

All About The Benjamins II: Banking Basics

Bank Basics:

Banks are in the money business.

- They “borrow” money from it’s account holders and pays interest for the money.
- Then the bank “sells” the money to customers – businesses and individuals who take out loans – and “charges” interest for the money

Banking Tips:

Everyone (including teenagers) should have a savings account. A savings account is a place to keep your money to save for future purchases and emergencies.

It is better to save your money in a saving’s account because

- You can earn interest
- It is safer – You don’t have to worry about it getting lost or stolen
- Your money will be harder to access – You will be less likely to freely spend money on things that you do not need.

A savings account for the saving, not spending. Make regular deposits and keep your money in the bank until it is time to make a major investment

Banks send monthly statements to show their record of your account activity. You should use an account register to record all account activity: deposits, withdrawals, and interest payments. You should always compare your account register with the statement to make sure everything is correct.