



# Banking and Finance

Business and Computer Science



# The Purpose of Money

- Money – a standard of value and a means of exchange or payment
- Monetary system – the use in modern society of coins, currency, checks and debit cards as the standard of payment



# The Purpose of Money

- Money enables people and businesses to buy and sell goods and services more easily around the world.
- Goods and services are directly exchanged using money.
- What kinds of money does modern society use?

# The Functions of Banks

- A Financial institution is a firm that manages money.
- Banks are the main types of financial institutions.
- Can you name some banks around town?

# Definitions

- Bank account – is a record of the amount of money a customer has deposited into or withdrawn from a bank.
- Deposit-the money put in a bank account.
- Withdrawal-the money taken out of a bank account.
- Interest-a rate that the bank pays customers for keeping their money.

# Storing Money

- To store money means to place or leave it for preservation or later use.
- The two main types of bank accounts are checking accounts and savings accounts.

# Checking Accounts

- Checking accounts are used to store money in the short term.



# Savings Accounts

- Savings accounts are used to store money over a period of time.
- An advantage of a savings account is that it earns more interest than most checking accounts.





# Transferring Money def.

- Electronic funds transfer (EFT)-allows money to be transferred from one bank account to another through a network of computers.
- Direct deposit-is the electronic transfer of a payment directly from the payer's bank account to that of the party being paid.

# Transferring Money

- Banks use checks and electronic funds transfers to move money.
- Checks are primarily used to transfer money from one party to another.



# Deposit Slips

When you deposit money into your account, you first fill out a deposit slip. On the deposit slip you indicate how much in cash and how much in checks you are depositing. Also, on the deposit slip there is a space labeled “Less Cash Received”. This is the money you would like back before the deposit.

# Deposit Slip

DEPOSITED WITH  
**YOUR HOMETOWN BANK**

DATE \_\_\_\_\_ 20\_\_\_\_

Account No.

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Checks & other items are received for deposit subject to the terms and conditions of this bank's collection agreement. Deposits may not be available for immediate withdrawal.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS (List Separately)		
TOTAL OF CHECKS LISTED ON BACK		
LESS CASH RECEIVED		
TOTAL DEPOSIT		

# Writing Checks

Now that you have money in your checking account, you can write checks. There are some basic rules you should use when doing so.

1. Always use ink so that no one can change your numbers
2. Print and write your numbers clearly so there are no misunderstandings
3. Do not change the way you sign your name
4. If you make a mistake, write “VOID” on the check and use the next check.

# Writing Checks

Check  
Number



Jane Smith  
111 River Road  
Hometown, USA

**No. 1234**

80-817/815

Date \_\_\_\_\_

Pay to the order of \_\_\_\_\_

\$

**DOLLARS**

**YOUR HOMETOWN BANK**

MEMO \_\_\_\_\_

I: 081508178 :

“.012 345”. 1234

Bank Routing  
Number

Account  
Number

Check  
Number

# ■ ACTIVITY 1



# Checkbook Register

A checkbook register keeps a running total of how much money you should have available in the bank.

EVERY TIME you make a deposit, withdrawal, write a check, or use your debit card, you must show the entry on your checkbook register.



# Checkbook Register

- For each transaction, you list the date of the transaction, the check number if applicable, the **description**, the amount (debit or credit) and calculate your new balance.

# DEBIT OR CREDIT??

- A DEBIT (-) is money that is coming out of your bank account.
  - Checks
  - Debit card transactions
  - Withdrawals
  - ATM withdrawals
- A CREDIT (+) is money that is going into your bank account.
  - Deposit
  - Direct Deposit
  - ATM Deposit

# Checkbook Register

[illegible]

## ■ ACTIVITY 2



# Bank Statement Reconciliation

- To balance your checkbook, follow this eight-step method.
- 1. Put a check mark beside every transaction in the check register that matches to the entries on the statement.
- 2. List in the check register and subtract all fees charged to your account.
- 3. List and total all checks written that have not cleared your account

# Bank Statement Reconciliation

4. List and total all deposits not shown on the statement.
5. List the ending balance shown on the statement
6. Add deposits (step 4) to the ending balance
7. Subtract outstanding checks (step 3) from the balance
8. Check register total should match the reconciled amount.

# What if it doesn't balance?

- If you do not get the same total, go thru the eight steps again to see if you made a mistake.

# Check List If Your Account Does Not Balance

- Have you correctly entered the amount of each transaction (checks, deposits, etc) in your register?
- Have you recorded all service charges and deducted them from your balance?
- Have you checked your addition and subtraction in your register?
- Have you accounted for all outstanding checks (checks that have not cleared)?