

Script 2-1: Open a Checking Account

<p><u>Cast List</u></p> <ul style="list-style-type: none"> • Darryl • Terri • Customer Service Representative – 50-60 Hispanic male, Lou Rodriguez • Dante – early 20s, unbanked Hispanic male <p><u>Synopsis</u></p> <ul style="list-style-type: none"> • Dante returns to the bank to open his account • They meet with Customer Service Representative to choose an account <p><u>Locations</u></p> <ul style="list-style-type: none"> • Bus • First Arbor Bank in Detroit 	<ul style="list-style-type: none"> • Benefits of Having a Checking Account <ul style="list-style-type: none"> ○ Security ○ Convenience ○ Cost – can be cheaper ○ Money management • What is a Checking Account? <ul style="list-style-type: none"> ○ Definition – contract/promise ○ Difference between deposit and non-deposit accounts ○ Difference between checking and savings accounts • Different Types of Checking Accounts <ul style="list-style-type: none"> ○ Factors ○ Low-cost checking accounts ○ ATM accounts ○ Regular checking accounts ○ Interest checking accounts ○ Deciding what type of account is best for you • How to Open an Account <ul style="list-style-type: none"> ○ Two forms of ID ○ Application form ○ First deposit • Bank Fees and How to Minimize Them <ul style="list-style-type: none"> ○ Monthly maintenance or service fee ○ ATM usage fee ○ Teller services usage fee ○ Calling for balance or check clearing ○ Fees per check, or for more than maximum per month ○ Check printing ○ Overdraft Programs ○ Stop payment ○ Balancing checkbook • Debit Cards <ul style="list-style-type: none"> ○ Can be used at ATM or for purchases ○ Easier and faster than check ○ Not borrowing, no interest ○ Money is removed as though by check ○ May offer freebies/purchase protection
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Theme music up

TERRI: This is the “Money Smart Podcast Network, with Terri and Darryl.”

Cross-fade music with SFX: interior of city bus in motion.

DARRYL: This podcast series is about money and banking. Since we did our report on “What a Bank Can Do for You” we’ve had a lot of questions about how to go about opening a checking account.

TERRI: Some of you may have been with us when we dropped in on a young man named Dante. His co-workers at the shipping and receiving department of Monroe Machine Parts in Detroit, Michigan wrote in. Why did they write in? Because Dante had never been in a bank.

DARRYL: They wanted us to show him the benefits of using a bank.

TERRI: Right.

DARRYL: So we're back in Detroit with Dante, on the second of *two* buses he takes to get home from work.

DANTE: (*wearily*) Yup, two hours each way.

TERRI: (to *Darryl*) Luckily, *somebody* reminded Darryl to buy bus passes. Or this would have been a very short podcast.

DARRYL: (*of Dante*) Two hours each way to work! Poor kid. *But*, we're doing something exciting.

TERRI: Yes! We're headed for a branch of First Arbor Bank, where Dante has decided to open his very first checking account.

DARRYL: Dante – bring our listeners up to date.

DANTE: Now? Uh... Well, I liked what the guy had to say at the bank. You know, the guy.

TERRI: The Customer Service Representative?

DANTE: Yeah. That guy.

TERRI: Ok. Well, what comes to mind about what he said? What sounded good to you?

DANTE: Well, he said my money was safer in a bank. Like, if I have cash in my pocket or in my apartment, it can get lost, or stolen, and there's nothing I can do about it.

TERRI: Right. Even if your money's on a prepaid card that gets stolen, you may not even be protected from the loss. But when your money's in the bank, you don't have to worry about that.

DARRYL: With a bank, even if your checks or debit card get lost or stolen, you're not responsible for purchases you didn't make if you report the problem to the bank right away.

TERRI: Exactly. You don't need to be worried about unauthorized charges.

DARRYL: Anything else that changed your mind about banks?

DANTE: Yeah, he said something about...well, I always wondered, you know, what if the bank went out of business or something? I mean, that happens.

TERRI: It can, that's right.

DANTE: But there's this thing, this insurance thing...

TERRI: The FDIC?

DANTE: Yeah...?

TERRI: The Federal Deposit Insurance Corporation, or FDIC.

DANTE: Right! They insure my money in the bank – up to *250 grand*.

DARRYL: Uh huh. If the bank goes out of business and can't give you your money back, the FDIC will make sure you get your money.

DANTE: Nice!

TERRI: Whatever you have in your account, up to \$250,000. Per depositor. Per insured bank.

DANTE: I love that!

DARRYL: Anything else?

DANTE: Yeah. I couldn't believe it, but the guy at the bank explained that having a checking account and using it right is actually *cheaper*.

TERRI: Sure! So long as you manage it properly so that you avoid penalty fees for things like overdrafts.

DANTE: I mean, I've been spending five bucks to cash my paycheck *every week*. Plus another \$1.50 for each money order—

DARRYL: —five bucks a week is 240 dollars a year. If you pay, say, five bills with money orders every month – that's rent, cable, electric, gas, and phone – that's another 90 dollars a year.

DANTE: I thought for sure that if the bank charged me some checking account fees, or whatever, it would be more money, but—

TERRI: —even if a bank charges a monthly fee, that's probably only about 10 dollars a month. You could be saving more than—

DANTE: (*overlapping*) —more than 200 dollars a year!

DARRYL: Not chump change.

DANTE: Nope. Plus, I don't have to worry about rushing to get to the check cashing place before they close. How about the convenience of a bank? You don't have to go through getting those money orders every time you have to pay bills.

TERRI: Right!

DANTE: I've seen my friends using, um, debit cards, and those ATM things....

TERRI: Automated Teller Machines.

DANTE: Yeah. The bank guy said I can even do a lot of this stuff on my phone.

TERRI: Mobile banking. A lot of banks are doing that now.

DANTE: But I'll tell you what really got me...

DARRYL: But you can't forget the one thing about having a checking account—

DANTE: —*not a chance* I'd forget that! The bank guy said that having something like a checking account can help me establish...well it can help show I'm responsible or whatever, or — *I can get a car!*

DARRYL: Whoa, there!

DANTE: Well, I mean, if I can handle my checking account ok, it could help show the bank I'd be the kind of person who'd make my loan payments on time.

TERRI: You're establishing a financial history with a bank, sure. If you show them that—

DARRYL: —over time...

TERRI: Right. If you show them you know how to handle money wisely over time—

DARRYL: —CAR LOAN!

DANTE: Yes!

SFX: Darryl and Dante continue on about cars; maybe Darryl makes "Vroom! Vroom!" noises.

TERRI: *(over their noises, but almost to herself and slightly by rote)* Building a record of how you manage money can help you get a consumer loan, like for a car. *(back to her regular pace; to herself/the listeners, with a bit of a sigh)* Do you ever just feel like you're the only person in this world with any sense?

SFX: bus noises indicate a slowing bus; driver gives the name of the stop over the loudspeaker, although it's completely incomprehensible

DANTE: This is our stop.

TERRI: Not a moment too soon.

SFX: bus brakes to a halt, doors open.

Crossfade to background bank SFX: a quiet atmosphere; sounds of people talking and conducting business in the background.

TERRI: So we're now at a branch of First Arbor Bank here in Detroit, and...

DARRYL: (*delighted*) They've got Tootsie Rolls today!

SFX: sound of Darryl taking a fistful of Tootsie Rolls from a glass bowl

TERRI: (*sighs*) ...give me strength. We're back with Customer Service Representative Lou Rodriguez.

SFX: waxed paper noise as Darryl opens Tootsie Roll

LOU: Only one per adult, Darryl! Hi Terri. And Dante – welcome back. I hope your co-workers haven't been giving you too much grief.

DANTE: Nah, they've been cool. I actually wanted to come visit with you today.

LOU: Good! I prefer it when customers are here voluntarily! How can I help?

DANTE: What you said last time got me a lot more interested in an account with your bank.

LOU: Well that's great, Let's have a seat and we'll talk about it.

SFX: They sit, shuffling chairs, etc.

LOU: So, Dante, what kind of account did you have in mind?

DANTE: A checking account. Right, Terri?

TERRI: Right, but let's back up just a bit. First – Lou, would you remind our listeners what a checking account is?

LOU: Sure Terri. First, there are what we call "deposit accounts." A deposit account means you can put your money in, or "make a deposit." A checking account is a type of deposit account.

DANTE: Are there things that are not deposit accounts?

LOU: Well, Yes there are "Non-deposit" account products are generally for investors. First Arbor offers stocks, bonds, and mutual funds. Now, here's something important... Non-deposit products are *not* insured by the FDIC.

DARRYL: (*mouth full of Tootsie Roll*) They can lose value.

TERRI: I *think* he said, "They can lose value."

DARRYL: (*mouth full of Tootsie Roll*) *Hmmfth!*

LOU: (*laughing*) If that's what he said, he was right. They can lose value. It's important that customers understand that. And it's part of my job to provide explanations about the products we provide – the types of accounts – in writing.

DANTE: (*concerned*) Checking accounts don't lose value, do they?!

LOU: Nope! Checking accounts – in fact, all deposit accounts—

DANTE: (*quickly*) —and checking accounts *are* insured, right?

LOU: You got it. All deposit accounts – that means both checking accounts *and* savings accounts – are insured by the FDIC to at least \$250,000 per depositor per insured bank.

DANTE: So that's what I want.

TERRI: Right now I think Dante is looking for a checking account. But for our listeners, a savings account...

LOU: A savings account is great for putting money away for the future, or a big purchase. Savings accounts earn interest, which means your money grows. But in general you can't write checks on a savings account.

DANTE: Oh. I need checks.

LOU: Got it. Well, a checking account lets you write checks to pay bills or buy things.

TERRI: Lou, would you explain how that works?

LOU: Sure! So, when you have a checking account with us and you write a check, First Arbor Bank takes money from your account and pays it to the person or business named on the check. Are you with me?

DANTE: Um... I think so.

DARRYL: Dante, someone once told me that a check is like an IOU.

TERRI: Actually, I told you that.

DARRYL: You give it to somebody instead of cash, because it's safer and more convenient. But you're promising that you've got enough money in your account to cover that check. The bank will take that much out and give it to the person you wrote the check to.

TERRI: Like an IOU.

DARRYL: I just said that.

DANTE: Got it.

LOU: Great. Now, Dante, First Arbor Bank – like most banks – offers different kinds of checking accounts too.

DANTE: (*momentarily confused*) Which is the best?

LOU: That's for you to decide! Each has advantages, but also has some fees. I'll be happy to explain each one in detail, so you can decide which type of checking account is best for your situation.

DANTE: Fees...?

TERRI: It's not as bad as it sounds.

DARRYL: Give the man a Tootsie Roll.

TERRI: He doesn't need a Tootsie Roll. Dante, banks are businesses....

LOU: That's right. Our bank does have fees it charges on products and services, just like any other business.

TERRI: But banks also offer options and you can look at each one and pick the type of checking account that works best for you.

LOU: I'd be delighted to help you pick a checking account that allows you to avoid as many of those fees as you can.

TERRI: Lou, tell us: What kinds of things are different between checking accounts?

LOU: Well, some of the checking accounts offered at First Arbor limit the number of checks a customer can write for free every month. Some come with a small monthly fee we call a "maintenance fee" or a "service fee." Some limit the use of bank teller services. Some require direct deposit of a customer's paycheck, and some require a minimum balance. But some even offer interest.

DANTE: (*overwhelmed*) Oh wow....

DARRYL: Help Dante out, here, Lou!

LOU: Dante, I know this may seem overwhelming. Let's look at it this way: Suppose you're just trying to save money.

DANTE: That sounds like me!

LOU: (*laughing*) Ok, you got me there. Well, one type of checking account First Arbor offers is our "low cost" option.

DANTE: "Low cost." I like the sound of that!

LOU: Well, hold on. It's inexpensive, a little less than \$5 per month as a service fee. But to keep costs down, our "low cost" account has a limit on how many checks you can write for free. Five each month, in our bank's case.

DARRYL: What if Dante wants a little more flexibility?

LOU: Well we also have our "electronic," or "ATM" checking account. It offers unlimited check-writing, and it's free as long as you don't use the teller services. And our bank requires direct deposit of your paycheck for that type of account.

TERRI: Dante, do you remember? Direct deposit is when you have your employer put your paycheck directly into your account for you.

DANTE: Oh, right.

DARRYL: So that ATM checking account. You said unlimited check-writing. So if he writes five checks, it costs what?

LOU: It's free.

DARRYL: Six checks?

LOU: Still free.

DANTE: That sounds better. What if I want to use the teller?

LOU: That's the third type of account, a regular checking account. Unlimited check writing, no teller fees. It can be free, too – but only if you keep a certain amount of money in the account all the time. That's called the minimum balance.

DANTE: And if I don't keep the "minimum balance?"

LOU: You pay a monthly service charge. And it's a bit higher. Actually, if you can maintain a minimum balance of 1,000 dollars, the fourth type of account might be best.

DANTE: (*stunned*) 1,000 dollars?!

DARRYL: What type of account is this?

LOU: Our "interest bearing" checking account. This type is free and pays interest on your money, as long as you keep the minimum balance or more in the account.

TERRI: Our listeners may want to download the "Checking Account Needs Worksheet" from the Money Smart Podcast Network website, which has a lot of this information.

DARRYL: Do you think you could keep a minimum balance in your account, Dante?

DANTE: (*laughing*) Not anything close to 1,000 dollars!

DARRYL: I hear that.

LOU: A lot of folks like our “ATM” account. No minimum balance, no monthly maintenance fee, unlimited check writing. Unless you think you’ll need to visit the teller a lot, this might be the best choice for you.

TERRI: A lot of what tellers do you can do at an ATM, online, or even by smartphone.

DANTE: So writing checks is free?

LOU: Free. Now, Of course you would need some printed checks. Our basic checks are about 18 dollars for 125 checks.

DANTE: And if I don’t do direct deposit? How much does it cost to deposit a paycheck?

LOU: Free. As long as you do it at an ATM or by smartphone.

DANTE: What else?

LOU: That’s it.

TERRI: See, Darryl? He doesn’t need a Tootsie Roll. (*to Dante*) So Dante, by choosing First Arbor’s ATM checking account, you’re already avoiding a monthly maintenance or service fee. With their unlimited free check writing, you won’t pay for each check—

DANTE: —no matter how many checks I write.

LOU: That’s correct!

TERRI. On the other hand, you will pay a small fee any time you visit a teller.

DANTE: Ok.

LOU: I should mention that, like a lot of banks, we want you to use *our* ATM machines. So we don’t charge you for using ours, but we do charge a fee when you use one from another bank. And they may charge you too!

DANTE: Ok.

LOU: There’s also a fee if you call for balance or check clearing information, since you can get that at an ATM or online as well. And there’s a fee for a “stop payment.”

DANTE: Stop what?

LOU: That's when you tell our bank not to pay a check you've written – for example, if it's an error, or it's lost or stolen. Of course, if you bounce a check you pay fees, too.

DANTE: What do you mean, “bounce a check”?

LOU: Sorry. Bouncing a check is when you write a check for more than the amount of money that's in your account. That check is called a “bad check.” If it comes to the bank, it will “bounce.” Our bank sends the check back to the person or company you made the check out to, and we'll charge you what's called an “overdraft” fee or “non-sufficient funds” fee.

DANTE: Not good. How can I avoid that?

DARRYL: Yeah. Uh, ... there's a friend of mine who might want to know about that too.

LOU: Well, like a lot of banks, we offer some overdraft programs. If you enroll, or “opt in,” we continue to pay everyday debit card transactions even if the transaction would overdraw the account.

TERRI: (*laughing*) Do you think “your friend” might need that, Darryl?

LOU: Well, your friend, and everybody, should think carefully before “opting in,” and make sure that the program is right for you. The reason I say that is there can be a very hefty fee every time a transaction exceeds the amount of money in the account.

TERRI: So if “Darryl's friend” makes a 5 dollar purchase, such as a cup of coffee and a muffin, it could actually cost him an extra 35 dollars?

LOU: Exactly.

DARRYL: I think “my friend” might still be interested.

TERRI: Another option would be to link a savings account.

LOU: Are you going to set up a savings account, Dante?

DANTE: Maybe. But not today.

LOU: If you do, we can set it up so that if you overdraw your checking account, we'll take the amount needed to cover the check directly from your savings account. Some banks charge a fee for that, but First Arbor doesn't.

DANTE: Seems to me that if I pick the right kind of account, and I know a few rules, I can stay clear of most of those fees.

DARRYL: Exactly!

LOU: And any time you have questions, I'm here.

TERRI: What really works for me, Dante, is to review my account online. Frequently – daily, a lot of the time.

LOU: Our bank can help with that too! Our online banking services can send you text or e-mail alerts when your balance reaches below a certain dollar amount that you can set.

TERRI: That could be a big help. Of course, I make sure I have enough funds in my account before I swipe my card, write a check, or authorize an electronic payment.

DANTE: Let's do it. I want the ATM checking account.

TERRI: Nice. Your co-workers will be proud of you, Dante!

LOU: Remember that First Arbor Bank requires direct deposit of your paycheck for this kind of account. Are you good with that?

DANTE: Yeah. I want that money in the account as fast as possible. I'll get it set up with HR.

LOU: Good! It's our bank's policy to see two forms of identification. One has to have a photograph, like a state driver's license or state-issued ID.

DANTE: Terri warned me. I have my driver's license and my employer's ID card.

LOU: Ah, I see you're a U.S. Citizen.

DARRYL: Lou, what about listeners who aren't U.S. Citizens? Can they open checking accounts?

LOU: We serve lots of non-U.S. citizens. Like most banks, we accept two alternative forms of identification. One is the U.S. Permanent Resident Card.

DARRYL: Is that like a "Green Card"?

LOU: Yes, they're the same thing. The other kind of ID we can accept is a *Matricula Consular*, or "Consular Registration." That's an ID card issued by the Government of Mexico through its consulate offices.

DARRYL: Do other countries have something similar?

LOU: Some do, yes. Now Dante, the next step is to fill out an application. You'll need your Social Security or Taxpayer ID number. Also, your address, telephone number, date of birth, and mother's maiden name. We use this info for account verification.

DANTE: "Account verification?"

LOU: Well, we need to make sure that you are who you say you are. And that legally, you're able to open an account. Also, banks want to review your history of checking accounts. That's to

see how much of a risk you are. For example, if you have a history of bouncing checks, some banks may not want to risk having you as a customer right now.

DANTE: I've never had a checking account before.... I hope you don't pull my credit report though because I had to go to the ER once, and I keep getting collection letters because I can't find a way to pay the bill.

LOU: Dante, many banks – and First Arbor is one – are willing to work with customers to open an account even if your financial history isn't spotless. So all I need from you now is cash or a check to make your first deposit.

DANTE: Here's my paycheck.

LOU: Perfect. Just endorse it – that means you sign your name on the back...

DANTE: Right. Hey, I haven't had my account open for more than five minutes and already I'm saving money. This would have cost me five bucks right at the check cashing place!

TERRI: Alright!

LOU: Do you need cash back?

DANTE: Not today.

LOU: Then we're done. Congratulations – you're now an official customer.

DANTE: Thanks!

TERRI: Not bad for a guy who'd never been in a bank before our last visit.

LOU: Here are some materials about your accounts, and a small book of temporary checks you can use until you receive the checks with your name and address printed on them.

DANTE: Wait – a debit card? How much does that cost me?

LOU: Not a penny extra. But you have to understand how it works.

DARRYL: I'm not entirely clear on that, myself.

TERRI: Shocker!

LOU: A debit card and a credit card may look the same. They're both plastic, with a magnetic stripe on the back. They may have a logo like Visa or MasterCard – ours are MasterCards. You can use them at most places that accept credit cards for payment.

DARRYL: So what's the difference?

LOU: This is important. When you buy something with a debit card, the money comes out of your bank account immediately.

DANTE: Why is that good?

LOU: Well, it's faster and easier than writing a check. The First Arbor Debit Card comes with certain purchase protections. More importantly, unlike a credit card you're not getting a loan or borrowing the money, so there's no interest to pay.

DANTE: Got it.

LOU: A lot of people like using a debit card instead of a credit card, because there's less temptation to run up a big balance or get into financial difficulty. You can only spend what you have in your account.

DANTE: What if you go over?

LOU: Then it's an overdraft, just like writing a bad check. If you have overdraft protection, that may cover you, but you're liable to get hit with a fee.

TERRI: Another reason to keep good records, so you don't try to spend more than you have available.

LOU: Well congratulations Dante, I think you're in good shape– any other questions I can answer today?

DANTE: I think I'm good! Thanks, though.

DARRYL: Dante, you should feel good. Thanks to this account, you'll start building a solid financial history. And that may help put you on the way to...

DARRYL, DANTE: (*in unison*) CAR LOAN!

TERRI: (*raising her voice to speak over the excited boys*) And speaking of "on the way," Darryl, it's time for us to let Dante and Lou go. We'll catch the bus back.

DARRYL: Uh...

TERRI: You did buy a round trip?!

DARRYL: Not exactly. Um...if we take a cab, I can use my debit card.

TERRI: Fine.

DARRYL: (*sheepishly*) Oh...

TERRI: We'll use mine. I have enough money in my account.

Theme music in

TERRI: Thank you Lou, and Dante, for letting us and our listeners be with you today. Until next time, from Detroit, this has been the “Money Smart Podcast Network, with Terri and Darryl.”

Theme music up full

DARRYL: *(fading out, off-mike)* You didn't say round trip!

TERRI: *(off-mike)* We're supposed to walk back? *(fades)*

Music fades