

BUILDING BETTER LIVES THROUGH FINANCIAL LITERACY

# Checking Account and Debit Card Simulation

## Student Instructions and Worksheets

Introductory Level



**TAKE CHARGE TODAY**

Financial Education for a Better Future



THE UNIVERSITY  
OF ARIZONA.

# Checking Account

**Checking accounts** are a common financial service used by many consumers. They can help to manage money and makes paying bills more convenient.



### Why do people use checking accounts?

- Reduces the need to carry large amounts of cash.
- Convenience – useful for paying bills instead of cash or money order.
- Written record of expenses – keeps track of where money is spent on the check register and can act as a spending plan tool.
- Safety – using checks is safer than carrying cash.

**Funds in a checking account are easily accessed through:**

- Check
- Debit Card
- ATM
- Digital & Electronic Payments

**Checks**

- Legal documents that function like cash.
- Checks can “bounce” if there is insufficient funds, or not enough money in the account to cover the total check amount.
- A checking account register and checkbook are used to record all transactions.

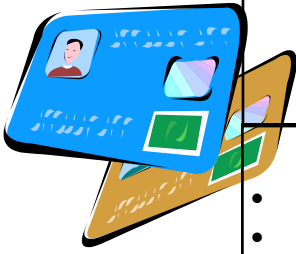


**ATM**

- Automated Teller Machine that is electronically connected to an individual’s bank account.
- Can be used to withdraw cash and make deposits.
- Additional bank fees may be charged.

**Debit Card**

- Plastic card that is electronically connected to an individual’s bank account.
- When purchases are made, money is automatically withdrawn from the bank account.
- Requires a PIN or personal identification number to confirm the user of the debit card is authorized to access the account.



<u>PRO's</u>	<u>CON's</u>
<ul style="list-style-type: none"> <li>• Convenient</li> <li>• Small</li> <li>• Use like a credit card</li> <li>• Carry less cash</li> <li>• Does not allow overspending</li> </ul>	<ul style="list-style-type: none"> <li>• Can lose track of balance if transactions are not written down</li> <li>• Opens checking account to credit fraud</li> <li>• Others can gain access to the account if the card is lost and the PIN is known</li> </ul>

# Endorsing a Check

To deposit a check, it must be **endorsed**. This means the person who receives the check must sign the back of the check to approve it to be deposited or cashed.

## Types of Endorsements

**Blank Endorsement** – anyone can cash or deposit the check after the check has been signed by the receiver of the check.

**Restrictive Endorsement** – more secure than a blank endorsement because the receiver writes ‘for deposit only,’ and the account number where the money will be deposited, above the signature. This allows the check to only be deposited.

**Special Endorsement** – the check can be transferred to a second party if the receiver signs the back and writes ‘pay to the order of (fill in the person’s name).’

## ★ Examples

Endorse Here

X Sally Smith

Endorse Here

*For Deposit Only—Acct. # 1234567890*

X Sally Smith

Endorse Here

*Pay to the Order of Mike Smith*

X Sally Smith

**Directions:** Endorse the three checks below with your signature. The restrictive endorsement is for account number 987654321 and the special endorsement will be paid to Jonathon Smith.

**Blank Endorsement**

Endorse Here

X

---

DO NOT WRITE, STAMP OR SIGN  
BELOW THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE

**Restrictive Endorsement**

Endorse Here

X

---

DO NOT WRITE, STAMP OR SIGN  
BELOW THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE

**Special Endorsement**

Endorse Here

X

---

DO NOT WRITE, STAMP OR SIGN  
BELOW THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE

# Making a Deposit

## Deposit slip(s)

- contains the account holder’s account number and allows money (cash or check) to be deposited into the correct account
  - has the bank’s routing number preprinted on the slip
  - are located in the back of the checkbook after the checks
  - include spaces to write checks that are to be deposited & should be listed individually
  - have extra places on the back of the slip for additional checks that are being deposited
  - Require that you write the total amount of the checks from the back on the front
  - Deposits can be made at an ATM, with a bank teller, or electronically
  - Cash back may only be received if the deposit is made with a teller. If the depositor wishes to receive cash during the deposit process, they must include a signature on the deposit slip. The total amount deposited must be recorded in the check register to keep the account holder’s balance current.
- ★ In the example below, Sally received her paycheck, #5678 from Piggly Wiggly for \$154.01, and a \$20.00 birthday check, #601 from Fran Smith. She is completing the following deposit slip for her checking account. She also wants to receive \$30.00 cash back from the deposit.

## Deposit Slip Front

	<b>Deposit Slip</b> 93-456-9540																									
	Sally Smith 500 Great Street Yourtown, MS 55555																									
<b>1</b>	Date: <u>September 1, 2XXX</u> <small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>																									
<b>2</b>	_____ Sally Smith <small>SIGN HERE FOR CASH RECEIVED</small>																									
	Guardian Angel Banking 423 South 15th Yourtown, MS 55555 <b>0123456789 : 1234567890 "</b>																									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%;">Dollars</th> <th style="width: 15%;">Cents</th> </tr> </thead> <tbody> <tr> <td>CASH</td> <td></td> <td></td> </tr> <tr> <td>CHECKS LIST SINGLY</td> <td></td> <td></td> </tr> <tr> <td>Shake Shack #5678</td> <td style="text-align: right;">154</td> <td style="text-align: right;">01</td> </tr> <tr> <td>TOTAL FROM OTHER SIDE</td> <td style="text-align: right;">20</td> <td style="text-align: right;">00</td> </tr> <tr> <td style="text-align: right;">SUBTOTAL</td> <td style="text-align: right;">174</td> <td style="text-align: right;">01</td> </tr> <tr> <td>* Less Cash Received</td> <td style="text-align: right;">30</td> <td style="text-align: right;">00</td> </tr> <tr> <td style="text-align: right;">NET DEPOSIT</td> <td style="text-align: right;">\$144</td> <td style="text-align: right;">01</td> </tr> </tbody> </table>		Dollars	Cents	CASH			CHECKS LIST SINGLY			Shake Shack #5678	154	01	TOTAL FROM OTHER SIDE	20	00	SUBTOTAL	174	01	* Less Cash Received	30	00	NET DEPOSIT	\$144	01	<div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 5px;">3</div> <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 5px;">4</div> <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 5px;">5</div> <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 5px;">6</div> <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 5px;">7</div> <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 5px;">8</div>
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NET DEPOSIT	\$144	01																								

## Deposit Slip Description

1. **Date**—The date the deposit is being made.
2. **Signature Line**—Sign this line to receive cash back.
3. **Cash**—The total amount of cash being deposited.
4. **Checks**—List each check being deposited individually. If more checks are being deposited than number of spaces on the front, use the back of the deposit slip. Identify each check on the deposit slip by abbreviating the name of the check writer and check number.
5. **Total from Other Side**—The total amount from all checks listed on the back.
6. **Subtotal**—The total amount of cash and checks.
7. **Less Cash Received**—The amount of cash back being received.
8. **Net Deposit**—The amount being deposited into the account. To calculate the amount, subtract the cash received from the subtotal.

## Deposit Slip Back

	Dollars	Cents
CHECKS LIST SINGLY		
1. Fran Smith #601	20	00
2.		
3.		
4.		
5.		
6.		
7.		
TOTAL ENTER ON FRONT	\$20	00

5


# Deposit Slips

**Directions:** Complete the deposit slip below with the following checks on September 2, 2XXX. Withdraw \$15.00 cash from the deposit.

- \$50.00 from Lonni James—check #598
- \$86.00 from Sarah Lanning—check #4459
- \$15.00 from Roberta Smith—check #692

## Deposit Slip Front

*Deposit Slip*



**Sally Smith**  
500 Great Street  
Yourtown, MT 55555

93-456-9540

	Dollars	Cents
CASH		
CHECKS LIST SINGLY		
TOTAL FROM OTHER SIDE		
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT	\$	

Date \_\_\_\_\_

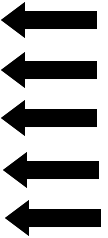
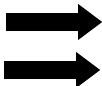
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

---

SIGN HERE FOR CASH RECEIVED

*Guardian Angel Banking*  
423 South 15th  
Yourtown, MT 55555

0123456789 : 1234567890 "




## Deposit Slip Back

	Dollars	Cents
CHECKS LIST SINGLY		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL ENTER ON FRONT	\$	



Why should an individual record all deposits in their check register?



# Writing a Check

To pay for items using a checking account, writing a check is one option that can be given to the person or business as a form of payment. To write the check, the account holder must complete the following items on the check in order for it to be accepted:

- Date
- Payee (to whom the check was written),
- Amount in numerical form and written out
- His/her signature

***\*Then immediately record the check into the check register.***

★ In the example below, Sally Smith wrote check #301 to Gas 'N' Go for \$15.78.

1 *Sally Smith*  
500 Great Street  
Yourtown, MA 55555

93-456-9540  
45086244786

2 301

3 Date September 2, 20XX

4 Pay to the Order Of Gas 'N' Go

5 \$15.<sup>78</sup>

6 Fifteen and 78/100 Dollars

Guardian Angel Banking  
423 South 15th  
Yourtown, MA 55555

7 Memo Gas

8 *Sally Smith*


9 0123456789 : 1234567890 : 301

## Writing A Check Description


1. **Personal Information**—The check holder’s name and address; may include a phone number, but not required. **DO NOT** list a social security number on a printed check for safety reasons.
2. **Check Number**—Numbers used to identify checks. The check numbers are printed chronologically and should be used in this order.
3. **Date**—The date the check is being written.
4. **Pay to the Order of**—The name of the person or business to whom the check is being written.
5. **Amount of the Check in Numerals**—The amount of the check written numerically; write the cents smaller and underline them. Write the number directly next to the dollar sign to prevent someone from adding numbers to change the amount of the check.
6. **Amount of the Check in Words**—The amount of the check written in words. Start at the far left of the line. Write down the dollar amount in words first, then write “and” after the words, and finish by writing the amount of cents over the number 100. Draw a line from the end of the writing to the end of the line.
7. **Memo**—Space to identify the reason for writing the check. It is a good place to write information requested by a company when paying a bill, generally the account number.
8. **Signature**—The account holder’s signature agreeing to the transaction.
9. **Identification Numbers**—The first set of numbers is the routing numbers to identify the account’s financial institution, the second set is the account number, and the third set is the check number.

# Practice Writing Checks

**Directions:** Write check # 302 below to “Aspen Properties” for rent in the amount of \$375.00 on September 3, 2XXX.

<p><i>Sally Smith</i> 500 Great Street Yourtown, MT 55555</p>	<p>93-456-9540 45086244786 <i>Date</i> _____</p>	<p>302</p>
<p><i>Pay to the Order Of:</i> _____</p>		<p>\$ <input style="width: 80px;" type="text"/></p>
<p>_____</p>		<p><i>Dollars</i></p>
<p><i>Guardian Angel Banking</i> 423 South 15th Yourtown, MT 55555</p>		
<p><i>Memo</i> _____</p>		
<p><b>0123456789 : 1234567890 : 302</b></p>		

**Directions:** Write check # 303 to “In and Out Burger” for food in the amount of \$27.32 on September 6, 2XXX.

<p><i>Sally Smith</i> 500 Great Street Yourtown, MT 55555</p>	<p>93-456-9540 45086244786 <i>Date</i> _____</p>	<p>303</p>
<p><i>Pay to the Order Of:</i> _____</p>		<p>\$ <input style="width: 80px;" type="text"/></p>
<p>_____</p>		<p><i>Dollars</i></p>
<p><i>Guardian Angel Banking</i> 423 South 15th Yourtown, MT 55555</p>		
<p><i>Memo</i> _____</p>		
<p><b>0123456789 : 1234567890 : 303</b></p>		

Why is good penmanship important when writing checks?

What color pen should be used when writing checks? Why?



**Check Clearing for the 21<sup>st</sup> Century Act (Check 21)** Prior to Check 21, a customer would write a check to pay for a service or product, and have several days before the money would transfer from the customer’s bank account to the service provider’s bank account. Now, because of Check 21, the check is sent electronically to the customer’s bank and the money is withdrawn immediately, therefore, a person must have money in his/ her account before writing the check. Check 21 is similar to the debit card process. Stores have moved toward using this technology to avoid receiving bad checks.

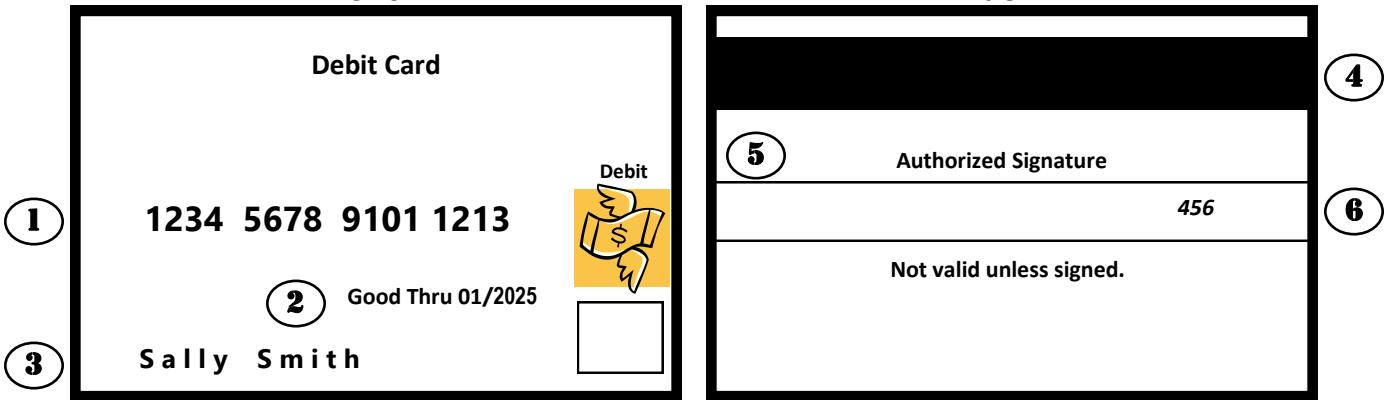


# Using A Debit Card

- A **debit card** is a plastic card which looks like a credit card, but is electronically connected to the cardholder’s checking account for purchases. When a purchase is made, money is automatically taken from the designated account.
  - Debit cards require using a **personal identification number (PIN)** to access the account to perform a transaction. A PIN confirms that the user of the card is authorized to access
  - Most cards will include a microchip. This helps protect the account from fraud activity.
  - A debit card is used by swiping it through the store machine or inserting in card reader.
  - When using ATM machines not provided by the financial institution sponsoring the card, additional bank charges may be assessed.
- ★The front and back view of Sally’s debit card is shown below.

**Front**


**Back**



### Using A Debit Card Description

1. **Account Number**— This sixteen digit number is the account number that links all purchases made with the card to a designated bank account.
2. **Expiration Date**— The debit card is valid and may be used until this date.
3. **Cardholder’s Name**— The cardholder’s full name is written out and displayed.
4. **Magnetic Strip**— When the debit card is swiped, the magnetic strip automatically withdraws funds from the cardholder’s account.
5. **Authorized Signature**— The cardholder must sign in the signature box on the back of the debit card to authorize payments. The cardholder should also write, “See ID” in the signature box to ensure the person using the card is authorized to do so.
6. **Verification Number**—This three digit code is located on the back of the card in the signature area. These three numbers help ensure the card is in the cardholder’s possession when making purchases to prevent unauthorized use.

Why is it important to sign the back of a debit card?





# Checking Account Register

All transactions including deposits, checks, debit card purchases, additional fees, and ATM use should be recorded in a **check register** immediately after completion. Record monetary amounts for purchases in the payment/debit column and deposits in the deposits/credit column. A running balance of all transactions is kept in the far right balance column.

★ In the example below, the deposits from September 1 and September 2, check 301, 302 and 303 have been recorded in the check register. On September 9th, Sally used her debit card at the mall to buy pizza for \$3.50.

①	②	③	④		⑤		⑥	⑦	⑧	
DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		√ T	FEE (IF ANY)	BALANCE	
									\$ 275.00	
9/1	DEP	Deposit			144	01			144	01
		September Paycheck							419	01
9/2	301	Gas 'N' Go	15	78					15	78
		Fuel							403	23
9/2	DEP	Deposit			136	00			136	00
		Reimbursement							539	23
9/3	302	Aspen Properties	375	00					375	00
		Rent							164	23
9/6	303	In & Out Burger	27	32					27	32
		Food							136	91
9/9	DC	Food Court Pizzeria	3	50					3	50
		Food							133	41

## Checking Account Register Description

1. **Date**—The date the check was written or the day the transaction was made.
2. **Number**—The number of the written check. If a debit card or ATM was used, write DC or ATM.
3. **Description of Transaction**—The person/business the check was written to or where the ATM/debit card was used. The gray line can be used to write the memo for budgeting purposes.
4. **Payment/Debit(-)**—The amount of the transaction; deducted from the balance.
5. **Deposit/Credit(+)**—The amount of the transaction; added to the balance.
6. **√ T**—A box used to track whether the check has cleared on the monthly bank statement when reconciling at the end of each month.
7. **Fee (if any)**—Any extra fees charged to the account; listed on the bank statement.
8. **Balance**—The balance, which is a running total, calculated by adding or subtracting each transaction; keep this updated.

# September Check Register

★ **Example Below:** The check register below is for the entire month of September and will be used to reconcile Sally’s bank statement.

①	②	③	④		⑤		⑥	⑦	⑧	
DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		V T	FEE (IF ANY)	BALANCE	
									\$ 275.00	
9/1	DEP	Deposit			144	01	√		144	01
		September Paycheck							419	01
9/2	301	Gas 'N' Go	15	78				←	15	78
		Fuel							403	23
9/2	DEP	Deposit			136	00		←	136	00
		Reimbursement							539	23
9/3	302	Aspen Properties	375	00				←	375	00
		Rent							164	23
9/6	303	In & Out Burger	27	32				←	27	32
		Food							136	91
9/9	DC	Food Court Pizzeria	3	50				←	3	50
		Food							133	41
9/16	ATM	Cash	40	00				←	40	00
		Cash							93	41
9/16	ATM	Bank Fee	2	00				←	2	00
		Bank Fee							91	41
9/30	304	The Gap	43	72					43	72
		Jeans							47	69
9/30	DC	Cold Stone Creamery	2	75					2	75
		Ice Cream							44	94
9/30	DEP	Deposit			30	00			30	00
		Lawn Mowing							74	94

Why is it important to keep a running total of the account balance in the far right column?

During the month of September, did Sally ever “bounce a check” or overdraw her checking account?

# September Bank Statement

- Bank statements show all transactions that occurred in a specific timeline; usually a month.
- The statement can be used to **reconcile** the account, which means to balance the checkbook register each month to the balance shown on the statement.
- Reconciling the account each month allows individuals to track money accurately and manage their finances wisely.

★ In the example below, Sally Smith's September bank statement is shown.

GUARDIAN ANGEL BANKING  
423 SOUTH 15TH  
YOURTOWN, MT 55555



STATEMENT FOR:  
SALLY SMITH  
500 GREAT STREET  
YOURTOWN, MT 55555

*THIS STATEMENT COVERS: 9/1/XX THROUGH 9/30/XX*

CHECKING ACCOUNT #1234567890	Previous Statement Balance on 8/31	\$ 275.00
	Total Deposits	\$ 280.01 +
	Total Withdrawals	\$ 463.60 -
	<b>New Balance</b>	<b>\$ 91.41</b>

DEPOSITS AND OTHER CREDITS	<u>Date Posted</u>	<u>Transaction</u>	<u>Amount</u>
	9/3	Deposit at South 15th Branch	\$ 144.01
	9/5	Deposit at South 15th Branch	\$ 136.00
	<b>Total Deposits</b>		<b>\$ 280.01</b>

WITHDRAWALS	<u>Date Posted</u>	<u>Check #</u>	<u>Amount</u>
	9/3	301	\$ 15.78
	9/4	302	\$ 375.00
	9/7	303	\$ 27.32
	9/9 Debit Card	Food Court Pizzeria	\$ 3.50
	9/16 ATM	Cash	\$ 40.00
	9/16 ATM Fee	Bank Fee	\$ 2.00
	<b>Total Withdrawals</b>		<b>\$ 463.60</b>

During the month of September, was Sally charged any additional bank fees? Why or Why Not?



# Reconciling a Checking Account

- Directions** Using the September Check Register and September Bank Statement reconcile Sally Smith’s bank account.
- View the September Check Register on page 10 and the September Bank Statement on page 11.
  - Place a check mark in column **6** (the  $\checkmark$  T column) on the September Check Register for all transactions that have cleared and are displayed on the September Bank Statement. The first transaction has been completed.
  - Find the current checking account balance on the September Bank Statement and write on line A below.
  - Write the sum of all outstanding deposits on line F.
  - Add any outstanding deposits which are shown below and write on line B.
  - Calculate the subtotal (A+B) and record on line C.
  - Write the sum of all outstanding withdrawals on line G.
  - List any outstanding withdrawals shown below on line D.
  - Calculate the total (C – D) and write and write on line E. Compare this result with the current balance in the **8** check register. They should be the same.
  - If the total is not the same as on the check register, double-check the math and make sure all service fees and charges have been added to the check register.

ENTER			
Bank Statement Balance	\$ <b>A</b>		_____
ADD (+)			
Outstanding Deposits	\$ <b>B</b>		_____
SUBTOTAL (=)	\$ <b>C</b>		_____
SUBTRACT (-)			
Outstanding Withdrawals	\$ <b>D</b>		_____
CALCULATE (=)			
Total should be the same as the checkbook register	\$ <b>E</b>		_____

Deposits Outstanding		
Date	Amount	
9/30	30	00
<b>Total</b>	<b>F</b>	

Withdrawals Outstanding		
Number	Amount	
304	43	72
DC	2	75
<b>Total</b>	<b>G</b>	

# Checking Account Safety

The **safety tips** described below will help account holders prevent fraudulent use of their checking account.

## What Should I Do If I Lose My Checkbook, ATM or Debit Card?

1. Immediately report it to the financial institution.



2. File a report with the police.



- If a checkbook is stolen and then reported, financial institutions generally do not hold the account holder liable for any fraudulent charges.
- If the ATM/debit card is reported within 2 business days, the cardholder is only liable for \$50.00.
- If the cardholder waits longer, he/she could be liable for up to \$500.00.
- This can vary depending upon the institution because some may not charge the account holder anything if the correct reporting steps were taken.



**Be sure to keep checkbooks, ATM/Debit Cards in a safe location!**

# Mobile Payments and Deposits

### Mobile Payments

- Apple Pay
- Venmo
- Google Pay
- PayPal
- Square Cash



- Sign up for mobile banking with your depository institution
- Take a picture of a check with your phone
- Take a picture of your endorsement on the back of your check to finalize your deposit.

