

Guided Reading Activity

Money and Banking

Lesson 3 *Banking Today*

Review Questions

Directions: Read each main idea and complete the statements below. Refer to your textbook as you write the answers.

A. How a Bank Gets its Money

Main Idea: Banks accept deposits and loan this money to borrowers.

- Most banks are established as _____ because they can raise money by selling _____ and _____ protects the shareholders if the bank gets in trouble.
- Banks offer _____ of _____, which are loans from the consumer to the bank.
- When a bank receives a new _____ or CD, it must keep some to satisfy the _____, but it can loan out the rest.
- The difference between the interest rate the bank pays on deposits and the interest rate it charges for loans is called the _____. The bank also earns money from _____, such as those charged for bouncing a check.

B. Selecting a Bank

Main Idea: Banks offer a variety of products and services that you can use depending on your needs.

- When picking out your bank, you should consider services like direct deposit paychecks and how you pay your _____. Unlike cash, cancelled checks and _____ records provide evidence that your payment has been made and accepted.
- Checking accounts, or _____ Accounts, allow you to make purchases in any amount up to the limit of your _____.

Guided Reading Activity *cont.*

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3. _____ accounts and time deposits restrict how often you can _____ money from your account, but they pay a slightly _____ interest rate. You should make regular deposits, even if they are small, because your savings will add up over time.
4. A _____ card is tied to your checking account. However, your risk if your card is stolen or lost is not _____.
5. Credit cards allow you to _____ money directly from the bank up to a previously determined _____. Credit cards are one of the bank's most _____ services.

C. Rounding Out Your Financial Literacy

Main Idea: Being financially literate includes making yourself creditworthy and practicing good banking habits.

1. It is important to develop your own _____, and the relationship you have with your _____ or other financial institution is key.
2. Saving on a _____ basis not only helps you have money for future use, but it also demonstrates you have the _____ and patience for financial _____.
3. Banks in the same community often charge _____ rates for their services; when considering a bank, the bottom line is to avoid _____ fees.
4. You can prove your creditworthiness by purchasing an item on layaway and then _____ up with the _____, or through the _____ you develop with your bank.

Guided Reading Activity *cont.*

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Summary and Reflection

Directions: Summarize the main ideas of this lesson by answering the question below.

How does understanding how banks function make you a smarter consumer?
