activity

1. Go over the “Teens and E-Banking,” “Privacy Policy,” and “Secure E-Banking” sections on pp. 5-7 from the Leader’s Guide Background Information. Mention the following points:
 - Being familiar with privacy rights can help improve protection against fraud.
 - Customers have the choice to “opt-out” of having non-public personal information shared.

2. Distribute Handout #4a to each teen and explain that this handout is an example of a financial institution’s privacy policy statement. The statement will tell what information the financial institution keeps about customers and what information, if any, it shares with other companies. (Handout #4a)

Learning Objectives

- Teens will be introduced to the concept of information sharing
- Teens will learn how to protect themselves from fraudulent e-mails
- Teens will learn how to check on their financial institution's insurance status

Supplies Needed

- Visual #1
- Handout #4a
- Handout #4b
- Overhead or LCD projector

Extend the Lesson Supplies

- Computers with online capabilities

Related Money Talks Online Game:

- Bricks and Bucks Banking

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Answer Key for Handout #4b

1. A) Request for products and services
B) Account activity
2. Annually and when a customer opens an account
3. Federal standards
4. Yes
5. No
6. Yes



3. Distribute Handout #4b and have teens answer the questions with the information from Handout #4a. (Handouts #4a, #4b)
4. Once teens have completed the questions, go over the answers with the group (see side bar on this page). Encourage teens to have an open discussion about this exercise.
5. Go over the “Secure E-Banking” section on pp. 6-7 of the Leader’s Guide with teens. Some points to make include:
 - To prevent theft or fraud, keep personal information confidential.
 - Computers being used for banking need to be protected with virus protection software and log-on passwords.
6. Display Visual #1 to the teens. This visual is an example of a fraudulent e-mail sent by scam artists. Point out to teens the need to protect themselves from fraudulent web sites. Have the group discuss what course of action they should take in the event they receive a suspicious request. (Visual # 1)
7. *Extend the Lesson—FDIC Online*
Use the local phonebook to create a list of financial institutions in your city and distribute the list to the teens. Teens can check the FDIC’s online database at: **http://www.fdic.gov** to find out if these institutions are FDIC insured.

On the FDIC home page, instruct teens to select “Is My Bank Insured?” Enter the official name, city, and state of the financial institution and click the “Find My Institution” button. A positive match will display the official name of the bank, the date it became insured, its insurance certificate number, the main office location for the bank, and its primary government regulator.

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Additional Resources

- *Banking Kids* is a web site that allows teens to practice using an ATM, along with reading bank statements and other financial activities.
http://www.bankingkids.com/pages/t_atm_1.html
- *Federal Deposit Insurance Corporation (FDIC)* provides information on a number of consumer finance issues, allows you to order their *Money Smarts* personal finance curriculum for adults, and find out if your financial institution is insured.
<http://www.fdic.gov/>
- *Federal Reserve Education* provides links to instructional materials and tools that can increase your understanding of the Federal Reserve, economics and financial education.
<http://www.federalreserveeducation.org/FRED/>
- *Money Talks* is a financial literacy web site for teens available in both English and Spanish. It contains downloadable versions of 10 money management teen guides, interactive games, simple exercises, videos and links to other financial web sites. Teens can send questions to Sam the in-house financial advisor, and wait for an answer to be posted to the site. Teachers/leaders have access to a special section of the site containing leader's guides for each unit, research articles, and additional links.
<http://www.moneytalks.ucr.edu>
- *Practical Money Skills* is a web site developed by VISA to help teachers, parents and teens practice money management skills.
<http://www.practicalmoneyskills.com>



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E-Banking Glossary

Automated Teller Machine (ATM) An electronic terminal that allows a customer to access account information and conduct financial transactions. It requires a customer's ATM card and PIN.

ATM Card A plastic card that has a financial institution's logo, account number and an expiration date on it, used to access an account at an ATM or point-of-sale (POS) terminal.

Automated Clearing House A service used by financial institutions to exchange electronic payments drawn on another financial institution.

Children's Online Privacy and Protection Act (COPPA) A law that regulates the online collection and use of personal information provided by and concerning children.

Debit Card A plastic card that allows a customer to pay for goods and services electronically. The cost of the transactions are automatically deducted from the customer's account. Debit cards are often issued with ATM capability.

Direct Deposit An automatic electronic deposit of funds into a bank account.

Electronic Banking (e-banking) also known as electronic fund transfer (EFT), is a broad term that describes the use of computer and electronic technology as a substitute for checks and other paper transactions.

Electronic Benefits Transfer The transfer of public entitlement payments, such as welfare or food stamps, via direct deposit or point-of-sale. The recipient is given an identification card and a PIN number which allows them to access the benefits through an electronic network.

Electronic Bill Payment A service allowing customers to authorize their bank to make electronic withdrawals from their bank account to pay bills.

Electronic Check Conversion A process that converts a check into an electronic payment. This occurs when a check is scanned at a register and used as a source of information for making a one-time electronic fund transfer. The check itself is voided and is not considered the method of payment.

E-Banking Glossary Continued

Electronic Fund Transfer (EFT) The transfer of funds via electronic technology.

Foreign ATM An ATM that does not belong to the financial institution where a customer banks.

Internet The extensive, worldwide computer network available to the public.

Internet Banking The use of the Internet to conduct banking activities.

Load Fee A fee to put more money on a pre-paid card.

Overdraft Fee A fee you are charged when you spend more money than is in your account.

Pay-by-Phone System A system that allows customers to call their financial institution with instructions to pay bills or to transfer funds between accounts.

PIN (Personal Identification Number) A number, select by you, used to access your bank account through an ATM or debit card.

Point of Sale (POS) Terminal A terminal that allows you to make purchases using EFT cards.

Pre-Authorized Payment Automatic electronic withdrawals of money taken from an account on the same day each month and deposited into a merchant's account.

Pre-Paid Card A card for a specific dollar amount that is purchased from a private company. They are used like debit cards.

Secure Browser Software that scrambles information sent over the Internet.

Money Talks...Should I Be Banking? is a series of three teen guides and leader's guides designed for teens. The topics and subject matter content are based on the results of a survey completed by teens. The goals of these teen guides and leader's guides are to assist teens 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. Comments regarding these teen guides and leader's guides can be addressed to: Consumer Economics Department, University of California Cooperative Extension (UCCE), 135 Building C, Highlander Hall, Riverside, CA 92521. Authors: Chanda Gonzales and Susan Cortz, UC Riverside; Development Team: Charles Go, Margaret Johns, Shirley Peterson, Patti Wooten Swanson, Keith Nathaniel and the UCCE Money Talks Workgroup. 2008

Internet Banking- Is It Safe?



Dear Sir/Madam,

Your bank account is being used by another person. This can happen if you have been shopping online and someone intercepted your billing information. We strongly recommend that you fill out the attached form on our secure web site to facilitate our investigation and prevent future fraud.

Sincerely yours,

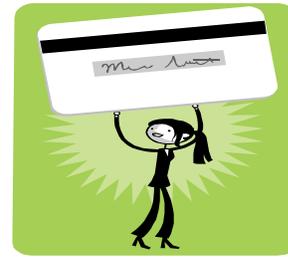
B. Right-Money T@LKS Bank

[Click here to update your information](#)

The E-Banking Experience



Paying By Plastic ATM Cards



Automated Teller Machine (ATM) cards allow people to bank 24 hours a day. ATM cards are the most widely used plastic cards.

ATM cards can be used to:

- ◆ withdraw cash
- ◆ make deposits
- ◆ transfer funds
- ◆ check account balances

ATM cards can be used at:

- ◆ the customer's financial institution and its' ATMs
- ◆ foreign ATMs
- ◆ some ATM cards may even be used to pay bills and loans

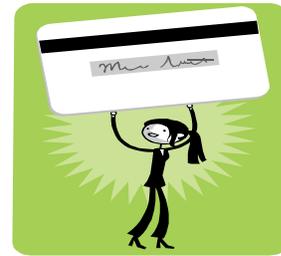
An ATM card will contain the:

- ◆ logo of a financial institution
- ◆ account number
- ◆ expiration date

To use an ATM card, customers are asked to enter their Personal Identification Number (PIN) for making purchases or withdrawing money.

Users of foreign ATMs are usually charged for this service and they may also be charged by their own bank for using a foreign ATM. That means consumers sometimes pay two fees to withdraw their money.

Paying By Plastic Debit Cards



Debit cards allow people to pay for purchases without writing checks. They also permit merchants to automatically deduct the cost of a purchase directly from a customer's account.

Debit cards contain the:

- ◆ name of the customer
- ◆ financial institution's logo
- ◆ account number
- ◆ expiration date
- ◆ logo of a major credit card company—*this logo allows customers to make purchases wherever that credit card is accepted*

Debit card transactions are immediately deducted from the customer's checking/savings account. They are NOT charged to a credit card.

There are two types of debit card purchases—online and offline:

- ◆ **Online transactions** occur when a customer swipes a debit card through a point-of-sale (POS) machine and is required to enter a Personal Identification Number (PIN).
- ◆ **Offline transactions** take place when a customer signs for purchases and the amounts are deducted from the customer's account in a day or two.

Fees for using debit cards can vary. Some banks and businesses charge a fee for each purchase. Customers may want to consider using a credit card or cash to avoid the fees at such locations. *Transactions that require a PIN number are more likely to charge a fee than those that require a signature.*

Debit cards are often issued with ATM capabilities. This allows customers to withdraw cash, make deposits, transfer funds, and check account balances. Some debit cards have an overdraft line of credit and some don't—customers should ask about an overdraft option.

Paying By Plastic

Pre-paid Cards



Pre-paid cards work and look like debit cards. They are issued for a specific amount of money by some banks, credit card companies and stores. In addition, some employers offer prepaid cards instead of paychecks, and some government agencies provide prepaid cards for child support, unemployment and other benefits payments.

These cards include the:

- ◆ company's logo
- ◆ account number
- ◆ expiration date

Pre-paid cards allow customers to make purchases in stores, online, by phone, and through mail order. Some can be used to pay bills, send/transfer money to friends and family, and get cash from ATMs and banks. Every time the card is used, the amount of the withdrawal or purchase is deducted from the card.

These cards can also be used to make purchases at stores that only accept cards with a major credit card logo. Some pre-paid cards are more widely accepted than others. Pre-paid cards are usually good for one year. They may be an alternative for people who find it difficult to have a bank account or do not have a credit card.

However, pre-paid cards can be a pricey option. They may have high activation fees, annual participation fees, per transaction fees, and load fees—a fee to put more money on the card. These are in addition to ATM fees. It is important to find out exactly where a card can be used and what the fees are **BEFORE** getting a pre-paid card.

Create A Card

As a group, create an informational brochure or poster about your card and then present it to the entire group.



Items that need to be included on your document:

- ◆ Information normally found on the card (*e.g., name of account holder, major credit card logo*)?
- ◆ Describe at least two benefits that the card offers (*e.g., 24-hour banking, no check writing, don't need a bank account*).
- ◆ Describe some of the fees associated with using the card.
- ◆ Describe two disadvantages of using the card.
- ◆ Do you need a PIN to use the card?

Items that you can add:

- ◆ Personalized logo
- ◆ A company name
- ◆ A group or person's name
- ◆ Other important information that would help the class learn about this type of card

The E-Banking Experience



What's In Your Statement?



Lisa's Checkbook Register

CHECK NUMBER	DATE	DESCRIPTION OF TRANSACTION	AMOUNT OF PAYMENT (-)	✓	AMOUNT OF DEPOSIT (+)	BALANCE FORWARD
	5/27	<i>Balance</i>				\$53.23
152	5/27	<i>Nail Salon</i>	21.00			\$32.23
	5/30	<i>ATM</i>	20.00			\$12.23
	6/1	<i>Direct Deposit Paycheck</i>			450.00	\$462.23
153	6/2	<i>Car Payment</i>	225.50			\$236.73
154	6/2	<i>Auto Insurance</i>	85.00			\$151.73
	6/10	<i>Pacific Boards</i>	27.19			\$124.54
	6/10	<i>Coffee House</i>	5.43			\$119.11
155	6/12	<i>Bookstore</i>	13.55			\$105.56
156	6/13	<i>Void check</i>				\$105.56
157	6/13	<i>Debbie Smith</i>	40.00			\$65.56
	6/14	<i>ATM</i>	20.00			\$45.56
	6/15	<i>Direct Deposit Paycheck</i>			250.00	\$295.56
	6/16	<i>Gas</i>	23.00			\$272.56
	6/16	<i>Coffee House</i>	3.75			\$268.81
	6/17	<i>Taco House</i>	8.00			\$260.81
158	6/22	<i>Cutters</i>	30.00			\$230.81
159	6/22	<i>Office Supply Store</i>	15.82			\$214.99
	6/25	<i>Chinese Take Out</i>	14.00			\$200.99
	6/27	<i>Deposit- Grad Gift</i>			50.00	\$250.99



The E-Banking Experience

What's In Your Statement?



TRANSACTION HISTORY

Name on Account: Lisa Lee
 Free Checking: 123456789
 Search for Transactions
 From 5/27/XX to 6/27/XX

Ledger Balance: 165.32

Date	Description	Check Number	Debit (-)	Credit (+)	Running Balance
6/27/XX	ATM/ Money TALKS			\$50.00	\$165.32
6/25/XX	Debit Card/ Kim's Restaurant		\$14.00		\$115.32
6/23/XX	Debit Card/ Allen's Florist		\$45.67		\$129.32
6/22/XX	Direct Debit/ Check 000159	159	\$15.82		\$174.99
6/22/XX	Direct Debit/ Check 000158	158	\$30.00		\$190.81
6/18/XX	Check/ 000157	157	\$40.00		\$220.81
6/17/XX	Debit Card/ Taco House		\$8.00		\$260.81
6/16/XX	Check/ 000155	155	\$13.55		\$268.81
6/16/XX	Debit Card/ Coffee House		\$3.75		\$282.36
6/16/XX	Debit Card/ Payco Gas		\$23.00		\$286.11
6/15/XX	Direct Debit/ Silver Gym		\$15.00		\$309.11
6/15/XX	Direct Deposit/ V-Mart Pay			\$250.00	\$324.11
6/14/XX	ATM/ Money TALKS		\$20.00		\$74.11
6/10/XX	Debit Card/ Payco Gas		\$23.00		\$94.11
6/10/XX	Debit Card/ Coffee House		\$5.43		\$117.11
6/10/XX	Debit Card/ Pacific Boards		\$27.19		\$122.54
6/7/XX	Check/ 000153	153	\$225.50		\$149.73
6/6/XX	Check/ 000154	154	\$85.00		\$375.23
6/2/XX	Credit/ Account Service			\$3.00	\$460.23
6/2/XX	Fee/ Account Service		\$3.00		\$457.23
6/1/XX	Direct Deposit/ V-Mart Pay			\$450.00	\$460.23
5/30/XX	Fee/ Foreign ATM		\$2.00		\$10.23
5/30/XX	ATM/ BB Bank		\$20.00		\$12.23
5/30/XX	Check/ 000152	152	\$21.00		\$32.23

The E-Banking Experience



Internet Banking - Know Your Rights

Money TALKS Privacy Policy Statement

This privacy policy statement explains what the Money TALKS Bank does to keep information about you private and secure. We want you to know how we manage your information.

What information do you have about me? The Money TALKS bank collects information from various sources. We get information from your requests for products and services and account activity.

How does Money TALKS safeguard information about me? Money TALKS takes numerous actions to protect the privacy of information about you. We keep information under physical, electronic and procedural controls that comply with Federal standards. These controls help keep information from being changed or destroyed. We authorize people to get information about you only when they need it to do work for Money TALKS.

Is information about me shared with service providers and financial companies outside of Money TALKS? We share information about you as required or permitted by law, such as sharing information with regulators and law enforcement officials, information to protect you against fraud and your account activity with credit bureaus.

What choices do I have about information sharing? You can tell us to not share information about yourself from credit bureau reports for marketing purposes. However we may share information about you within the Money TALKS bank for survey purposes **or** you can tell us to not share information about yourself for non-financial offers with other companies.

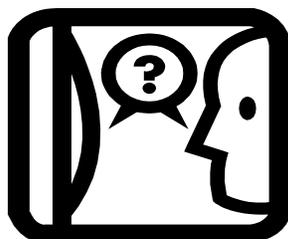
How does Money TALKS tell me about its policy? We send our Privacy Policy Statement to you when you open a new account. We also send it annually to our customers and it is always available online.

How do I protect myself against identity theft and fraud? See tips on protecting your identity under the identity theft page listed on our web site.

How can I change my privacy choices? You can contact Money TALKS by phone (1-555-555-5555) or submit your request online. The following is a list of choices you have regarding your account: (1) Do not share information about me with companies for offers of non-financial products; (2) Do not share information about me from credit bureaus for marketing purposes; (3) Do not share information about me with companies for determining eligibility for products; (4) Do not contact me with offers of products by mail; (5) Do not contact me with offers of products by telephone.



Internet Banking - Know Your Rights



Refer to the Money TALKS Privacy Policy Statement to answer the following questions:

1. List two ways Money TALKS gets information from you. _____

2. How often will a Money TALKS customer receive a privacy policy statement in the mail? _____

3. What standards does Money TALKS Bank comply with? _____
4. Do Money TALKS customers have a choice to “opt-out” of having their information shared for marketing purposes? _____
5. Does the privacy policy statement say whether Money TALKS tracks their customer’s browsing habits online? _____
6. Does Money TALKS give their customers an option for being contacted by mail or by telephone for product offers? _____