**AIM: How can we use different types of bank accounts to help manage our money?**

**OBJECTIVE(S):**

* Students will be able to discuss the importance of having a bank account, explain the differences between checking and savings accounts, and understand how financial technology and the emergence of digital accounts and mobile banking have changed the way consumers store and move money.

**MOTIVATION / DO NOW:** Do you or does anyone in your family have a checking or savings account at a bank? Does anyone use a mobile banking app??

**Procedure / Pivotal Questions:**

1. **Why do businesses and consumers need banks?**

* Introduce different types of banks to the students
* Discuss the role that banks play & the significance of having a bank account

1. **How is a checking account different from a savings account?**

* Use video to show how a checking account is different from a savings account
* Students answer guided video questions & discuss in groups/whole class

1. **How has technology and digital banking changed the way people store and move money?**

* Define digital banking (Suggestion: have students come up with their own definition)
* Students analyze bar graph & discuss how people are using mobile banking apps
* How have online savings banks changed the way people bank?
* Analyze data chart with savings interest rates (traditional vs. online banks)
* Use online savings calculator interactive to illustrate difference (show compound interest)
* Neobanks. What are they? Analyze quote with data on users.

**Group Activity:** *(\*Teachers can modify this activity for a “flipped” classroom)*

* Arrange students into groups of 3-4
* Each student in the group gets a card with the name of a bank written on it.
* For each group, ensure that 1 or 2 cards have traditional banks, and 1 or 2 cards are online only banks/per group.
* Give each student 5 minutes on their mobile device to look up his/her assigned bank and answer the corresponding questions (See handout).
* After 5 minutes, let the students share what they learned with their group. The students will compare and analyze similarities & differences between the banks; and evaluate the pros and cons of different types of banks.

**Summary/Exit Question(s):**

1. Why do online bank savings accounts pay a higher (yield) interest rate than traditional branch banks?
2. Write down one thing about this lesson that you would like to learn more about.

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| **Understandings:**  Students will be able to:   * Understand the difference between a checking and savings account * Describe the role that banks play in society and their significance * Define digital banking * Identify reasons why it is important to have a bank account * List and explain the services provided by banks * Explain why checking accounts do not collect interest * Describe why banks do with the money that is deposited by customers * Compare the difference between a traditional bank and an online or neobank * Assess the pros and cons of using mobile banking apps * Describe ways in which consumers can deposit and withdraw money from banks, and use features such as online bill pay * Explain why FDIC insured accounts are important * Analyze how fintech has evolved the way people bank * Summarize why rates of return vary on different types of bank accounts * Assess why online banks typically pay higher savings (interest) rates * Evaluate how much money they should allocate between their checking and savings accounts * Describe what bank rates are based on * Explain how bank rates are benchmarked off of the Fed Funds Rate & Discount Rate * Understand the importance of compound interest * Compare and contrast the cost structures of different, fees, and security offered by types of banks * Analyze the costs and benefits of traditional brick-and-mortar banks vs. online banks * Explain how banks and savings accounts are regulated * Describe the difference between a commercial bank and an investment bank * Assess strategies for allocating money into different types of bank accounts (checking, savings, CDs) | **Essential Questions:**   * Why is it important to have a bank account? * How do we save our money? * What kind of accounts do banks offer? How are they different? * Why do some banks and accounts offer higher rates of return than others? * What are bank rates of return based on? (\*Make connection to the Fed Funds Rate and the Discount Rate) * What do banks do with deposited money? * Why is having a checking and savings account important if I only want to borrow money from a bank? * What does a checking account help me to do? * Why do people write checks? * What are alternative ways to pay bills? * Why is not a good idea to “hold” a lot of your cash in your pocket? * What benefits do I get from having direct deposit on my checking account? * How can I withdraw my money from the bank? (list at least 4 ways) * How can mobile ban king apps make my life easier? * How often should I monitor my checking/savings/credit card accounts? * How can I properly write out a check? * What is a routing number? * What is your account balance? * What is a cancelled check? * What is a credit? Debit? * How do your endorse a check? * What should I look out for on my monthly bank statement? What should we analyze? * What mobile banking app alerts should I activate? (i.e. low balance, mobile deposit, unusual activity) * Why is it important to understand the fees that my bank may charge me on my accounts (and how to avoid them)? * Did you know that you can deposit a check into your bank account by taking a picture of it on your bank’s mobile app? * What are of the advantages and disadvantages of having a checking account? (suggest having the students make a T-chart) * What are of the advantages and disadvantages of having a savings account? * What are 4 methods of withdrawing money from your checking account? * List reasons why having a checking account is important for paying people, bills, and businesses. * Why is it important to manage (“balance”) your checking account? * How much money do you recommend keeping in your checking account? * How can you avoid taking more money out of your bank account than you have in it? * What is overdraft protection? * Why is it important to have an emergency fund savings account? * Why don’t checking accounts pay interest? * How can I avoid paying checking account fees? * What is the average fee to take money out of a non-network ATM? * How can I avoid paying ATM fees? * Why do checking accounts offer debit cards? * What is a debit card? * How are debit cards different from credit cards? * Why do online savings banks pay higher rates of return than traditional big banks? * What is a CD (Certificate of Deposit)? * What is a CD laddering strategy? * Why do CDs less liquid than a savings account? * What is a neobank? * How are neobanks similar to online banks? * How are neobanks different from online banks? * Why is it important to always check that your bank accounts are FDIC insured? * What are the FDIC insurance limits? How can these be maximized? * Why are checking accounts more “liquid” than savings accounts (M1 vs M2)? * What is a money market account? * How are money market and online savings accounts regulated? * How can I move money from an online savings account to my checking account? * What are P2P payments? * What is a digital wallet? * How is a digital wallet payment similar to using a credit card? * How safe are online and mobile bill payments? * What fees and security issues should you be aware of when using a mobile pay app? * Does my bank offer P2P and online/mobile bill pay services? * How secure is online banking? * How do thieves target bank cards? * How is my information being collected by banks and distributed to third parties? * What government regulations protect me as a consumer? * How is fintech going to change the banking over the next 5 years? * When can I open a checking or savings account? * When is a good time for me to get a bank credit card? * Why do we want to maintain a diversified investment portfolio (FDIC bank accounts, stocks, bonds, etc.)? |
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**Additional topic ideas for student projects and advanced lessons:**

* Why is bank lending important?
* How to get a job in banking?
* How to diversify your investment portfolio?
* Issues in banking: redlining, protected lending, etc.
* The history of banking
* Banking & Financial Crisis
* Banking in other countries/emerging markets
* Microfinance and microlending
* The Federal Reserve System
* Investment banking and hedge funds
* Emerging Technology in Banking (Fintech, AI, Blockchain, Robotics)
* Security issues in the banking sector
* The future of digital currency
* Banking Laws, Regulation and Deregulation