

You Can Bank on It: The Basics of Banking

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Lesson Plan of the Year Contest, 2010

Third Place

LESSON DESCRIPTION

In this lesson, students explore types of financial institutions, their functions, and services. They develop a fundamental understanding of how financial institutions work for individuals and businesses in our economy. The two-lesson unit is based on teaching strategies that rely on the deep mental processing of information. It begins with an anticipation guide reading activity that is used in conjunction with the brochure *Banking Basics* from the Federal Reserve Bank of Boston. For reading comprehension, the lesson uses a read-along question sheet centered on the comic *The Story of Banks* from the Federal Reserve Bank of New York. In addition, word search puzzles, discussion questions, and a repetition of recall activities serve to further the absorption of concepts learned while adding new ones. Finally, the lesson ends with an assessment tool written in a format similar to the ACT.

GRADE LEVEL

Grades 10–12—personal finance, economics and English reading and comprehension

CONCEPTS

Automated teller machine (ATM)
Banks
Credit
Credit union
Electronic funds transfer (EFT)
Federal Deposit Insurance Corporation (FDIC)
Interest
Loans
Reserve requirement
National Credit Union Administration (NCUA)

NATIONAL CONTENT STANDARDS IN ECONOMICS

Standard 10: Role of Economic Institutions:
Banks and other financial institutions channel funds from savers to borrowers and investors.

- **Benchmark 1 for 12th grade:** Banks are institutions where people save money and earn

interest and where other people borrow money and pay interest.

- **Benchmark 2 for 12th grade:** Banks and other financial institutions channel funds from savers to borrowers and investors.

NATIONAL BUSINESS EDUCATORS ASSOCIATION, ECONOMICS AND PERSONAL FINANCE

VI. Banking and Financial Institutions

Achievement Standard: Evaluate services provided by financial deposit institutions to transfer funds.

TENNESSEE DEPARTMENT OF EDUCATION

Curriculum Standards for Personal Finance

Standard 2.0: Evaluate practices for successful money management.

Indicator 2.4 Understanding banking procedures and services.

OBJECTIVES

Students will be able to

- Correctly identify the differences between various financial institutions such as a bank and a credit union.
- Describe the types of services offered by financial institutions.
- Read a story and explain the functions a financial institution performs for individuals, businesses, and the economy.
- Participate in recall activities about concepts learned and contribute to discussions about financial institutions.
- Successfully demonstrate their comprehension of concepts through a specially written quiz for this lesson plan.

TIME REQUIRED

Up to two 90-minute classes plus up to 20 minutes for the assessment

MATERIALS

- Class set of *Banking Basics*, Federal Reserve Bank of Boston, revised 3/2008. Order at www.bos.frb.org
- Class set of *The Story of Banks*. Federal Reserve Bank of New York, 2009. Order at www.newyorkfed.org/publications
- Attached PowerPoint, *You Can Bank on It*, and presentation capability (optional)
- Post-it note pads
- *Visual 1: Banks vs. Credit Unions*
- *Activity 1: Financial Institutions Word Search*
- *Activity 2: Anticipation Guide for Banking Basics*
- *Activity 3: Savings Word Search*
- *Activity 4: The Story of Banks Read-Along Worksheet*
- *Activity 5a: You Can Bank on It Quiz*
- *Activity 5b: You Can Bank on It Quiz Answer Sheet*

Teacher Resources

- *Appendix 1: Financial Institutions Word Search Key*
- *Appendix 2: Teacher Key to Anticipation Guide for Banking Basics*
- *Appendix 3: Savings Word Search Key*
- *Appendix 4: The Story of Banks Read-Along Worksheet Answer Key*
- *Appendix 5: You Can Bank on It Quiz Answer Key*

PROCEDURE

LESSON 1

1. If desired, show the *You Can Bank on It* PowerPoint to build anticipation while

students enter the classroom. (The PowerPoint consists of 20 questions, each of which is displayed for four seconds. The show ends with “these questions are revealed in *You Can Bank on It: The Basics of Banking*.”)

2. Introduce the topic of banking basics and tell students they will learn more about financial institutions such as banks and credit unions, their functions, and the types of services they offer.
3. Give each student a copy of *Activity 1: Financial Institutions Word Search*. Point out to students that the words may be vertical, horizontal, diagonal, or backwards. Allow about five minutes for completion. (See *Appendix 1: Financial Institutions Word Search Key* for answers.)
4. With the words from the search in mind, ask students to name places they can hide their money or put it for safe keeping. [*Responses will vary and should include “a bank.”*]
5. Ask students to name a few local banks and credit unions in the area. [*Answers will vary.*]
6. Ask if students know the difference between a bank and a credit union. [*A bank is usually a corporation owned by shareholders whereas a credit union is usually owned by its members.*]
7. Ask if any students have an account in a bank or credit union. If so, have them explain why and what services are provided for them. Tell students that this lesson will help them better understand how to choose a bank or credit union.
8. Distribute a copy of *Activity 2: Anticipation Guide for Banking Basics* to each student. Instruct students to begin by reading each statement, determine if the statement is true or false, and circle T or F in the “BEFORE READING” column.
9. Introduce and hand out the brochure *Banking Basics*. Have students read the brochure independently.
10. At the end of the reading, ask students to reread the statements in *Activity 2*, determine if each statement is true or false, and indicate by circling T or F in the “AFTER READING”

column. Allow up to 25 minutes to complete steps 8–10).

11. Upon completion, use the key, *Appendix 2: Anticipation Guide for Banking Basics Answer Key*, to check the students' work. Choose a few key points to discuss further. Below are selected questions that may be used to accompany the corresponding numbered questions on the anticipation guide.

#2 – How do lenders assume risk in loaning money? [*Lenders may not get repaid by the borrower. This hurts the bank's ability to loan money, and, in the long term it can hurt the overall economy because banks can't lend money to help people buy or invest.*]

#4 – Why is an interest rate considered a price? [*Interest can be thought of as the price paid for the use of money. When a saver deposits money in a bank, the Bank generally pays the saver a price—interest—for the use of the money. When a borrower obtains a loan from a bank, the borrower pays the bank a price—interest—for the use of the money.*]

#6 – Have students make note of the following: Who or what is the FDIC? [*A government agency that insures or backs up money in a bank. If the bank goes out of business, customers will not lose their money because the FDIC insures the safe return of the money. The Federal Deposit Insurance Corporation was established in 1933 during the Great Depression, after the collapse of some banks.*] How much money is each account insured for? [*At the time of writing, May 2010, it is \$250,000.*]

#7 – Point out that these are some of the accounts and services banks/credit unions offer their customers.

#10 and 11 – Explain that financial institutions loan money to borrowers at a higher interest rate than they pay customers on savings. The institution earns money on

the difference between what it charges borrowers for loans and what it pays customers in interest on their accounts. For example, if borrowers are charged 5 percent and depositors are paid 2 percent, then the bank is earning 3 percent. This example gives students a simplified understanding of how banks make money although they incur certain expenses that must be paid.

12. For a class meeting less than 60 minutes, stop here. For 90-minute classes proceed with the next two steps.
13. Tell students that they are going to examine the difference between banks and credit unions. Refer student to *Banking Basics*, page 11. Have a student or several students read out loud each of the descriptions of banks. Display *Visual 1: Banks vs. Credit Unions* to review the major differences between banks and credit unions.
14. End the class by giving students a post-it note or a sheet of paper to list five things about banks and credit unions they did not know before today's lesson. Call on student volunteers to read their list. Give positive reinforcement for answers supplied.

LESSON 2

1. EITHER (a) distribute to each student a copy of *Activity 3: Savings Word Search* to complete and then lead a general discussion of selected words (See *Appendix 3: Savings Word Search Key*) OR (b) distribute a post-it note or sheet to each student and direct students to list as many terms or concepts as they are able to remember from yesterday's assignment.
2. Have students work in pairs to share and compare their lists and add any terms or concepts they do not have but their partner has.
3. Ask students to write a key word for each term or concept that will help them remember the term or concept.
4. Call on volunteers to supply terms and record them on the board. Ask for key words that will

- aid them to remember the term. Lead a general discussion of the terms and key words.
5. Reinforce the concepts by choosing several statements to read from *Activity 1: Anticipation Guide for Banking Basics* from Lesson 1. Ask students to explain why each statement is true or false.
 6. Explain that the services banks offer are not limited to individual customers. Banks also perform many services for small and large businesses. Distribute a copy of *The Story of Banks* to each student and tell them that the booklet explains how banks and business work together.
 7. Distribute copies of *Activity 4: The Story of Banks Read-Along Worksheet*. Tell students to read *The Story of Banks* and answer the questions on *Activity 4* as they come up in the story. Allow up to 30 minutes to complete.
 8. Refer to *Appendix 4: The Story of Banks Read-Along Worksheet Answer Key*. Review the questions and the key elements of *The Story of Banks*.
 9. Reinforce the safekeeping of one's money by depositing it in a bank.
 10. Ask students to recall the services the three characters in the comic experience. [*a safe place to keep money, checking account, tellers, ATMs, loans*]
 11. Refer students to *The Story of Banks*, page 8, and review how financial institutions use customer deposits to loan to other customers.
 12. Tell students that the Federal Reserve is the central bank of the United States and, as such, it has major responsibilities for the stability and smooth operating of the banking system.
 13. Emphasize the concept of "reserve requirements" as required by the Federal Reserve. Explain that institutions must keep a portion of all deposits available for customer withdrawal. In time, all customers can withdraw all their money. Have students reread *The Story of Banks*, pages 8–10, to review the numerical example of how a 10 percent reserve requirement works.
 14. Ask students if any of them may require a loan to purchase their first car. How do they think a bank or credit union would decide who is eligible for a loan? Refer students to question 13 on *Activity 4: The Story of Banks Read-Along Worksheet*. Review the five Cs of credit—capacity, character, collateral, capital, and conditions described on pages 16–18 in *The Story of Banks*.
 15. To conclude the lesson, have students use the key term/concept list from the beginning of class to add at least five new terms/concepts they learned today. Allow five minutes, and then have students share with a partner and add any new term/concept their partner has that they don't. (This is a repetitive recall activity that allows deep processing and critical thinking to occur to make learning more concrete.) Call on volunteers to read their list while classmates add concepts to their own lists.

ASSESSMENT

1. Have students write a letter to a friend explaining the differences between financial institutions, the services they offer and how one might go about choosing a bank in which to deposit money instead of hiding it at home.
2. Collect *Activity 4: The Story of Banks Read-Along Worksheet* from students and grade using *Appendix 4: The Story of Banks Read-Along Worksheet Answer Key*. One suggestion for grading is to award four points for each answer. If a question has an (a) and (b) answer, count four points for (a) and four points for (b). On the short answer questions, use discretion as to giving partial points for an incomplete answer.
3. Distribute *Activity 5a: You Can Bank on It Quiz* and *Activity 5b: You Can Bank on It Quiz Answer Sheet* to each student. Note that the questions are written in a format similar to the ACT college entrance exam. The quiz will determine if a student can accurately differentiate between the types of financial institutions, their services, and correctly

identify key terms and concepts presented in the lesson plan. This exam format will also benefit students by allowing them to practice the format they will encounter on the ACT. (See *Appendix 5: You Can Bank on It Quiz Answer Key*.)

Author's Note

Students responded well and participated in all activities presented in the lesson including making a few suggestions about the anticipation guide. The materials were easily followed by all students of differing abilities. Similar results were observed by another teacher who tested the lesson prior to submission for the contest.

VISUAL 1

Banks vs. Credit Unions

<u>Bank</u>	<u>Credit Union</u>
Owned by a financial corporation	Owned by members or employees of a local employer
Caters services to businesses but also serves individual customers	Caters to individual
Makes loans to businesses	Focuses loans on individual customers
May have local, state, or national branches	Mostly local or regional branches
<u>Both offer</u>	
ATM	
EFT	
Savings accounts	
Checking accounts	
Credit cards	
College funds	
Special accounts such as vacation savings	

ACTIVITY 1

Financial Institutions Word Search

Z S N C I D F M Y W M D N A D
A V G P R S J V A C O E S X B
X O G N Q E P J R C N R G O J
A B W N I H D E V E E U H B O
N U I J T V D I C C Y S A N D
L E C C K I A I T V O N H O C
N N T N T N V S H U K I S N O
Z J J C M R P C E T N H A I M
A H A T E L M I H X W I C F M
D R F S J V O H B L K N O R E
D E O G P S A A N B Z L L N R
G N I K C E H C N A T M W E C
J O F G B A M O T S D Q B C I
F L P P Q Q V R F Q B U S V A
L E N D E R L T T I M K U L L

ATM
BANK
CASH
CHECKING
COMMERCIAL
CREDIT CARD
CREDIT UNION
EFT
FDIC

SERVICE
SAVINGS
NCUA
MONEY
LOANS
LENDER
INSURED

Answers are vertical, horizontal, diagonal, and backwards.

ACTIVITY 2

Anticipation Guide for Banking Basics

Name _____

Directions: Read each statement before reading the booklet *Banking Basics*. Determine if the statement is true or false and circle a T or F in the BEFORE column on the left. After reading *Banking Basics*, reread the statements below, determine if you think the statement is true or false, and circle the T or F in the AFTER column on the right.

BEFORE READING

AFTER READING

- | | T | F | | T | F |
|-----|---|---|---|---|---|
| 1. | | | Money does not earn interest in a piggy bank. | | |
| 2. | | | Lenders and borrowers take a risk of losing their money. | | |
| 3. | | | Banks lend money without any conditions. | | |
| 4. | | | Interest is the price borrowers pay for using someone else's money. | | |
| 5. | | | Credit unions only serve businesses. | | |
| 6. | | | When choosing a bank, it is NOT important to choose one backed by the FDIC. | | |
| 7. | | | Savings, checking, and IRAs are all types of financial accounts. | | |
| 8. | | | A deposit is putting money into your pocket. | | |
| 9. | | | Some banks and credit unions allow you to open an account with as little as \$20. | | |
| 10. | | | Banks and credit unions earn interest on your money by loaning it to others. | | |
| 11. | | | Banks and credit unions pay more interest on savings accounts than they charge on loans. | | |
| 12. | | | Banks don't really consider your credit report prior to lending you money. | | |
| 13. | | | A check is an order from you to the bank to transfer money from your account to someone else. | | |
| 14. | | | EFT stands for electronic funds transfer. | | |
| 15. | | | "Stored value" card is another name for "gift" card. | | |

ACTIVITY 3

Savings Word Search

I	D	I	Z	N	C	V	G	G	P	T	K	Y	B	F
H	N	N	N	B	J	I	V	G	I	B	G	A	W	R
S	S	T	U	S	T	Z	D	M	G	T	N	L	Z	P
A	H	H	E	O	U	E	B	F	G	K	E	F	A	S
C	C	S	R	R	P	R	R	P	Y	R	S	S	N	V
K	I	I	W	M	E	M	E	Q	B	G	O	Q	A	Y
W	B	P	C	E	F	S	O	D	A	O	T	O	T	D
K	M	Z	I	S	T	W	T	C	N	U	W	N	E	S
W	A	R	D	H	T	I	W	R	K	P	U	B	A	G
D	E	P	O	S	I	T	I	Q	A	O	I	S	S	N
G	J	W	A	T	M	H	D	C	C	T	W	A	S	I
Q	X	H	E	K	D	F	X	C	C	W	E	C	E	V
G	E	J	B	P	R	D	A	A	C	S	Z	W	T	A
F	K	X	J	H	X	I	R	F	K	V	E	E	K	S
I	K	L	U	S	T	D	H	V	D	F	A	S	R	C

ACCOUNT

ASSET

ATM

BANK

CASH

COMPOUND

DEBIT CARD

DEPOSIT

FDIC

INSURED

INTEREST RATE

PIGGYBANK

SAFE

SAVINGS

WISE

WITHDRAW

Answers are vertical, horizontal, diagonal, and backwards.

ACTIVITY 4

Name _____

The Story of Banks Read-Along Worksheet

This is a story about three young entrepreneurs who own a pretzel-making business. The story follows Francisco, Denny, and Evelyn as they grow their business over time with the help of a local bank representative, Mr. Banks. Read along and answer the questions that follow.

1. The young entrepreneurs' business appears to be doing well. What two choices do they have for keeping their money safe?
 - a.
 - b.
2. Which is the least safe and why?
3. Denny pays with cash or money orders. His partners encourage him to open a checking account because it is?
 - a.
 - b.
4. Depository institutions include:
 - a.
 - b.
 - c.
5. Explain how writing a check is as good as cash.
6. What is an overdraft?
7. What are two ways to get cash out of a checking account?
 - a.
 - b.
8. What do banks do with customers' money?
9. Read pages 8 and 9. Explain the concept of the 10 percent reserve requirement.
10. Why is the reserve requirement important to the economy?

11. Skip to page 13. Read pages 13–15. Three years later the business is ready to expand. How do the three entrepreneurs plan to expand and how will they pay for it?
12. Recall: Where will the bank get the money it will loan its customers?
13. Name and define the five Cs of credit.
- a.
 - b.
 - c.
 - d.
 - e.
14. What is the correlation of interest rate, risk, and how long the loan is issued?
15. Who ultimately determines the rate for loans?
16. Finish the comic by reading pages 22–23. What else does the bank offer to help Fed Foods?
17. Banks perform an array of services for individuals and business to help our economy grow. One can see the importance banks have simply because they take in money and lend it out in a continuous cycle. Final question: what did you learn about banks from your reading that you did not know before? How do you plan to use the information?

ACTIVITY 5a

You Can Bank on It Quiz

Name _____

Directions: Read the following passage. For each underlined word, choose the alternative you consider best.

John has saved money from a summer job. He wants a safe place to keep his money. He shops

around for a financial institution such as a bank or credit union. John's dad told him to

be certain the bank is insured by the EFT or, if he chooses a credit union, that it is insured

by the NCUA. John chooses a credit union that is insured, and he was paid a higher penalty rate

on his money. His initial withdrawal to open the account is \$25.00. He also received

an AMT card to make withdrawals as needed.

1. A. piggy bank
 B. loan institution
 C. savings institution
 D. no change
2. A. FDIC
 B. NOAA
 C. ATM
 D. no change
3. A. FDIC
 B. NOAA
 C. ATM
 D. no change
4. A. withdrawal
 B. deposit
 C. interest
 D. no change
5. A. deposit
 B. interest
 C. penalty
 D. no change
6. A. EFT
 B. ATM
 C. AAA
 D. no change

You Can Bank on It Quiz (continued)

Directions: Analyze the three financial institutions below. Answer questions 7 and 8.

ABC Bank

- Specializes in loans to small business
- Pays 0.75% interest on savings
- Requires \$250 to open an account
- FDIC insured

XYZ Credit Union

- Specializes in savings and personal loans
- Pays 0.9% interest on savings
- Requires \$10 to open an account
- NCUA insured

Bank of Money

- Specializes in savings and personal loans
- Pays 2% interest on savings
- Requires \$500 to open an account

7. Which institution appears to be the best choice for a typical teen?
- A. ABC Bank
 - B. XYZ Credit Union
 - C. Bank of Money
 - D. None of the above
8. One key element is missing from one of the financial institutions. It is
- A. the interest rate
 - B. specialization
 - C. the bank is insured
 - D. required deposit

Directions: Read each scenario and choose the best answer to the question.

9. Smallville Bank has 20 customers. If 10 customers receive loans of \$5,000 each at 5% interest and 10 customers each have deposits of \$5,000 earning 1% interest, then in theory the bank is earning how much in profits (based on interest rates)?
- A. 1%
 - B. 2%
 - C. 3%
 - D. 4%

You Can Bank on It Quiz (continued)

10. The interest Smallville Bank charges on the loan is also known as
- A. the value of the loan
 - B. the price of the loan
 - C. the security of the loan
 - D. the deposit of the loan
11. Smallville Bank offers services such as ATM, EFT, safe deposit boxes, auto loans, and vacation savings accounts, to name a few. What do customers use the ATM for?
- A. to withdraw money
 - B. to apply for a loan
 - C. to pay for electronic transactions
 - D. as a four wheeler
12. What do customers use the EFT service for?
- A. to withdraw money
 - B. to deposit money
 - C. to move money from one account to another
 - D. as energy-efficient fun time
13. Banks and credit unions lend money with a set of
- A. certificates
 - B. risks
 - C. conditions
 - D. accounts
14. The five Cs of credit include capacity, character, collateral, conditions, and
- A. certificates
 - B. collections
 - C. cost
 - D. capital
15. Banks and credit unions typically offer which of the following types of accounts?
- A. savings
 - B. certificates of deposit
 - C. individual retirement accounts
 - D. all of the above

You Can Bank on It Quiz (continued)

Directions: Recall the comic *The Story of Banks*. Francisco, Denny, and Evelyn started their own pretzel-making business. They counted on the assistance of Mr. Banks, a local bank representative, to help them grow their business. Answer questions 16–20.

16. Mr. Banks explained to Denny that a _____ is as good as cash.
- A. certificate
 - B. check
 - C. IOU
 - D. capacity to pay
17. Denny's partners encouraged him to open a checking account because it is
- A. safe
 - B. convenient
 - C. neither a nor b
 - D. both a and b
18. If Mr. Banks specializes in making loans to businesses, then his bank would most likely be a
- A. credit union
 - B. commercial bank
 - C. saving and loan
 - D. cooperative bank
19. A commercial bank is typically owned by
- A. its customers/members
 - B. shareholders
 - C. the Federal Reserve Bank of Atlanta
 - D. a thrift institution
20. A credit union is typically owned by
- A. its customers/members
 - B. shareholders
 - C. the Federal Reserve Bank of Atlanta
 - D. a thrift institution

ACTIVITY 5b

You Can Bank on It Quiz Answer Sheet Name _____

Completely darken the box with your chosen answer.

1	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	11	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
2	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	12	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
3	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	13	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
4	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	14	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
5	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	15	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
6	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	16	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
7	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	17	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
8	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	18	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
9	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	19	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D
10	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	20	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D

APPENDIX 1

Financial Institutions Word Search Key

+	S	+	C	I	D	F	+	+	+	M	D	+	+	+
+	+	G	+	R	+	+	+	+	C	O	E	+	+	+
+	+	+	N	+	E	+	+	R	+	N	R	+	+	+
A	+	+	+	I	+	D	E	+	E	E	U	+	B	+
+	U	+	+	+	V	D	I	C	+	Y	S	A	+	+
+	+	C	+	+	I	A	I	T	+	+	N	H	+	C
+	+	+	N	T	+	V	S	+	U	K	I	S	+	O
+	+	+	C	+	R	+	+	+	+	N	+	A	+	M
+	+	A	T	E	L	+	+	+	+	+	I	C	+	M
+	R	F	S	+	+	O	+	+	+	+	+	O	+	E
D	E	+	+	+	+	+	A	+	+	+	+	+	N	R
G	N	I	K	C	E	H	C	N	A	T	M	+	+	C
+	+	+	+	+	+	+	+	+	S	+	+	+	+	I
+	+	+	+	+	+	+	+	+	+	+	+	+	+	A
L	E	N	D	E	R	+	+	+	+	+	+	+	+	L

(Over,Down,Direction)

ATM(10,12,E)

BANK(14,4,SW)

CASH(13,9,N)

CHECKING(8,12,W)

COMMERCIAL(15,6,S)

CREDITCARD(10,2,SW)

CREDITUNION(4,1,SE)

EFT(2,11,NE)

FDIC(7,1,W)

INSURED(12,7,N)

LENDER(1,15,E)

LOANS(6,9,SE)

MONEY(11,1,S)

NCUA(4,7,NW)

SAVINGS(8,7,NW)

SERVICE(4,10,NE)

APPENDIX 2

Anticipation Guide for Banking Basics Answer Key

Directions: Read each statement before reading the booklet *Banking Basics*. Determine if the statement is true or false and circle a T or F in the before column. After reading *Banking Basics*, reread the statements and determine if you think the statement is true or false and circle the T or F in the after column.

BEFORE READING

AFTER READING

1.	T	F	Money does not earn interest in a piggy bank.	<u>T</u>	F
2.	T	F	Lenders and borrowers take a risk of losing their money.	<u>T</u>	F
3.	T	F	Banks lend money without any conditions.	T	<u>F</u>
4.	T	F	Interest is the price borrowers pay for using someone else's money.	<u>T</u>	F
5.	T	F	Credit unions only serve businesses.	T	<u>F</u>
6.	T	F	When choosing a bank, it is NOT important to choose one backed by the FDIC.	T	<u>F</u>
7.	T	F	Savings, checking, and IRAs are all types of financial accounts.	<u>T</u>	F
8.	T	F	A deposit is putting money into your pocket.	T	<u>F</u>
9.	T	F	Some banks and credit unions allow you to open an account with as little as \$20.00.	<u>T</u>	F
10.	T	F	Banks and credit unions earn interest on your money by loaning it to others.	<u>T</u>	F
11.	T	F	Banks and credit unions pay more interest on savings accounts than they charge on loans.	T	<u>F</u>
12.	T	F	Banks don't really consider your credit report prior to lending you money.	T	<u>F</u>
13.	T	F	A check is an order from you to the bank to transfer money from your account to someone else.	<u>T</u>	F
14.	T	F	EFT stands for electronic funds transfer.	<u>T</u>	F
15.	T	F	Stored value card is another name for gift card.	<u>T</u>	F

APPENDIX 3

Savings Word Search Key

I	D	I	+	+	C	+	+	+	P	+	+	+	B	+
H	N	N	N	+	+	I	+	+	I	+	+	A	+	+
S	+	T	U	S	+	+	D	+	G	+	N	+	+	+
A	+	+	E	O	U	+	+	F	G	K	E	F	A	S
C	+	S	+	R	P	R	+	+	Y	+	+	+	+	+
+	I	+	+	+	E	M	E	+	B	+	+	+	+	+
W	+	+	+	+	+	S	O	D	A	+	+	+	T	D
+	+	+	+	+	+	+	T	C	N	+	+	N	E	S
W	A	R	D	H	T	I	W	R	K	+	U	B	A	G
D	E	P	O	S	I	T	+	+	A	O	I	+	S	N
+	+	+	A	T	M	+	+	+	C	T	+	+	S	I
+	+	+	+	+	+	+	+	+	C	C	+	E	+	E
+	+	+	+	+	+	+	A	A	+	+	+	+	T	A
+	+	+	+	+	+	+	R	+	+	+	+	+	+	S
+	+	+	+	+	+	D	+	+	+	+	+	+	+	+

(Over,Down,Direction)

ACCOUNT(8,13,NE)
 ASSET(14,9,S)
 ATM(4,11,E)
 BANK(14,1,SW)
 CASH(1,5,N)
 COMPOUND(9,8,NW)
 DEBITCARD(15,7,SW)
 DEPOSIT(1,10,E)
 FDIC(9,4,NW)
 INSURED(3,1,SE)
 INTERESTRATE(1,1,SE)
 PIGGYBANK(10,1,S)
 SAFE(15,4,W)
 SAVINGS(15,14,N)
 WISE(1,7,NE)
 WITHDRAW(8,9,W)

APPENDIX 4

The Story of Banks Read-Along Worksheet Answer Key

This is a story about three young entrepreneurs who own a pretzel-making business. The story follows Francisco, Denny, and Evelyn as they grow their business over time with the help of a local bank representative, Mr. Banks. Read along and answer the questions that follow.

1. The young entrepreneurs' business appears to be doing well. What two choices do they have for keeping their money safe?

a. *Deposit at the bank*

b. *Vault at the factory*

2. Which is the least safe and why?

The vault is less safe because the factory could burn down or thieves break in and steal.

3. Denny pays with cash or money orders. His partners encourage him to open a checking account because it is

a. *Safe*

b. *Convenient*

4. Depository institutions include

a. *Commercial banks*

b. *Savings and loans*

c. *Credit unions*

5. Explain how writing a check is as good as cash.

The check is accepted as cash because there is money in the bank account to back the check.

6. What is an overdraft?

Writing a check or checks for more than the total amount of money in the account.

7. What are two ways to get cash out of a checking account?

a. *From the teller at the bank*

b. *ATM*

8. What do banks do with customers' money?

Banks loan the money to other customers.

9. Read pages 8 and 9. Explain the concept of the 10 percent reserve requirement.

Each bank must keep 10% of all its deposits in reserve with the Federal Reserve. Banks can then lend the other 90% to borrowers.

10. Why is this practice important to the economy?

This practice keeps money moving from lender to borrower to business. Each one purchases something and the cycle repeats. This cycle keeps the buying and selling of goods and services going to ultimately create jobs.

11. Skip to page 13. Read pages 13–15. Three years later the business is ready to expand. How do the three entrepreneurs plan to expand and how will they pay for it?

Rent a larger building, buy more equipment, and hire more workers. This can be paid for through savings or a loan.

12. Recall: Where will the bank get the money to loan?

From deposits made by customers.

13. Name and define the five Cs of credit.

a. *Capacity – ability to make enough money to repay the loan.*

b. *Character – a clean credit history.*

c. *Collateral – something the business owns that the bank can take ownership of until the loan is paid.*

d. *Capital – money invested in the business.*

e. *Conditions – economic factors that might affect business.*

14. What is the correlation of interest rate, risk, and how long the loan is issued?

Interest rates are generally lower on low-risk, short-term loans.

Interest rates are generally higher on high-risk, long-term loans.

15. Who ultimately determines the rate for loans?

The Federal Reserve.

16. Finish the comic by reading pages 2–23. What else does the bank offer to help Fed Foods?

Low-interest loans, foreign exchange transactions, business acquisitions, transfer funds electronically, deposit employees' pay checks.

17. Banks perform an array of services for individuals and business to help our economy grow.

One can see the importance banks have simply because they take in money and lend it out in a continuous cycle. Final question; what did you learn about banks from your reading that you did not know before?

Answers will vary.

APPENDIX 5

You Can Bank on It Quiz Answer Key

- | | |
|-------|-------|
| 1. D | 11. A |
| 2. A | 12. C |
| 3. D | 13. C |
| 4. C | 14. D |
| 5. A | 15. D |
| 6. B | 16. B |
| 7. B | 17. D |
| 8. C | 18. B |
| 9. D | 19. B |
| 10. B | 20. A |