

checks with “VOID” written across the front of it to the company along with your order form and payment and the checks will be mailed to you. Watch for your checks and report any missing mail to the financial institution or the check printing company if the checks don’t show up as promised.

Consider using duplicate checks—after you write the check, you have a duplicate (carbon copy) as a record of the transaction. This is particularly helpful if you think you may forget to record your checks in your check register.

Account costs

It may be possible to find a free checking account (no monthly maintenance fee). Even so, you could be charged for other things, such as withdrawing cash at an ATM not owned by your bank. (At your own bank or credit union’s ATMs, cash withdrawals should be free.) ATM fees and overdraft fees are the most costly fees paid by account holders. With careful planning, and by monitoring your transactions closely, you can avoid these fees.

Online and mobile banking

Online banking, also known as Internet banking, lets you access your accounts and make certain transactions using a computer and Internet connection. Most financial institutions, including banks, credit unions, lenders and investment companies, offer online banking. There are even banks that offer *only* online accounts.

Mobile banking allows you to access your financial accounts and conduct transactions wirelessly, using your mobile device. All major financial institutions offer mobile banking. Increasingly, smaller financial institutions also offer both online and mobile banking.



What you can do using a mobile device depends on the technology used by the financial institution, your wireless service plan, and the type of phone, tablet computer or PDA (personal digital assistant) you have.

You need a smartphone or other device with data service or Wi-Fi Internet access to take advantage of the most advanced mobile banking capabilities.

Before you can access accounts on your mobile device, you may be required to complete the enrollment and setup process on a computer.

‘Balancing’ act

Write down and subtract each check, withdrawal or debit card transaction in your check register. Balance your checkbook regularly and don’t forget to include deposits, online payments and transfers, ATM surcharges and account fees. Compare monthly statements to your check register as soon as they arrive.

Between statements, use the phone, ATM or Internet to check your balance and see when deposits, checks and debits have cleared. Choose the free account access method(s) or the one with the lowest fee. If you have a joint account, designate one person as the keeper of the check register.

Helpful resources

Consumer Financial Protection Bureau

The CFPB accepts complaints about bank accounts and consumer reporting agencies such as ChexSystems.

P.O. Box 4503
Iowa City, IA 52244
855-411-CFPB (2372)
855-237-2392 (fax)
www.consumerfinance.gov

ChexSystems

Contact this company to file a dispute if you are told you can’t open a bank account because of negative information in your ChexSystems report and you determine that the information is outdated or inaccurate.

Attn: Complaints
7805 Hudson Road, Suite 100
Woodbury, MN 55125
800-428-9623
602-659-2197 (fax)
www.consumerdebit.com

About Consumer Action

www.consumer-action.org

Consumer Action empowers low- and moderate-income and limited-English-speaking consumers nationwide to financially prosper through education and advocacy.

Submit consumer complaints to our advice and referral hotline: hotline@consumer-action.org or 415-777-9635

Chinese, English and Spanish spoken

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A wise choice

Checking and savings accounts



A Consumer Action Publication

A checking and/or savings account in a federally insured bank or credit union can keep your money safe and help you manage your money.

Banks and credit unions generally offer their account holders free or low-cost services, such as free check cashing or low-cost money wiring. A checking account can be a less costly alternative to using check cashers or prepaid cards.

Financial institutions

A bank is a for-profit financial services institution that offers individual accounts, accepts deposits and makes loans. Banks also pay interest on money that account holders deposit into interest-bearing accounts. Compare bank accounts in your area at www.Bankrate.com.

A credit union is a member-owned and controlled cooperative financial institution—typically a not-for-profit organization—that offers consumers the same types of financial accounts and services that banks do. Compare credit unions you may be eligible to join at www.aSmarterChoice.org.

Checking and savings

A checking account is a formal arrangement between you and a financial services company (bank or credit union) that allows you to easily access your money in a variety of ways (checks, debit card transactions, online bill pay, etc.) and keep it safe.

A savings account is a formal arrangement between you and a financial services company that allows you to earn interest on money you deposit.

Deposit insurance

The Federal Deposit Insurance Corporation (FDIC), an agency of the federal government, insures account balances in banks. Your coverage depends on the size of your balance—up to \$250,000 per person at the same bank is covered. But you may have more than \$250,000 insurance coverage even at the same bank if you also have different kinds of accounts, such as a joint account with another person or an individual retirement account (IRA).

Similarly, federally chartered credit unions are regulated by the National Credit Union Administration (NCUA) and insured by the National Credit Union Share Insurance Fund (NCUSIF). The coverage levels are generally the same as those provided by FDIC-insured banks.



Before opening an account, make sure the bank or credit union is federally insured by looking for the FDIC or NCUSIF notice at the branch or website.

Choosing an account

Features to look for:

- Free checking or an account with a low monthly maintenance fee.
- Direct deposit of your paycheck or benefits payment.
- A debit card with a network brand (MasterCard or Visa). You can use your card to make purchases, pay bills online, withdraw cash or get “cash back” with purchases.
- Free online access and bill pay.
- An ATM network that is convenient to where you live and work.

Features to avoid:

- Courtesy overdraft programs for debit transactions. When you open a checking account, your bank will ask if you want to “opt in” to allow the bank to pay your debits even if you have insufficient funds in your checking account. This is not recommended because you will still pay a hefty “overdraft fee” each time the bank covers an overdraft.
- High monthly maintenance fees.
- Banks and credit unions with few ATMs near where you live and work.

Who can open an account?

With the proper identification and the money for a minimum initial deposit, almost anyone can open a bank account. (See next section for exceptions.) Before opening an account, most financial institutions require you to show documentation such as a driver’s license or passport to ensure that your identity is legitimate. Most banks and credit unions also check your banking and credit history with a credit reporting agency and/or an account verification company such as ChexSystems.

Who can't open an account?

- In most cases, people who are listed in an account verification database.
- Anyone who can't provide the forms of identification accepted by the financial institution, which could include a state-issued driver’s license, passport, consular ID card, Social Security number or Individual Taxpayer Identification Number (ITIN).

ChexSystems provides account verification services to its financial institution members so that they can identify applicants with a history of mishandling checking or savings accounts. This could include, for example, people who have

overdrawn their accounts and then abandoned them without paying the outstanding overdrafts or related fees. If your name is in the ChexSystems database, banks (and credit unions) might not allow you to open an account.

ChexSystems is a consumer reporting agency governed by the federal Fair Credit Reporting Act (FCRA) and other laws. This means that you have the right to dispute negative information that is not accurate. Negative information about your former accounts will remain in ChexSystems for five years.

ChexSystems receives account information from your former banks or credit unions. Only the bank or credit union (“the furnisher”) can correct or change this record. You can dispute inaccurate information through ChexSystems, or contact the financial institution that made the report directly to learn if there is anything you can do to remove the negative information.

Opening an account

You can open an account on the phone, online, or in person at a bank or credit union branch. If you open an account online or by phone, you will receive an opening package at the address you provided. Make sure to sign the account opening documents and send any requested copies of your identification by the deadline. Your debit



card and checks will be sent to you at the address you provided. Watch for the envelope and report any missing mail to the financial institution.

You can order additional checks through your bank or credit union or through a check printing company. Send one of your blank