

## MODULE 8:

# Money services, cards, accounts, and loans: Finding what works for you

If you have a 10 minute session...	If you have a 30 minute session...	If you have multiple sessions...
<ul style="list-style-type: none"><li>▪ <i>Tool 1: Know your options: Money services, cards, accounts, and loans</i></li></ul>	<ul style="list-style-type: none"><li>▪ <i>Tool 2: Ask questions: Choosing where to get what you need</i></li><li>▪ <i>Tool 3: Money services and banking basics</i></li></ul>	<ul style="list-style-type: none"><li>▪ <i>Tool 4: Opening an account checklist</i></li><li>▪ <i>Tool 5: Money transfers and remittances: What you need to know</i></li></ul>

## Finding and choosing financial products and services

Financial products and services are the tools that you use to store money, make payments and purchases, send money to someone, and pay for things over time – like savings accounts; checking accounts with debit cards; prepaid, payroll, government benefits and EBT cards; credit cards; money transfers and bill payment services; and loans.

Banks and credit unions may come to mind when you think about places to get financial products and services. Other places also offer them. Here are a few:

- Department stores – credit cards or charge cards
- Automobile dealers – car loans

- Retail superstores, convenience stores, grocery stores, and other stores – check cashing, bill payment, money orders, prepaid cards, and money transfers
- Check cashers and payday lenders – check cashing, money transfers, bill payment, money orders, prepaid cards, and short-term loans
- Online companies – money transfers, bill payment services, loans, financial management tools, online “wallets” or “accounts”
- Mortgage companies – loans for homes
- Commercial tax preparers – refund anticipation checks (RACs) and prepaid cards
- Consumer finance companies – loans
- U.S. Postal Service – money orders and money transfers

The federal government makes student loans, offers savings bonds, and issues federal benefits on a prepaid cards to recipients who do not have or choose not to use their own bank account or prepaid card.

One important key to finding the right financial service provider is figuring out the reason you need one. You may want a safe and secure place to put the money you are saving for your goals, unexpected expenses, or emergencies. You may want a convenient way to pay your bills. You may be looking for a loan to buy a car. Or, you may want to repair or build your credit history to improve your credit scores.

In other words, you may want to first identify your needs, then choose the product or services that will satisfy those needs.

Selecting a financial service provider can be hard because there are so many choices. Use *Tool 1: Know your options: Money services, cards, accounts, and loans* to help you figure out the primary reason you need financial products or services.

Then use *Tool 2: Ask questions: Choosing where to get what you need* to ensure you get the right questions answered before using a financial service provider. If you are not clear about the different kinds of financial service providers or the products and services they offer, use *Tool 3: Money services and banking basics* to learn more about them.

If you want to open a bank or credit union account, use *Tool 4: Opening an account checklist*.

### **If my employer offers me a payroll card, do I have to accept it?**

No. Your employer can't require you to receive your wages on a payroll card. Your employer has to offer you at least one other alternative.

For example, some employers will give you a choice between direct deposit into your bank account, direct deposit to a payroll card, and a paper check. Others may not offer paper checks. Depending on the state you work in, your state's laws may also require that your employer make additional choices available.

Your employer or the card issuer also must provide you with the card's terms and conditions. Knowing the fees that you might be required to pay will help you compare your choices.

When you compare a payroll card to another prepaid card, or to a bank account, find out for each product about the fees you could be charged, including fees for ATM withdrawals, purchases, paper statements, customer service calls, and checking your account balance by phone or ATM. Some cards charge an inactivity fee if you do not use them. If you start using a payroll card and you don't like it, you can ask your employer to switch you to another option.

**So before you agree to receive your wages on a payroll card, make sure you understand the fees you may be charged for using it.**

## Managing a bank or credit union account

If you decide to open a bank or credit union account, it's a good idea to learn in advance the rules related to that account and to find out how much you could be charged in fees. This helps by allowing you to make the most of your money. Each bank and credit union has its own rules and fees, so it's a good idea to shop around first.

No one likes to see fees reducing their checking account balance every month. You may not be able to eliminate all the fees charged by your bank or credit union. Here are six tips for reducing the number or amount of fees you pay:

1. **Keep track of your balance** to avoid spending more than you have available or going below your minimum balance requirement.

For example:

- Make note of every time you use your debit card, write a check, or pay a bill online.
  - Check your balance at the ATM before you withdraw cash.
  - Ask if your bank or credit union offers low-balance warnings via e-mail or text alerts.
  - Ask your bank or credit union when the money you deposit will be available for your use.
  - Ask your bank how it processes debits to your account (debits are when money is taken out of your account).
  - Know that your charges and withdrawals are not always processed in the order in which you make them.
  - Monitor your account online, with text alerts, or with a mobile app. You can set up alerts for low-balance to help you avoid fees.
2. **See if you can get a low-fee or free checking account.** Many financial institutions waive monthly service fees if you maintain a minimum balance or sign up for direct deposit. Ask about accounts you may be eligible for, such as a senior or student account, or just a basic checking account with a low minimum balance requirement and a limited number of “free” checks and withdrawals.
  3. **Watch out for overdraft fees.** Overdrafts occur when you spend or withdraw more money than is available in your checking account and your bank or credit union pays the difference and charges you a fee. Many banks and credit unions will charge you overdraft fees for each transaction you make without enough money in your account, with each one costing you between \$30 and \$35. Banks and credit unions may also charge nonsufficient funds fees when they return or reject a check or bill payment that otherwise would have overdrawn your account.
  4. **Use your financial institution’s ATMs.** When you use ATMs in your bank’s network, there is generally no charge. Many banks or credit unions offer ATM locator maps on their websites and mobile apps.

5. **Open and review all of the mail** from your bank or credit union. Review account statements every month to make sure they are correct and report errors immediately. You have the right to receive written notice if your minimum balance requirement, fees, or other account terms change.
6. **Never write a check if you don't have sufficient funds in your account.** This can create a number of problems for you. Your bank or credit union will charge you a fee. The merchant may also charge you a fee. Bouncing a check or overdrafting your account is expensive and can reduce your ability to access financial services in the future.

## Overdraft Coverage Programs

An overdraft occurs when you spend or withdraw more money than is available in your checking account. Banks or credit unions provide an advance to cover the shortfall in your account and charge you a fee. This is sometimes called overdraft coverage or overdraft protection.

On the surface, overdraft programs might seem like a good deal – they prevent people from being charged bounced or returned check fees by the financial institution and the merchant. But in reality, this protection can be expensive. The bank or credit union will charge you a fee and may also charge you every day that your account is overdrawn. You must pay the bank or credit union back for the amount it covered, as well as pay all the fees.

You can't be charged a fee for an overdraft with your debit card (including at the ATM) unless you "opt in" to overdraft coverage and fees. This means you have to actively choose to have it. If you have opted in previously, you can opt out now. If you do not opt in, your bank or credit union will generally decline your card (without charging a fee) if you attempt to withdraw cash or make a purchase that exceeds your balance.

Even if you don't opt in, however, you can still be charged an overdraft fee if a recurring payment you have set up with your debit card number or via a direct billing arrangement overdraws your account. You can also still be charged overdraft fees for check or online payments that exceed your balance. If you want to have a checking account and don't want to pay overdraft fees, use these approaches:

- Keep track of your balances. Remember, not all deposits are available for use immediately. Signing up for direct deposit may make your paycheck available sooner.

- Sign up for low balance alerts that you can receive via email or text at your bank, credit union, or with your prepaid card provider.
- Know when regular electronic transfers, such as rent payments or utility bills, will be paid.
- Link your checking account to your savings account, credit card, or line of credit. If you run out of money in your checking account, the bank will pull money from the place you've chosen. The fee for this is usually lower than an overdraft fee, but it is still cheaper not to overdraft at all.

## Your federal benefits are protected from garnishment

If a creditor sues you for a debt and wins a judgment, then it can ask your bank or credit union to turn over money from your account. This is called a “garnishment.” Generally, money in your bank account can be garnished. But certain funds in your bank or credit union account are protected from garnishment.

Federal law requires banks to automatically protect Social Security, VA benefits, and certain civil service retirement benefits from garnishment if they are direct deposited into your account. Other income may also be protected from garnishment by private creditors. Examples include state public assistance, federal student assistance, payments from a disability insurance policy, and income from a retirement or pension plan. In some states, state unemployment compensation may also be exempt. (There are some exceptions to this rule, which are explained below.)

Here's how the automatic protection under federal law works.

### Your bank protects two months' worth of benefits

If a creditor tries to garnish money in your account, your bank must check your account history for any Social Security or VA benefits direct deposited to your account in the last two months. The bank must protect two months' worth of benefits from garnishment and let you use that money, even if the bank freezes other funds. If your account has more than two months' worth of benefits, the bank can freeze that money.

Here is an example:

- If you receive \$1,000 in Social Security each month, your bank will see that \$2,000 in Social Security was direct deposited in the last 2 months. The bank must allow you to access up to \$2,000 in the account. Those funds cannot be frozen or garnished.
- But if you receive \$1,000 in Social Security benefits by direct deposit each month, and you have \$3,000 in your account, the bank can freeze or garnish \$1,000 of the \$3,000. The bank must give you access to the remaining \$2,000 so you can continue to pay bills and withdraw this cash as usual.

#### **Benefits on a prepaid card**

Many people receive Social Security or VA benefits on a prepaid card. If your benefits are loaded onto a Direct Express card or to a prepaid card of your choosing, they are still automatically protected from garnishment just like money in a bank account.

## Exception for government debts, child support and spousal support

Social Security and Social Security Disability Insurance (SSDI) can be garnished to pay government debts, such as back taxes or federal student loans, and debts for child or spousal support. Some other benefits, such as Supplemental Security Income (SSI), are protected from garnishment – even to pay a government debt or child or spousal support.

## If the bank freezes your money

If your bank freezes any money in your account, it must send you a notice of garnishment. These procedures are controlled by state law, and state laws vary greatly. You will need to respond to the notice of garnishment to claim any other exemption provided by your state law or under federal law. You can then ask a judge to decide whether your money should be protected from garnishment based on factors such as the source of your income and the applicable state or federal exemption.

It is very important for the judge to know that your money comes from Social Security or VA benefits before the judge decides whether your money should be turned over to the creditor. You can seek help from a lawyer. If you can't afford a lawyer, you may be eligible for free legal help. Check your state's Legal Aid Directory at <http://lsc.gov/find-legal-aid>.

## Automatic protections don't apply to paper checks

If you receive Social Security or VA benefits by check and then deposit the check into your bank account, the bank does not have to protect two months' worth of benefits in the account automatically. This means that your entire account balance could be frozen and you'll need to go to court to prove that income comes from protected federal benefits and should not be garnished.

To take advantage of the automatic protections for direct deposited Social Security and VA benefits, you can sign up to have these benefits directly deposited to your bank account or loaded onto a prepaid card.

## Money you owe to the bank or credit union

Under certain circumstances, your bank or credit union may be able to take money out of or "set-off" your account to collect a debt. For example, if you have an overdue loan payment or an overdraft fee with the bank or credit union that holds your account, it may attempt to collect that charge from your account. Whether or not this is legal depends on the type of account and institution, your depositor agreements, and federal and state law.

Additionally, if your account contains money protected or exempt from garnishment due to federal or state law, there may be a question about whether those funds can legally be taken from your account. While many states protect from set-off certain benefits, such as Social Security or unemployment compensation, other states do not.

Check with your bank or credit union for information about their policies. If your account is set-off and you are unable to resolve the issue, you can also seek help from a lawyer. If you can't afford a lawyer, you may be eligible for free legal help. Check your state's Legal Aid Directory at <http://lsc.gov/find-legal-aid>.

## Consider finding legal help in your state

Consider talking with a lawyer in your state about other state and federal laws that may help protect your money and other assets from garnishment.

Federal and state laws may protect the money you receive from other sources from garnishment. This may include money you receive from a pension or retirement plan, federal student loans,



child support, or spousal support payments. Other laws in your state may also protect your money and assets, too. To learn more about how they may be protected, consider finding legal help. You may even qualify for free legal help.

You can use our sample letter in *Tool 5: When debt collectors call: Steps you can take*, in *Module 6: Dealing with debt* to tell a collector that your Social Security or VA benefits are protected from garnishment. But using this letter doesn't substitute for consulting a lawyer.

If your debt is owed to the government (for example for taxes or student loans) or is for child support, there are different rules. In this case the creditor may be able to garnish a percentage of the federal benefits in your bank account. If this happens to you, you may want to consult a lawyer.

## Using a prepaid card

A prepaid card is a card that you use to access money that is loaded onto the card in advance. There are different types of prepaid cards. With most cards, you can spend the money on the card for daily expenses or withdraw cash from an ATM. You can also choose to have your wages directly deposited on most cards.

Prepaid cards have different features, functions, and fees. To decide which prepaid card is right for you, learn about your choices. Here are some questions to consider when choosing a card.

### What type of card is right for you?

There are different types of prepaid cards. You can make the best choice about which card is right for you when you understand key differences.

An **open-loop prepaid card** is a card with a network logo on it. Examples of networks are Visa, MasterCard, American Express, and Discover. These cards can be used at any location that accepts that brand. Most prepaid cards have a network logo on them.

A **closed-loop prepaid card** is a card you can only use at certain locations. For example, a closed loop card might be good only at a specific store or group of stores, or on your public transportation system. Most closed-loop cards do not have a network logo on them.

A **reloadable prepaid card** is a card you can add more money to. This type of card is sometimes called a General Purpose Reloadable Card, or GPR Card. Some cards start out as non-reloadable, but can be reloaded once you complete a registration process. Some prepaid cards are “non-reloadable,” meaning you can’t add more money to them.

A **payroll card** is a prepaid card you get from your employer that you receive your paycheck on.

A **government benefit card** is a prepaid card used by a government agency to pay certain government benefits, such as Temporary Assistance to Needy Families (TANF) and unemployment insurance.

Some **college ID cards** are also prepaid cards. Some colleges offer a “closed-loop” card, which you can only use to pay for things on campus. Other schools offer an “open-loop” card, which you can use at any retail location that accepts that network brand.

## What fees will the card charge?

Read the information about the card carefully to understand all of the fees. For some types of cards, important information is included on or inside the card package. Consider how you plan to use the card and shop for the best deal.

There are different types of fees a card might charge. Some of the activity your card provider might charge you for includes:

- Monthly usage
- Transaction fee
- Account or card reload
- Bill payment
- ATM withdrawal
- Balance inquiry
- Additional card
- Inactivity
- Stop payment
- Lost or stolen card replacement
- Card cancellation

Not every card charges each type of fee. Some cards charge a monthly fee but not per-transaction fees. Other cards may skip the monthly fee but charge you transaction fees each time you use the card.

## What protections does the card have?

You may have different protections for fraud or errors, depending on the prepaid card you choose. With some cards, such as payroll cards, you have legal rights to get your money back after unauthorized charges or errors. For other types of cards, you might get protection if the card provider chooses to offer it. Check your cardholder agreement to find out about your specific card's terms and conditions. Effective October 1, 2017, the CFPB's new rule will extend new legal protections to most prepaid cards.

Your rights to recover money taken from your prepaid card account depend on what type of card it is, what your contract promises, and how quickly you report the loss after you discover it. Reporting the loss or wrong charge right away can help to stop additional losses from your account. Network-branded prepaid card providers usually give some protections for loss or theft, but you should check your card provider's website or your cardholder agreement to find out the specifics.

If your card is a payroll card or a certain type of government benefit card, or if you receive federal payments onto your card, you may have certain error resolution rights that protect you from unauthorized transactions under federal law. You likely have the protections provided by the networks as well.

**Call your card issuer right away if your card or PIN is lost or stolen or if you see unauthorized charges.**

It's a good idea to register your prepaid card. Registration typically provides you with more protections if your card is lost or stolen. Some prepaid card providers may require you to register your card and verify your identity when you buy or receive the prepaid card, or soon after. The card provider might limit your use of the card until the card is registered.

## Know your rights

You have certain rights under the law or under the terms of your cardholder agreement. It's important to know your rights and how to exercise them. You have the right:

### **To choose how you get paid**

Your employer may offer to pay you on a prepaid card they choose, called a payroll card. Your employer can't require you to receive your wages on a payroll card. The employer must also offer you at least one other way to get paid – for example, a paper check or direct deposit to an account of your choice, such as a bank account or your own prepaid card. Some states allow your employer to require that you be paid electronically, but you always have the right to choose the account where the money is sent.

### **To choose how you receive some government benefits**

Depending on the kind of benefit you receive, you may have a choice of how you receive your government benefits. For example, for some types of government benefits, you may have a choice between receiving the benefits on a government-arranged prepaid card or directly deposited into your bank account or your own prepaid card. Other types of government benefits are only provided using a government-arranged card.

### **To fraud and error protection with payroll cards and certain government benefit cards**

You have protections in case of an error or unauthorized transactions if you are paid through a payroll card arranged by your employer, receive certain types of government benefits through a government-arranged card, or receive any payments from the federal government onto your own prepaid card. For example, you generally can't be held responsible for unauthorized charges or other errors on these cards, if you report them immediately. In addition, the card provider may be required by federal law to credit the disputed amount to your account while investigating the problem if the investigation will take longer than 10 business days. You should call your card provider as soon as you notice your card is missing, or notice charges you don't recognize.

### **Depending on your card, you may have:**

- Protections for loss, theft, or errors. Depending on the type of card you get, you may have protections in case of an error or unauthorized transaction. For example, cards with a Visa, MasterCard, American Express, or Discover logo typically have some protections. Check your cardholder agreement to find out about your specific card's terms and conditions. Effective October 1, 2017, the CFPB's new rule will extend new legal protections to most prepaid cards.
- Insurance if the bank issuing your card goes out of business. For bank accounts, if your bank goes out of business, the government guarantees you will get all of the money in

your individual bank account back, up to \$250,000, through FDIC (Federal Deposit Insurance Corporation) insurance. Credit union accounts have similar insurance through the National Credit Union Administration (NCUA). Your prepaid card may also have FDIC or NCUA insurance; check your cardholder agreement to find out.

## Checking your prepaid card balance

There may be several ways to check your prepaid card account balance. You should check the terms of your prepaid card program to find out what methods are available to check your account balance and whether there is a cost for those methods.

**Automated customer service:** You often can call customer service (the number is usually on the back of your card) to check your balance, and if you get your balance through the automated phone system, you usually won't be charged a fee.

**Live customer service:** You can call customer service to check your balance, but some prepaid card providers will charge you a fee to talk with a live agent.

**Online/Mobile:** Some cards allow you to check your balance online or with a mobile app. You may need to set up an account with the prepaid card provider to check your balance online. Usually this service is free.

**Text message:** Some prepaid card providers will give you your account balance through text message free of charge. Like with any other text message, you may pay a fee to your cell phone provider for receiving the text.

**ATM:** Some prepaid cards allow you to check your balance at an ATM, but you may pay a fee for this service.

**Paper statement:** You can sometimes request a paper statement or account history that shows your balance and recent transactions, but many prepaid card providers that offer paper statements charge a fee for this service. After Oct. 1, 2017, at least 24 months of account history must be made available at no fee, upon request.



## Tool 1:

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# Know your options: Money services, cards, accounts, and loans

Deciding where to get financial products can be hard because there are so many choices. Begin by thinking about the reasons you need a financial product. Below, pick your top three reasons.



### Checklist of common reasons to find a financial service provider

Ranking	What I want to do or accomplish?
	I want a safe and secure place to keep my money.
	I want to be able to make purchases without having to carry cash or go into debt.
	I want a low cost and easy way to pay and manage my bills.
	I want to bank and pay bills online.
	I want to have my paycheck directly deposited.
	I want to accumulate savings.
	I want to save for retirement, my children's education, or other life events.
	I want to buy a car.
	I want to buy a home.
	I want to be able to get small loans quickly and without a hassle.
	I want to build my credit history.
	I want to send money to someone.

Check off the three reasons for finding a financial service product and provider you identified above and read about the options that may be the best fit for your priorities.

**I want a safe and secure place to keep my money.**

Financial service provider	Products that can meet your need
Bank or credit union	Savings account, checking account, or certificate of deposit
Retailer, bank or credit union, check cashing store or online	Prepaid card (may currently lack the same consumer protections as a debit card linked to a checking account)

**TIP:** Don't carry around large amounts of cash or leave cash in your home. It's not safe and could be stolen or lost. Banks and credit unions are safe places to keep your money. To avoid fees, be sure to ask if you have to keep a minimum amount in the account, and always monitor your account regularly to know how much money you have in it. To reduce your risk of overdraft fees, tell your bank or credit union that you don't want to pay overdraft fees when you pay with your debit card or make an ATM withdrawal.

**I want to be able to make purchases without having to carry cash or go into debt.**

Financial service provider	Products that can meet your need
Bank or credit union	Debit card (attached to a savings or checking account)
Retailer, bank or credit union, check cashing store or online	Prepaid card

**TIP:** Read the information you receive about the fees related to using your product. If you are being charged fees that you don't understand, ask questions. If no one can explain the fees to you, it could be a red flag, and you may want to think twice before choosing this product. To avoid fees, be sure to ask if you have to keep a minimum amount in the account and always monitor your account regularly to know how much money you have in it. To reduce your risk of



overdraft fees, tell your bank or credit union that you don't want to pay overdraft fees when you pay with your debit card or make an ATM withdrawal.

**I want a low cost and easy way to pay and manage my bills.**

Financial service provider	Products that can meet your need
Bank or credit union	Checking account Bill payment services Money orders
Retailer, bank or credit union, check cashing store or online	Money orders Bill payment services Prepaid cards (use like a debit card to pay bills; some offer bill payment services)
U.S. Postal Service	Money orders

**TIP:** Make sure to check how you can pay for your bills. Some utilities and other companies accept only certain bill payment options. You may want to consider setting up scheduled, automatic payments that send money from your bank or credit union account or your prepaid card to the company you need to pay. You can set this up through the company you need to pay. If the amount changes, the company will notify you at least ten days before the money is scheduled to be sent.

**I want to bank and pay bills online.**

Financial service provider	Products that can meet your need
Bank or credit union	Checking account and online banking
Internet-based bill paying service	Online bill paying
Retailer, bank or credit union, check cashing store or online	Prepaid card (use like a debit card to pay bills; some offer online bill payment services)

**I want to have my paycheck directly deposited.**

Financial service provider	Products that can meet your need
Bank or credit union	Savings account or checking account
Employer	Payroll card (prepaid card arranged by your employer)
Retailer, bank or credit union, check cashing store or online	Prepaid card

**I want to accumulate savings.**

Financial service provider	Products that can meet your need
Bank or credit union	Savings account or certificate of deposit

**TIP:** You can open an account for yourself or a joint account with your spouse or another person. If you open a joint account with someone, that person will usually have the same rights to the money in the account that you do, so only open a joint account with someone you trust with your money. To avoid fees, be sure to ask if you have to keep a minimum amount in the account.

**I want to buy a car.**

Financial service provider	Products that can meet your need
Bank or credit union	Car loan
Automobile dealer	Dealer financing

**I want to buy a home.**

Financial service provider	Products that can meet your need
Bank or credit union	Mortgage
Mortgage company	

**I want to be able to get small loans quickly and without a hassle.**

Financial service provider	Products that can meet your need
Credit card company	Credit card
Pawn shop	Pawn loan
Finance company	Signature loan
Payday loan provider	Payday loan (requires a bank account)

**TIP:** Use the annual percentage rate (APR) to compare how much loans cost. You can compare the cost of loan products with different fee structures on an “apples-to-apples” basis. It also takes into account the amount of time you have to repay the loan.

**I want to build my credit history.**

Financial service provider	Products that can meet your need
Bank or credit union	Credit builder loan Loan for an asset (car, home, etc.)
Other lenders	Credit builder loan Credit card
Credit card company	Secured credit card Credit card

**TIP:** Check your credit reports regularly (at least once a year) and make sure the information in your credit reports is correct. You can receive a free credit report once every 12 months from

each of the nationwide credit reporting companies. Call 1-877-322-8228 or visit <https://www.annualcreditreport.com>.

**I want to send money to someone quickly.**

Financial service provider	Products that can meet your need
Retailer, some check cashing stores, U.S. Postal Service, online companies	Money Transfers Peer-to-peer transfers (using the internet or a mobile app to send money from your account or credit card directly to another person's account)
Bank or credit union	Wire Transfers or other money transfers Some banks and credit unions now offer peer-to-peer transfer services.

**TIP:** New protections apply when you send money out of the U.S. Before you pay, you should receive information about the exchange rate, the fees and taxes you'll pay, and the amount that will be received. You will also receive information about when the money will be available at its destination, your right to cancel the transfer, how to get any error fixed, and how to submit a complaint. Other protections also may be available to you, depending on how you send the money and the laws in your state.

This tool is included in the Consumer Financial Protection Bureau's toolkit. The CFPB has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, attorney, or otherwise qualified professional. The CFPB is not responsible for the advice or actions of the individuals or entities from which you received the CFPB educational materials. The CFPB's educational efforts are limited to the materials that CFPB has prepared.

This tool may ask you to provide sensitive information. The CFPB does not collect this information and is not responsible for how your information may be used if you provide it to others. The CFPB recommends that you do not include names, account numbers, or other sensitive information and that users follow their organization's policies regarding personal information.

## Tool 2:

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# Ask questions: Choosing where to get what you need

Once you know the reasons you want a financial product or service and the type of place that offers it, use this tool to identify the questions that are most important to you. Then make notes about the answers and use this tool to compare them.



### Financial service provider comparison

#### Convenience and access

	Financial service provider 1: _____	Financial service provider 2: _____	Financial service provider 3: _____
Do I feel welcome?			
Is it close to where I live or work? Is it open during hours I can visit (such as lunch, after work, or on weekends)?			
Can I get information in my own language or in a format that is accessible to me?			
Can I pay bills and check balances any time of day by phone, online, or with a mobile app? Is there a charge for these services?			
Is staff available to answer my questions in person, by phone, text or via email? Is there any cost?			
If I transfer money, how convenient is it for the recipient to receive the funds?			

**Accounts, cards, and money services**

	<b>Financial service provider 1:</b> _____	<b>Financial service provider 2:</b> _____	<b>Financial service provider 3:</b> _____
Does it offer savings or checking accounts?			
Does it offer check cashing, money transfers, prepaid cards, or bill payment services?			
If I get a checking or savings account, will I get a debit card?			
Are there monthly account maintenance fees?			
Is there a way to avoid the monthly fee?			
Is there a fee for going below a minimum balance?			
Is there a product that helps me ensure I will not overdraft or pay overdraft fees?			
Are there fees for making purchases or other costs, such as inactivity fees? What are they?			
Is there a fee for making a deposit?			
What are the fees if I overdraft? Can I transfer funds to avoid overdrafts?			
Will I earn interest on savings? What is the rate of interest I will earn (APY)?			
How often will I receive account statements? Is there choice between online and paper statements?			

## Loans and credit cards

	Financial service provider 1: _____	Financial service provider 2: _____	Financial service provider 3: _____
Does it offer credit cards, small dollar loans, mortgages, lines of credit?			
What are the fees associated with getting a loan?			
What are the fees associated with getting a credit card? Are there annual fees?			
What is the interest rate on the loan or credit card? What is the interest rate including all fees on the loan (APR)?			
If I am borrowing money, how much will my payment be? When is it due? How long will it take to repay? What will the total cost be?			

## Safety and security

	Financial service provider 1: _____	Financial service provider 2: _____	Financial service provider 3: _____
Is the money I deposit FDIC or NCUA insured?			
Is my money protected if someone steals my debit card or prepaid card and or uses it without my permission?			
If I transfer money, when will it arrive? Consider the information about the fees, taxes, and the exchange rate before paying for the transfer.			

**Other criteria important to me**

	<b>Financial service provider 1:</b> _____	<b>Financial service provider 2:</b> _____	<b>Financial service provider 3:</b> _____
Does it offer additional services I need like a notary services or a safe deposit boxes?			
Other:			

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## Tool 3:

# Money services and banking basics

Part of selecting the right financial service provider is knowing what product(s) or service(s) you need. Use the following tool to learn more about the basic financial products or services that may be available to you. Identify the places in your community where you can get the products or services you are interested in.



### Common financial products or services

#### Transaction or payment products or services

Description	Next steps
<p><b>Checking account</b></p> <p>Deposit money in and withdraw money from this account by writing checks or using a debit card. Suitable for frequent transacting. Many checking accounts include access to mobile and online bill pay.</p> <p>Always keep track of your account activity to ensure sufficient balances to cover payments and withdrawals and avoid overdraft fees or bounced check fees. The equivalent account from a credit union is called a share draft account.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Check cashing</b></p> <p>Turn paychecks, government checks, or personal checks into cash, often for a fee. Get immediate, non-recourse (meaning once you get the funds, you are free and clear) access to funds minus a fee.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

Description	Next steps
<p><b>Debit card with a checking account</b></p> <p>You can use this card to make purchases at businesses (like grocery stores and gas stations) with money in your checking account. You can also use this card to make deposits to and withdrawals from a checking account at ATMs.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Prepaid card</b></p> <p>A card that you use to access money you have paid in advance. A prepaid card can refer to a number of different types of cards. You can buy prepaid cards that you can add money to (reload) and continue using over and over. Some types of prepaid cards also allow you to take money out at an ATM.</p> <p>Reloadable prepaid cards generally charge a monthly maintenance fee, and some charge for reloads or each time you use the card. Prepaid cards may carry fewer consumer protections in the event of loss or a disputed charge than checking account debit cards until Oct. 1, 2017.</p> <p>Some prepaid cards also offer a “wallet” or “purse” feature you can use to help you save when you have extra money. This feature allows you to move some of your funds to a place where you can’t use them when you are paying for items or using your card at an ATM.</p> <p>You can move the money in the reserve back to your regular account if you need it. Gift cards are a special type of prepaid cards that are typically used up after you deplete the value on the card.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Money transfer</b></p> <p>Send money from one person or place to another.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

Description	Next steps
<p><b>Bill payment services</b></p> <p>Use cash, a money order, a bank account, a prepaid card, or another payment method to pay utility, mortgage, or other bills, in person, by phone, through a website, or through a mobile phone application.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Money order</b></p> <p>Buy a money order to pay a business or other party; can be used instead of a check, but it can be harder to prove payment later.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

### Depository products or services

Description	Next steps
<p><b>Savings account</b></p> <p>Deposit money in and withdraw money from an account; earn interest (currently interest rates are low); build up money for emergencies. Not intended for frequent transacting.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Certificate of deposit</b></p> <p>Deposit a fixed amount of money for a specific amount of time. You pay a penalty to get your money out early. The size of the penalty varies, and could amount to more than the interest you have earned if you withdraw the money before the maturity date. Generally earns more interest than a regular savings account.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

## Credit products or services

Description	Next steps
<p><b>Credit card</b></p> <p>Borrow money up to an approved credit limit. Make purchases using the card or the number and card security code. A minimum monthly payment is required. Will be charged interest on unpaid amounts; can be charged other fees.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Line of credit</b></p> <p>Borrow money up to an approved credit limit. Getting approved for a line of credit is different from a credit card. It may be secured with collateral (such as a home) or be unsecured. May be used for overdraft protection in a checking account.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Car loan</b></p> <p>Borrow money to buy a used or new car. This will be an installment loan. The loan will generally be secured by the vehicle (collateral).</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Business loan</b></p> <p>Borrow money to start or expand a business. Ordinarily, this will be an installment loan with periodic payments due. Equipment or other business assets, or personal assets may be pledged against the loan (collateral).</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Mortgage</b></p> <p>Borrow money to build or buy a home. This will be paid back in installments. The home loan or mortgage will be secured by the home (collateral).</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

## Credit building products or services

Description	Next steps
<p><b>Secured credit card</b></p> <p>Borrow money up to a limit that is secured by a deposit. This deposit acts as collateral if you do not pay the credit card as agreed.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Credit building loan</b></p> <p>Borrow money specifically to build a credit history or improve credit scores. This may be available at banks or credit unions in your community or through a local non-profit.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

## Other products or services

Description	Next steps
<p><b>Small dollar/signature loan</b></p> <p>Borrow small amounts of money. Generally, the loans have to be paid back quickly, and the interest rate and fees are higher than bank or credit union loans or credit cards.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Payday loan</b></p> <p>Borrow small amounts of money. You provide a check written for some time in the future – generally two weeks, or give permission for the lender to electronically debit your bank account. If you don't repay the loan and fees in full, the lender can cash the check or process a payment from your bank account. If your account does not have enough money in it to cover the amount, you may have to pay a fee to extend the loan due date (rollover or renew the loan) or take out a new loan for the amount you don't repay).</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

Description	Next steps
<p><b>Pawn shop loan</b></p> <p>Borrow money against an item that the pawn shop holds during the loan. If you do not pay back the loan as agreed or renew the loan, the pawn shop can sell the item to cover the debt. The loan amount is often much less than the item is worth.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Car title loan</b></p> <p>Borrow money against your car, with the car title being held as collateral. If you do not pay back the loan as agreed or renew the loan, the car can be repossessed and sold to cover the debt. The loan amount is often much less than the car is worth.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

### Technology-based services

Description	Next steps
<p><b>Online banking</b></p> <p>Manage your bank or credit union account through a secure website. This option may include a method to pay bills from your account, and is available through many banks and credit unions.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>
<p><b>Mobile banking</b></p> <p>Use your smart phone to manage accounts and make payments through your bank or credit union's website or mobile application.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

Description	Next steps
<p><b>Alerts</b></p> <p>Sign up for alerts on your bank account to tell you if your balance is low, and on your credit card to tell you if your balance is higher than the amount you select. These email or text alerts can help you keep track of your bank account and your card balances.</p>	<p><input type="checkbox"/> I should look into this.</p> <p>Where can I get it and next steps:</p>

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## Tool 4:

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# Opening an account checklist

## Opening an account at a bank or credit union

If you decide that a checking or savings account is the right product for you, opening an account at a bank or credit union is really quite simple.

First, you may want to get a recommendation from a trusted friend or family member for a bank or credit union. Find out about:

- The services it offers
- The fees it charges
- The interest it pays for savings accounts

You will usually need between \$25 and \$100 to open a savings or checking account at a bank. Some credit unions may only require a deposit as low as \$5 to open an account.

**TIP: Be sure to find out how much you must keep in the account at all times to avoid fees. This is called the “minimum balance requirement.”** This may not be the same amount of money you need to open the account, so it’s important to understand.

You will also need two forms of identification to open an account. Some banks or credit unions will take one form of identification and a bill with your name and address on it. You will usually be required to present:

- A U.S. government or state issued form of identification with your photo on it, such as a driver’s license, U.S. Passport, or military identification

**and** one of the following:

- Your Social Security card

- A bill with name and address on it
- Your birth certificate

If you do not have a U.S. government-issued form of identification, some banks and credit unions accept foreign passports and Consular IDs, such as the Matricula Consular card, which is an official Mexican Government identification document. Other countries, such as Guatemala and Argentina have similar IDs. Consulates in the United State offer them. Visit your country's consulate for more information about how to get an ID card and the banks and credit unions to learn whether they accept it.

## Accounts that pay interest

Interest is considered income. If you earn interest, you must pay taxes on it. In order to open an account that pays interest, such as a savings account, you must have a Social Security number or an Individual Taxpayer Identification Number (ITIN).<sup>59</sup>

If you do not have a Social Security number, you do not have an ITIN, or you have not applied for an ITIN, you can open an account that does not pay interest.

If your faith community's beliefs do not allow you to receive interest, some banks and credit unions have developed no-interest accounts that may meet your needs.

## Barriers to opening an account

Not having the proper identification can be one barrier to opening an account. Another potential barrier is a negative rating with specialty consumer reporting agencies like ChexSystems, TeleCheck, Early Warning, and others that report on checking accounts or banking histories.

These agencies collect information from merchants, banks, and credit unions about how consumers manage savings and checking accounts. Banks and credit unions use reports developed by these agencies to decide if someone can open a new account. You may have a negative rating if you or someone you had a joint account with has struggled with a checking or savings account in the past and:

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<sup>59</sup> Internal Revenue Service. See <https://www.irs.gov/individuals/general-itin-information>.

- Had a lot of bounced checks and non-sufficient funds (NSF) fees
- Not paid debts and fees owed to a bank or credit union related to an account
- Been suspected of fraud related to a bank or credit union account
- Have had an account closed (involuntarily) by a bank or credit union


Involuntary closures stay on your ChexSystems report for five years and on the Early Warning System report for seven. Overdrafts remain on your consumer record for five years, even if you have paid back what you owe the bank or credit union. Each bank or credit union has its own policies about the way the information in your banking history report impacts your ability to open an account. This can include the amount of time that has passed since there were events like an involuntary closure or repeated overdrafts.

Some banks and credit unions require you to pay these old charges and fees before you are allowed to open a savings or checking account. In other cases, you may be offered the opportunity to open a “second chance” or checkless checking account that has different features and restrictions than a standard checking account. Depending on the account’s rules, you may be allowed to open a standard checking account after six to twelve months with a restricted account if you have not overdrafted or bounced any checks.

You can order copies of your ChexSystems, TeleCheck, and Early Warning reports:

Company	By phone	By mail	Online
ChexSystems	800-428-9623	ChexSystems, Inc. 7805 Hudson Road, Ste. 100 Woodbury, MN 55125	<a href="https://www.chexsystems.com">https://www.chexsystems.com</a>
TeleCheck Services	800-366-2425	TeleCheck Services, Inc. ATTN: Resolutions Department – FA P.O. Box 4514 Houston, TX 77210-4514 (Include a daytime phone number, a copy of your driver’s license, your Social Security number, and a copy of a voided check.)	
Early Warning	800-325-7775		

If you find mistakes, you can dispute a mistake by sending a letter (you may choose to use certified mail) describing the mistake and copies of any evidence.

 Opening an account checklist

**Use this checklist to ensure you have what you need to open an account at a bank or credit union.**

What you need	✓ Got it	✓ Need it
A U.S. or foreign government-issued form of identification with your picture on it – Note that each bank or credit union has its own policy on which foreign IDs it accepts.		
Another form of identification – your Social Security card, a bill with your name and address on it, your birth certificate		
A Social Security number or ITIN (individual taxpayer identification number)		
Minimum amount of money to open the account		
Information about minimum balance required in the account to avoid monthly service fees		
Information about monthly service fees		
Information about direct deposit and if it eliminates the monthly fee		
Information about per-check or transaction fees		
Information about fees associated with use of ATMs		
Information about internet banking and online bill pay access and any costs		
Information about overdraft fees and how to opt-out		
Information about low balance alert notifications		

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## Tool 5:

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# Money transfers and remittances: What you need to know

Consumers in the United States send billions of dollars in remittance transfers each year. The Consumer Financial Protection Bureau (CFPB) has issued rules to protect consumers who send money electronically to foreign countries.

A “remittance transfer” is an electronic transfer of money from a consumer in the United States to a person or business in a foreign country. It can include transfers from retail “money transmitters” as well as from banks and credit unions that transfer funds through wire transfers, automated clearing house (ACH) transactions, or other methods.

## Disclosures

The rules generally require companies to give disclosures to consumers before they pay for the remittance transfers. The disclosures must contain:

- The exchange rate
- Fees and taxes collected by the companies
- Fees charged by the companies’ agents abroad and intermediary institutions
- The amount of money expected to be delivered outside of the U.S., not including reductions for certain fees charged to the recipient or foreign taxes
- If appropriate, a disclaimer that additional fees and foreign taxes may apply

Consumers must also receive information about when the money will arrive and how the consumer can report a problem with a transfer. The company can give a pre-payment disclosure and a receipt, or the company may provide a single combined disclosure before the sender pays for the transfer, so long as proof of payment is given when payment is made.

Companies must provide the disclosures in English. Sometimes companies must also provide the disclosures in other languages.

**The right to cancel:** After paying, you will typically have 30 minutes (and sometimes more) to cancel the transaction at no charge, unless the transfer has already been picked up or deposited into the recipient's account.

**The right to have errors resolved:** Companies must investigate if a consumer reports a problem with a transfer. For certain errors, such as if the money never arrives, you may be able to get a refund or have the transfer sent again. You can learn more here:

<http://www.consumerfinance.gov/askcfpb/1765>.

The company may not be required to refund or resend the money if an error occurred because you provided incorrect information to the provider, such as the wrong account number.

The rules also contain specific provisions applicable to transfers that consumers schedule in advance and for transfers that are scheduled to recur on a regular basis.

## What is covered?

The rules apply to most remittance transfers that are:

- More than \$15,
- Made by a consumer in the United States, and
- Sent to a person or company in a foreign country.

This includes many types of transfers, including wire transfers. The rules apply to many companies that offer remittance transfers, including banks, thrifts, credit unions, money transmitters, and broker-dealers. However, the rules do not apply to companies that consistently provide 100 or fewer remittance transfers each year.

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