Focus on Finance
Lesson Description

Students are introduced to the importance of financial services through the “Banking for Safety” online video. They read information about services offered through financial institutions and identify their own service preferences. Students compare institutions listed and choose the one that best meets their needs as an assessment.

Concepts

Account
ATM
Automatic bill payment
Balance
Banking relationship
Debit card
Direct deposit
Electronic payment
Fees
Financial services
Online banking

Objectives

Students will:

- Identify the types of financial services available through financial institutions.
- Compare services offered by different financial institutions.
- Identify their criteria for selecting financial services and choose an institution that meets their criteria.
- Explain the importance of developing a relationship with a financial institution.

Common Core Standards

Gr. 6-12 English Language arts Standards, Literacy in History/Social Studies and Technical Studies

- Key Ideas and Details
- Integration of Knowledge and Ideas

Content Standards

National Standards in Economics

- Standard 2: Decision Making
- Standard 10: Institutions

National Standards in Personal Financial Literacy

- Standard 3: Saving
- Standard 4: Credit
**Focus on Financial Services | Financial Fundamentals from the Fed**

**Grade level**

9-12

**Time Required**

45 minutes

**Materials**

- A copy of Handouts 1, 2, and 3 for each student

**Lesson Procedure**

1. Ask students if they remember hearing about Hurricane Katrina, a storm that affected several communities along the southeast coast of the United States. In 2005, New Orleans experienced major destruction from the storm, which left eighty percent of the city under water. Explain that the storm caused flooding from the Mississippi River and caused most of the city’s residents to evacuate to other locations. Ask the following questions:
   - If you were in this situation and had to evacuate, what would you be worried about? *(Answers will vary. Students may say they would be worried about their family leaving safely; packing things to take with them; finding a new place to live; going to a new school and other concerns.)*
   - Would you be worried about having enough money for your move and relocation? *(Answers will vary. Some students may mention that money would be an important concern, others may not have considered it.)*

2. Tell students that they will watch a video that shows some of the financial problems people experienced when they relocated after the hurricane. Ask them to listen for ways to avoid these problems in emergency situations.


4. After watching the video, ask the following questions for review:
   - Why was it difficult for many workers in New Orleans to get their paychecks after Hurricane Katrina hit the city? *(Answers will vary. Students should suggest that many people had to evacuate, therefore they did not have regular addresses. If those workers didn’t have bank accounts, their employers did not know where to send the paychecks.)*
   - How did workers without bank accounts get the money they needed? *(Answers will vary. Many workers relied on check-cashing businesses. These*
businesses were close by, accepted utility payments, and sold money orders, stamps and envelopes. However, these businesses charged high fees, or payments for their services.)

- Why did Natesha decide to open a bank account? (Answers will vary. Students may say because it was cheaper than using the check-cashing business, which charged $35 a month. They may also comment that it was safer, as Natesha no longer carried her cash around with her. Students may say it was more convenient, since Natesha’s paycheck was automatically deposited into her account.)

- What responsibilities come with having a bank account? (Answers may vary. Students should suggest that account holders need to keep track of deposits and withdrawals, writing amounts down to have a current balance of the money in the account. They should make sure they don’t overdraw their account, letting the balance fall below zero, or they may have to pay fees to the bank. They should also review their monthly statement to make sure it agrees with their own records.)

- What are electronic payments? (Payments sent by computer which transfer money between banks, individuals and businesses.)

- What are the advantages to using electronic payments? (Answers will vary. Advantages include secure transactions, the convenience of funds being directly deposited, and a quick and easy way to pay bills.) Give examples of types of electronic payments that are directly deposited. (Answers will vary. Examples include paychecks, social security, tax refunds, and pensions.)

- As an account holder, what financial services were provided to Natesha? (Answers will vary. Students should suggest automatic deposit of her paycheck, automatic bill pay, and online banking services.)

- Name some ways Natesha used online banking. (Answers may vary. She used it to check her current balance; to see when her phone and utility bills were scheduled to be paid; and to pay other bills directly.)

- What are the benefits of online banking? (Answers will vary. Students may suggest that this service is free, fast, safe and convenient.)

5. Discuss the fact that banks and credit unions are examples of financial institutions, which are organizations that collect and pool small amounts of funds together so that larger investments can be made. Banks and credit unions collect deposits from customers and use the deposits to make loans to other customers. Ask students the following questions:

- Why is it important to have a relationship with a financial institution? (Answers will vary. Students may suggest that this type of relationship can give you financial security by helping you keep track of your money and offering payment services. It can also help in case of emergencies or if you need a loan.)

- Why should you shop around and compare the services of financial institutions? (Answers will vary. Students may say you should compare to find the financial institution that offers the accounts and services you need the most.)
6. Ask students if any of them currently have a savings or checking account with a financial institution. (Answers will vary.) Explain that these are accounts at banks or credit unions in which the owner deposits funds. The owners can then make withdrawals or write checks on the accounts and use an ATM (Automatic Teller Machine) card or debit card to withdraw funds and access their money when needed.

7. Ask students who have these accounts what services or features their accounts offer. (Answers will vary. Students may mention many of the services Natesha received with her account.) Explain to students that different account holders may want different features, depending on their banking habits and preferences.

8. Distribute a copy of Handout 1: Making the Best Financial Institution Choice, and Handout 2: Consider Your Financial Preferences to each student. Ask students to read through the various services offered at financial institutions and rank the suggested features according to their own preferences for financial services by numbering the blanks from 1-7 (with 1 as the top choice).

9. When students have completed Handout 1, ask the following questions:
   - What were your top-ranked features? (Answers will vary.)
   - Why did you choose these features over others? (Answers will vary.)

Closure

10. Review the important content in this lesson by asking the following questions:
   - What types of financial services do financial institutions provide? (They accept customers deposits and keep those deposits safe. They provide easy access to funds through ATM cards, debit cards, and checks. They provide loans. They often pay interest on deposits.)
   - Give examples of financial institutions in your community. (Banks and credit unions)
   - Why is it important to compare services provided by different financial institutions? (Different institutions offer different services and charge different fees. It is important to choose an institution that provides the combination of services and fees that best meet your preferences.)
   - What are some important criteria to consider when choosing a financial institution? (Answers will vary, but may include customer service, access to ATMs, atmosphere, rate of interest paid, level of fees charged, hours of operation, location, convenience, and so on.)
   - Why is it important to develop a relationship with a financial institution? (Answers will vary but may include that your money is safe, it is easy and convenient to conduct transactions, access to loans and other services, and so on.)
Assessment

11. Distribute *Handout 3: Which Financial Institution Works for Me?*, as an assessment. Tell students to read through the list of banks and credit unions, looking for the features they ranked highly in Handout 2. Ask them to compare the institutions that match most of their preferences, narrowing down to the one institution that seems to best meet their preferences. They should list their final choice and the reasons that led them to this choice.

12. As an optional assessment, assign writing a one-page essay that explains what a financial institution is, what services it provides, why those services are useful to them as a customer, and why it is valuable to have a relationship with a financial institution.
Handout 1: Making the Best Financial Institution Choice

How do you decide on the financial institution that’s right for you? Here are some factors to consider:

Atmosphere
Some people enjoy banking where many employees know them by name. If this is important to you, consider a smaller community bank or credit union. Larger regional institutions may have more locations, but staff may not know you personally.

Convenience
Different people have different banking habits. Will you visit your financial institution weekly, or will you conduct most of your banking business online or by phone? Will you need a bank or credit union that is close to home, work, or both? Will you use your ATM card frequently? Consider these questions before making a decision.

Cost
State and Federal Truth-in-Savings Acts require banks and credit unions to disclose all account fees in advance. Use this information to comparison shop. Fees may vary based on your account balance, the number of transactions you make, and other accounts you may have at the same institution. Consider how large a balance you plan to maintain in your bank account. Many financial institutions waive various checking account fees with a large enough balance or a regular direct deposit. Consider the number of transactions you will complete monthly, including check writing, ATM use, debit transactions, plus any automatic debits you set up for regular payments (such as for your cellphone, utilities, and car payment.) Some institutions charge for certain transactions, while others allow you a limited number of free transactions. Review the account features to know whether you will be charged for out-of-network ATM use or for automatic overdraft protection on your account.

Customer Service
Most financial institutions have personal bankers to help with specific customer service issues, such as opening and closing accounts, credit questions, and investment opportunities. Some banks and credit unions have 24 hour/7 days a week access to customer service by phone or online. Consider whether these additional services are important to you before making a decision.

Mobility
Today, more than 50 percent of all bank customers do their banking online. Inquire about mobile services offered, how online banking works at the particular institution, and what fees may be charged. In the United States, there are a number of “branchless banks” for people looking only for online banking services. Many financial institutions offer apps for tablets or cellphones to assist you in doing your banking.

Reputation
Many financial institutions have been in business for years. Is this longevity important to you? Do other peoples’ opinions about particular banks or credit unions matter to you? If so, check out the history and reputation of the institutions you are considering.

Incentives
Some financial institutions offer rewards or incentives for starting an account or maintaining a steady balance. Other banks and credit unions pay higher interest rates as an incentive. Consider whether a checking account that pays interest, or an account without interest but lower fees, is your best value.
Handout 2: Consider Your Financial Preferences

Review the characteristics of financial institutions below and rank each one from 1 to 7 (1 being the highest) based on your preferences.

<table>
<thead>
<tr>
<th>Your Preference</th>
<th>Financial Institution Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Atmosphere</strong> – Does it have a “hometown” feel? Is it a large regional institution with several locations?</td>
<td></td>
</tr>
<tr>
<td><strong>Convenience</strong> – Does it have a large network of Automated Teller Machines (ATMs)? Is it close to your home or work?</td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong> – What fees are associated with this institution’s services? Are the fees competitive?</td>
<td></td>
</tr>
<tr>
<td><strong>Customer Service</strong> – Can you get answers to your questions? Is help available when you need it?</td>
<td></td>
</tr>
<tr>
<td><strong>Mobility</strong> – Does it offer online and mobile banking/payment services?</td>
<td></td>
</tr>
<tr>
<td><strong>Reputation</strong> – Has this institution been in business for a number of years? Do people say good things about this institution?</td>
<td></td>
</tr>
<tr>
<td><strong>Incentives</strong> – Does it offer competitive interest rates or other rewards?</td>
<td></td>
</tr>
</tbody>
</table>
Handout 3: Which Financial Institution Works For Me?

Review the financial institutions and their services offered and based on your preference rankings from Handout 2, identify which institution you would choose for your banking needs.

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Estimated Annual Fees</th>
<th>Closest location to you (miles)</th>
<th>Pays interest on balances</th>
<th>Overdraft protection</th>
<th>Free debit card w/ checking account</th>
<th>Online bill pay</th>
<th>24-hour automated banking</th>
<th>Mobile (cell) banking services</th>
<th>Large ATM network</th>
<th>Personalized customer service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Credit Union</td>
<td>$0.00</td>
<td>0.5</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Penny Pincher’s Bank</td>
<td>$0.00</td>
<td>No locations</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Bank-With-Us</td>
<td>$50.00</td>
<td>4.0</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>All-For-One Credit Union</td>
<td>$100.00</td>
<td>0.7</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Money Maker’s Bank</td>
<td>$0.00</td>
<td>No locations</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>We Bank 4 U</td>
<td>$115.00</td>
<td>1.5</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

I would choose ___________________________________________________________ as my financial institution.

I chose this financial institution because:

1. ______________________________________________________________________

2. ______________________________________________________________________

3. ______________________________________________________________________