

# BANKING FUNDAMENTALS

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# TYPES OF FINANCIAL INSTITUTIONS

- Banks\*
- Credit Unions\*
- Savings & Loan Associations\*
- Savings Banks\*
- Brokerage Firms
- Pay-day Lenders
- Credit Card Companies
- Investment Banks

*\*Deposits Insured up to \$250,000*



# BEING “BANKED”

Advantages of Being “Banked”	Disadvantages of being “Unbanked”
Access to Money	Limited Access to Credit
Convenience	No Insurance
Safe/Insured	Potential for Loss (Robbery, Fire, Etc.)



# BASIC SERVICES PROVIDED BY FINANCIAL INSTITUTIONS

- **Checking Accounts** – Quick access to funds on demand
- **Savings Accounts** – Pays interest and not as easily accessible
- **Certificates of Deposit** – Pays interest with specific maturity or accessibility
- **Consumer Loans & Credit Cards** – Secured and unsecured method of purchasing consumable goods and paying for them over time



# IS MY MONEY SAFE?

- **Banks, Savings Banks and Savings & Loan Association** – Federal Deposit Insurance Corporation (FDIC) – Up to \$250,000
- **Credit Unions** – National Credit Union Share Insurance Fund (NCUSIF) – Up to \$250,000



# COMMON DEBT PROBLEMS

- Liens
- Foreclosures
- Garnishments
- Bankruptcy (Chapter 7 & 13)
- Repossessions
- Evictions
- Student loans



# AVOIDING DEBT PROBLEMS

- Stick to a budget.
- Maintain a record keeping system.
- Consider early payoffs, where advantageous.
- Make sure to live within your means and only use debt that is within a level that your income can support.
- Make it your goal to eventually live debt free.

