

Session Overview

Banking Skills Training - Instructor Notes

Thank you for teaching the Banking Skills Training Class :D

The instructor notes contain suggestions for you on how to teach this class. We have included a sample lesson plan that lists the relevant sections of this curriculum with instructions for you, handouts and materials needed, as well as proposed time-frames for each part of the lesson.

It is most important to us, however, that you are comfortable teaching according to your own style. So, if you have ideas as to how you would like to change certain aspects of the lesson, please go ahead. If your session focuses more on questions from participants and you adapt your plan accordingly, that is GREAT! Our materials are always work-in-progress; if you have suggestions and ideas for improvement, please share your feedback with the Lifelong Learning Coordinator ☺

For the banking session the biggest challenge will be to develop a good feel early in the session for the level of prior knowledge participants have. The suggested lesson plan includes optional activities on how to write a check, which might be too basic for some groups. If you encounter that participants already know many of the things you planned on talking about, you might still keep them engaged – and give those who didn't know the material previously a chance to learn – by involving more advanced students through lots of questions. The guide already suggest a question-heavy approach to teaching for that reason.

Keep in mind that different individuals have different preferences with respect to learning styles – try to adapt your teaching style accordingly: provide a mix of class discussions, explanations by you, handouts for individual and group activities, and utilize the white board or flip chart to write down important concepts or illustrate explanations you provide. To encourage participation, make it a point to recognize and applaud participants who volunteer answers.

To ensure a comfortable learning atmosphere for your participants, try to arrive early at the location to set up and prepare for your class. Greet participants as they arrive and introduce yourself. At the beginning of the session, introduce yourself and ask participants to briefly introduce themselves to their neighbors (or the whole group, depending on the class size). Provide an overview of the session before you start teaching.

If you have any questions while you prepare for your class or need additional materials, feel free to contact the Lifelong Learning Coordinator at 425-644-7911.

Thank you again for your time and efforts – enjoy your class!

DISCLAIMER: Many of the materials we use were adapted from other sources. For this session we are particularly indebted to the FDIC *Money Smart* curriculum. We would also like to thank Washington Mutual for sharing their educational materials with us and for their generous financial support for our program.

Banking for Success Skills Training Lesson Plan

Topic	Activity	Notes	Materials	Time
Introduction				5
Reach			Pre-Class Assessment	10
Reach		refer to section "Reach Activity"		10
Teach / Try	Banks vs. Credit Unions vs. Check Cashing Outlets	refer to section "Banks vs. CCOs"	Handout - Banks vs. Check-Cashing Outlets / Handout - Alternatives to Check Cashing Outlets	20
Teach / Try	Choosing a Bank	refer to section "Choosing a Bank"	Handout - What do you need from a bank? / Handout - Choosing a Bank Exercise	25
Teach / Try	Keeping Your Bank Account Healthy	refer to section "Avoiding Bank Fees"	Handout - Additional Banking Services / Handout - Check Register / Calculator give-aways	40
Apply			Post-Class Assessment	10
Optional	How to write a check	refer to section "Writing Checks"	Handout - Parts of a Check / Handout - How to Write a Check	

Total 120

Reach Activity

Banking Skills Training - Instructor Notes

Objective

- Participants will reflect on their perceptions of financial institutions
- Participants will activate knowledge of financial institutions they already have
- Participants will identify reasons to utilize services of financial institutions

Instructions

- Try get a feel for how much banking experience participants have – to adjust subsequent activities where necessary
- First, clarify the term **bank** – in this course we will use the word bank to also include **CREDIT UNIONS** and **Thriffs**
- Ask participants what comes to their mind when they hear the word **bank** – record answers on the board (most likely, the answer will reflect participants' perceptions of banks)
- Probe for “what do banks do?” and keep recording answers
 - Define **bank** – a business that offers you a safe place to keep your money and uses your deposits to make loans. It is also called a **financial institution**
- Follow-up with two more questions for discussion – record answers on the board to gather participants' experiences with financial institutions:
 - What has been your experience with a bank?
 - Where do you keep your money?
- Draw from experiences of participants who utilize financial institutions to transition into brief discussion of reasons to keep money in a bank – ask participants first, then complete the list:
 - Safety – money is safe from theft, loss, and fire or flooding (you may want to illustrate what happened to victims of hurricane Katrina – see Talking Points)
 - Convenience – you can get money quickly and easily; for example, you can have your paycheck directly deposited into your account and not pay any fees to cash it
 - Cost – probably cheaper than using other businesses to cash checks (we will look at that in a minute)
 - Security – the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) insure your deposits; if anything happens to the bank, these organizations will pay you your money back
 - Financial future – building a relationship with a bank establishes a record of paying bills, saves money, and is necessary for getting loans later on
- **Transition** now let's take a closer look at the different kinds of financial institutions and the services they have to offer

Reach Activity

Banking Skills Training - Instructor Notes

Talking Points

- Hurricane Katrina – victims without bank account lost all their money, or couldn't access it for weeks and months after they had to leave their houses; getting government aid without a bank account was much harder as well because the money couldn't be delivered to them

Banks vs. Check Cashing Outlets

Banking Skills Training - Instructor Notes

Objective

- Participants will be able to describe services financial institutions provide
- Participants will compare the cost structure of financial institutions to check cashing outlets
- Participants will identify reasons NOT to utilize check cashing outlets

Instructions

- Ask participants whether they heard the terms **bank** and **credit union** before
- Ask participants what the difference between a bank and a credit union is – record answers on the board and complete if necessary
 - *Common features:*
 - federal and state rules apply to protect consumers
 - offer checking and savings accounts
 - accept deposits (describe deposit accounts – accounts you can add money to, like a checking or savings account; depending on group, explain checking & savings accounts separately)
 - make loans
 - offer other financial services
 - *Main differences:*
 - **Bank** – business; usually more branches if a nation-wide company
 - **Credit Union** – non-profit organization owned by members (the people who have accounts there); usually better interest rates
- **Stress:** banks and credit unions usually offer very similar services, just sometimes at different prices; for the session, the term **bank** or **financial institution** both mean banks and credit unions
- Ask participants who DO NOT have a bank account to share how they cash checks and pay bills – alternatively, transition into an introduction to check cashing outlets (CCOs)
 - Examples include MoneyTree, Check Into Cash, Check X-Change etc.
 - NOT regulated by the federal government, no need to have accounts
 - Businesses who make lots of money from fees
- If you had volunteers share their check-cashing outlet experiences, they might volunteer what it costs them to cash their checks, so you could include that in the following comparison
- Use *handout* – **Banks vs. Check Cashing Stores** to have participants explore the differences in the cost structure between financial institutions and CCOs
 - Write the numbers and calculations on the white board, while you walk the class through the comparison – take the time to illustrate the steps to really derive at a comparison that includes all relevant fees

Banks vs. Check Cashing Outlets

Banking Skills Training - Instructor Notes

- Scenario 1 – Renee cashes 2 paychecks a month of \$500 each
 - ANY Bank - \$7 monthly account fee, check cashing free with account -> \$7 monthly / \$84 per year
 - Cash-A-Check – 2.9% fee of \$500 = \$14.5 plus \$.99 fee -> \$15.49 per pay check, two checks per month => \$30.98 monthly / \$ 371.76 per year
 - Calculate the difference as how much MONEY YOU LOOSE by using cash-a-check: \$30.98 - \$7 = \$23.98 per month and \$371.76 - \$84 = \$287.76 per year (**which is more than HALF A PAYCHECK!!!**)
- Scenario 2 – Ravi gets social security of \$600 every month
 - ANY Bank – same as for pay check
 - Cash-A-Check – 5.9% fee for government check -> \$35.4 plus \$.99 fee = \$36.39 per month / \$436.68 per year
 - Difference – HOW MUCH MONEY YOU LOOSE -> \$29.39 per month or \$352.68 per year (**again, much more than half a check!!!**)
- **Stress: with a bank account, you can also get direct deposit** – the government sends your money directly into your account, or your employer puts your paycheck into your bank account -> NO FEE TO YOU, and it is really FAST, you don't have to wait for the check to come in the mail or pick it up at work, it should be in your account on PAYDAY
- **Stress: Many banks and credit unions have FREE checking accounts!** You don't lose any money to cash checks
- Ask participants to brainstorm ideas what to tell friends who use check-cashing outlets – why should their friend think about getting a bank account?
 - Use *handout* – **Alternatives to Check Cashing Outlets** to help participants generate ideas; refer them to the available space at the bottom where they can note their own ideas of what to tell their friends
- **Transition** – we talked about the fact that there are many different banks and credit unions around; I can not tell you which bank you should use, but we will talk about how you can decide which bank is best for you next...

Talking Points

- Payday loans – on the following pages are a brochure by the FTC as well as the 2006 payday loan report by the Washington State DFI to provide you with background information on payday loans
- When addressing the topic of payday loans with participants, try to stress two main points:
 - Payday loans are a very expensive form of credit (up to \$15 for every \$100 borrowed, for just a few weeks!)
 - There are alternatives to using payday loans (see FTC brochure for more details!)

Banks vs. Check Cashing Outlets

Banking Skills Training - Instructor Notes

- In addition, you might consider referring participants to:
 - Use *handout* – **Watermark Brochure** to present solution to payday lending trouble cycle
 - Refer participants to budgeting class for information on how to pay bills on time
 - Refer participants to Credit Management classes for more information on how to manage credit well

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Division of Consumer & Business Education

Payday Loans Equal Very Costly Cash: Consumers Urged to Consider the Alternatives

“I just need enough cash to tide me over until payday.”

“GET CASH UNTIL PAYDAY! . . . \$100 OR MORE . . . FAST.”

The ads are on the radio, television, the Internet, even in the mail. They refer to payday loans, cash advance loans, check advance loans, post-dated check loans, or deferred deposit loans. The Federal Trade Commission, the nation’s consumer protection agency, says that regardless of their name, these small, short-term, high-rate loans by check cashers, finance companies and others all come at a very high price.

Here’s how they work: A borrower writes a personal check payable to the lender for the amount the person wants to borrow, plus the fee they must pay for borrowing. The company gives the borrower the amount of the check less the fee, and agrees to hold the check until the loan is due, usually the borrower’s next payday. Or, with the borrower’s permission, the company deposits the amount borrowed — less the fee — into the borrower’s checking account electronically. The loan amount is due to be debited the next payday. The fees on these loans can be a percentage of the face value of the check — or they can be based on increments of money borrowed: say, a fee for every \$50 or \$100 borrowed. The borrower is charged new fees each time the same loan is extended or “rolled over.”

The federal Truth in Lending Act treats payday loans like other types of credit: the lenders must disclose the cost of the loan. Payday lenders must give you the finance charge (a dollar amount) and the annual percentage rate (APR — the cost of credit on a yearly basis) in writing before you sign for the loan. The APR is based on several things, including the amount you borrow, the interest rate and credit costs you’re being charged, and the length of your loan.

A payday loan — that is, a cash advance secured by a personal check or paid by electronic transfer is very expensive credit. How expensive? Say you need to borrow \$100 for two weeks. You write a personal check for \$115, with \$15 the fee to borrow the money. The check casher or payday lender agrees to hold your check until your next payday. When that day comes around, either the lender deposits the check and you redeem it by paying the \$115 in cash, or you roll-over the loan and are charged \$15 more to extend the financing for 14 more days. If you agree to electronic payments instead of a check, here’s what would happen on your next payday: the company would debit the full amount of the loan from your checking account electronically, or extend the loan for an additional \$15. The cost of the initial \$100 loan is a \$15 finance charge and an annual percentage rate of 391 percent. If you roll-over the loan three times, the finance charge would climb to \$60 to borrow the \$100.

Alternatives to Payday Loans

Before you decide to take out a payday loan, consider some alternatives.

1. Consider a small loan from your credit union or a small loan company. Some banks may offer short-term loans for small amounts at competitive rates. A local community-based organization may make small business loans to people. A cash advance on a credit card also may be possible, but it may have a higher interest rate than other sources of funds: find out the terms before you decide. In any case, shop first and compare all available offers.

2. Shop for the credit offer with the lowest cost. Compare the APR and the finance charge, which includes loan fees, interest and other credit costs. You are looking for the lowest APR. Military personnel have special protections against super-high fees or rates, and all consumers in some states and the District of Columbia have some protections dealing with limits on rates. Even with these protections, payday loans can be expensive, particularly if you roll-over the loan and are responsible for paying additional fees. Other credit offers may come with lower rates and costs.

3. Contact your creditors or loan servicer as quickly as possible if you are having trouble with your payments, and ask for more time. Many may be willing to work with consumers who they believe are acting in good faith. They may offer an extension on your bills; make sure to find out what the charges would be for that service — a late charge, an additional finance charge, or a higher interest rate.

4. Contact your local consumer credit counseling service if you need help working out a debt repayment plan with creditors or developing a budget. Non-profit groups in every state offer credit guidance to consumers for no or low cost. You may want to check with your employer, credit union, or housing authority for no- or low-cost credit counseling programs, too.

5. Make a realistic budget, including your monthly and daily expenditures, and plan, plan, plan. Try to avoid unnecessary purchases: the costs of small, every-day items like a cup of coffee add up. At the same time, try to build some savings: small deposits do help. A savings plan — however modest — can help you avoid borrowing for emergencies. Saving the fee on a \$300 payday loan for six months, for example, can help you create a buffer against financial emergencies.

6. Find out if you have — or if your bank will offer you — overdraft protection on your checking account. If you are using most or all the funds in your account regularly and you make a mistake in your account records, overdraft protection can help protect you from further credit problems. Find out the terms of the overdraft protection available to you — both what it costs and what it covers. Some banks offer “bounce protection,” which may cover individual overdrafts from checks or electronic withdrawals, generally for a fee. It can be costly, and may not guarantee that the bank automatically will pay the overdraft.

The bottom line on payday loans: Try to find an alternative. If you must use one, try to limit the amount. Borrow only as much as you can afford to pay with your next paycheck — and still have enough to make it to next payday.

Protections for Military Consumers:

Payday loans (and certain other financing) offered to servicemembers and their dependents must include certain protections, under Federal law and a Department of Defense rule. For example, for payday loans offered after October 1, 2007, the military annual percentage rate cannot exceed 36%. Most fees and charges, with few exceptions, are included in the rate. Creditors also may not, for example, require use of a check or access to a bank account for the loan, mandatory arbitration, and unreasonable legal notices. Military consumers also must be given certain disclosures about the loan costs and your rights. Credit agreements that violate the protections are void. Creditors that offer payday loans may ask loan applicants to sign a statement about their military affiliation.

Even with these protections, payday loans can be costly, especially if you roll-over the loan. You instead may be able to obtain financial assistance from military aid societies, such as the Army Emergency Relief, Navy and Marine Corps Relief Society, Air Force Aid Society, or Coast Guard Mutual Aid. You may be able to borrow from families or friends, or get an advance on your paycheck from your employer. If you still need credit, loans from a credit union, bank, or a small loan company may offer you lower rates and costs. They may have special offers for military applicants, and may help you start a savings account. A cash advance on your credit card may be possible, but it could be costly. Find out the terms for any credit before you sign. You may request free legal advice about a credit application from a service legal assistance office, or financial counseling from a consumer credit counselor, including about deferring your payments.

Military consumers can contact the Department of Defense, toll-free 24 hours a day, 7 days a week, at 1-800-342-9647, or at www.militaryonesource.com. Information on the Department of Defense rule, alternatives to payday loans, financial planning, and other guidance is available.

To Complain/For More Information

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

For more information on any state or local protections for payday loans, contact the consumer protection agency in your area. This information is available in the GSA Consumer Action Handbook, at www.consumeraction.gov. The state offices are listed at: www.consumeraction.gov/state.shtml

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER

March 2008



Washington State Department of Financial Institutions

2006 Payday Lending Report



Payday lenders represent a growing financial industry in Washington State. The Department of Financial Institutions (DFI) created this report as an educational tool for policy makers and other interested parties. The statistics presented on pages 1 and 2 represent data reported to DFI from all payday lending licensees for fiscal year 2006.



What is a Payday Loan?

Payday loan companies offer small, short-term, high interest loans secured by a post-dated check. The consumer's post-dated check is written for the loan amount plus a fee. The check is held by the lender for the loan period (term). At the end of the term, the lender may deposit the check or the customer may reclaim the check with cash.

The legislature passed Washington's first payday lending laws in 1995 under the Check Cashers & Sellers Act (RCW 31.45). DFI regulates payday lenders in Washington State.

What is Allowed in Washington State?

Maximum Loan Term: 45 days
 Maximum Loan Amount: \$700
 Maximum Fee: 15% on the first \$500
 10% above \$500

Example: A loan for \$500 + \$75 fee = \$575
 A loan for \$700 + \$95 fee = \$795

Payment Plans

Consumers have a right to a payment plan after four successive loans with the same company. A payment plan allows borrowers to pay off their loans in a series of installments.

Since 2000 the number of payday lending locations grew 97%.

Number of Licensed Payday Lenders, Washington State Payday Lending Industry

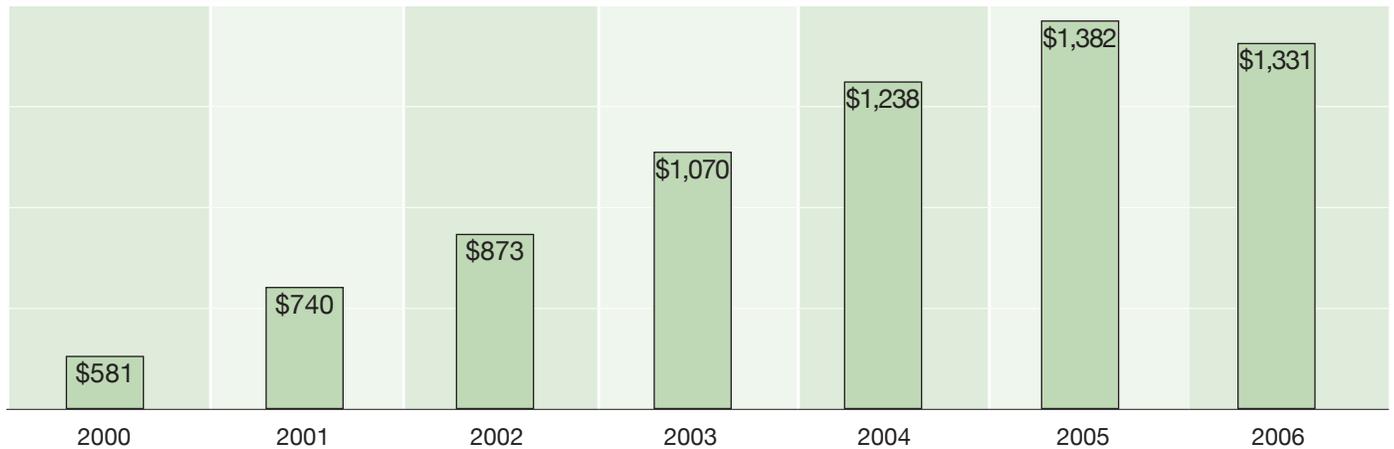
	2000	2001	2002	2003	2004	2005	2006
Companies	90	96	110	124	125	131	130
Branches	287	286	317	378	465	585	612
Total Locations	377	382	427	502	590	716	742

Washington State Payday Lending Industry

Payday Loan Historical Data, Washington State Payday Lending Industry

	2000	2001	2002	2003	2004	2005	2006
Volume of Payday Loans	\$580,535,734	\$739,540,654	\$873,339,989	\$1,069,695,069	\$1,238,488,278	\$1,382,132,283	\$1,330,738,136
Number of Payday Loans	1,832,782	2,186,333	2,337,359	2,983,477	3,297,012	3,595,873	3,503,721

Total Payday Loans Made (measured in millions of dollars), Washington State Payday Lending Industry



When measured in dollars, payday lending is a \$1.3 billion industry.

2006 Payday Loan Analysis

Washington State Payday Lending Industry

Volume of Payday Loans	\$1,330,738,136
Number of Payday Loans	3,503,721
Average Payday Loan Amount	\$379.81

2006 Payday Loan Fee Analysis

Washington State Payday Lending Industry

Total Payday Loan Fees	\$186,825,170
Number of Payday Loans	3,503,721
Average Payday Loan Fee	\$53.32

The average single payday loan fee in 2006 was \$53.

The Department collected additional required statistics from 17 licensees with more than \$10 million in loans. In addition, 38 licensees provided this data voluntarily. The information featured on pages 3-5 represents responses from these 55 companies, which make up 92% of the loans (measured by dollar volume). These companies range in size from \$19,745 - \$430,603,660 in annual loan volume.

Average Length of Payday Loans

(92% of Washington State's payday lending market)

1-7 Days	6.7%
8-14 Days	41.6%
15-21 Days	34.6%
22-31 Days	13.5%
32 or More Days	2.9%

The average length of a payday loan in 2006 among the 55 companies was 18.8 days.

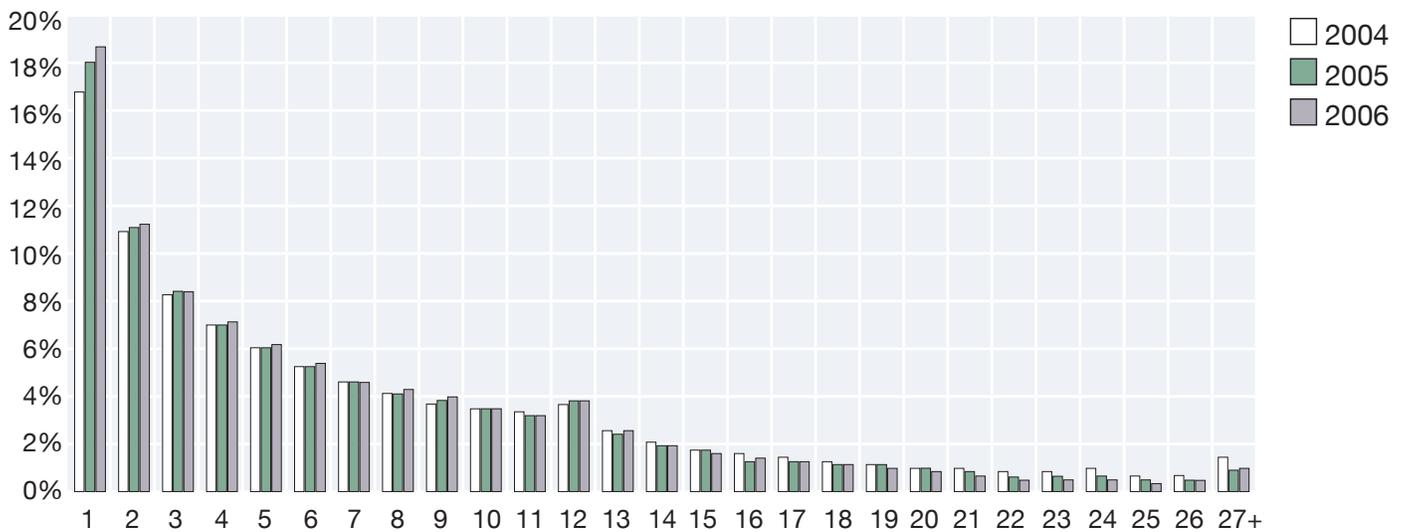
2006 Payment Plan Use, (92% of Washington State's payday lending market)

Number of borrowers who entered into payment plans	39,556
Payment plan as a percent of estimated borrowers	8.22%

*The number of borrowers who entered into payment plans in 2005 was 16,412.
The payment plan as a percent of estimated borrowers in 2005 was 5%.*

Borrowing Frequency Comparison,

(Sample of Washington State's payday lending statistics 2004, 2005, 2006)



Loan Frequency 2006, (92% of Washington State's payday lending market)

The tables on this page capture loan frequency data as the number of loans each individual borrowed during the year. For example, 50,805 borrowers entered into loan transactions with a lender two times in 2006 for a total of 101,610 loans in this category (50,805 x 2 = 101,610)

Frequency	total borrowers	% total borrowers	total number of loans	% of total loans	Frequency	total borrowers	% total borrowers	total number of loans	% of total loans
1 Time	84,039	18.91%	84,039	2.65%	34 Times	169	0.04%	5,746	0.18%
2 Times	50,805	11.43%	101,610	3.20%	35 Times	158	0.04%	5,530	0.17%
3 Times	38,050	8.56%	114,150	3.60%	36 Times	134	0.03%	4,824	0.15%
4 Times	32,684	7.35%	130,736	4.12%	37 Times	124	0.03%	4,588	0.14%
5 Times	28,227	6.35%	141,135	4.45%	38 Times	106	0.02%	4,028	0.13%
6 Times	24,389	5.49%	146,334	4.62%	39 Times	94	0.02%	3,666	0.12%
7 Times	21,384	4.81%	149,688	4.72%	40 Times	74	0.02%	2,960	0.09%
8 Times	19,829	4.46%	158,632	5.00%	41 Times	67	0.02%	2,747	0.09%
9 Times	18,152	4.08%	163,368	5.15%	42 Times	68	0.02%	2,856	0.09%
10 Times	16,109	3.62%	161,090	5.08%	43 Times	50	0.01%	2,150	0.07%
11 Times	15,149	3.41%	166,639	5.26%	44 Times	43	0.01%	1,892	0.06%
12 Times	17,805	4.01%	213,660	6.74%	45 Times	36	0.01%	1,620	0.05%
13 Times	11,734	2.64%	152,542	4.81%	46 Times	53	0.01%	2,438	0.08%
14 Times	9,165	2.06%	128,310	4.05%	47 Times	35	0.01%	1,645	0.05%
15 Times	7,820	1.76%	117,300	3.70%	48 Times	29	0.01%	1,392	0.04%
16 Times	6,809	1.53%	108,944	3.44%	49 Times	23	0.01%	1,127	0.04%
17 Times	6,035	1.36%	102,595	3.24%	50 Times	12	0.00%	600	0.02%
18 Times	5,355	1.20%	96,390	3.04%	51 + Times	241	0.05%	12,291	0.39%
19 Times	4,731	1.06%	89,889	2.84%	TOTAL	444,494	1000.00%	3,170,538	100.00%
20 Times	4,058	0.91%	81,160	2.56%					
21 Times	3,392	0.76%	71,232	2.25%					
22 Times	3,060	0.69%	67,320	2.12%					
23 Times	2,898	0.65%	66,654	2.10%					
24 Times	3,118	0.70%	74,832	2.36%					
25 Times	2,202	0.50%	55,050	1.74%					
26 Times	2,652	0.60%	68,952	2.17%					
27 Times	1,079	0.24%	29,133	0.92%					
28 Times	632	0.14%	17,696	0.56%					
29 Times	489	0.11%	14,181	0.45%					
30 Times	390	0.09%	11,700	0.37%					
31 Times	311	0.07%	9,641	0.30%					
32 Times	222	0.05%	7,104	0.22%					
33 Times	204	0.05%	6,736	0.21%					

Additional information

Some lenders identified their loans as “add-on” amounts to existing loans. For example, a borrower may have the following borrowing scenario:

Loan 1: June 1 - \$100 due June 15

Loan 2: June 2 - \$100 due June 15

Loan 3: June 8 - \$100 due June 15

Loan 4: June 10 - \$100 due June 15

Loan 5: June 13 - \$100 due June 15

Loan Frequency 2006 - Military Borrowers, (92% of Washington State's payday lending market)

The tables on this page capture the number and percentage of military borrowers.

Frequency	Military Borrowers	% Military Borrowers	Number of Loans to Military Borrowers	% of Loans to Military Borrowers
1 Time	3555	29.54%	3555	6.00%
2 Times	1815	15.08%	3630	6.13%
3 Times	1247	10.36%	3741	6.32%
4 Times	952	7.91%	3808	6.43%
5 Times	729	6.06%	3645	6.15%
6 Times	602	5.00%	3612	6.10%
7 Times	521	4.33%	3647	6.16%
8 Times	437	3.63%	3496	5.90%
9 Times	378	3.14%	3402	5.74%
10 Times	278	2.31%	2780	4.69%
11 Times	252	2.09%	2772	4.68%
12 Times	247	2.05%	2964	5.00%
13 Times	179	1.49%	2327	3.93%
14 Times	152	1.26%	2128	3.59%
15 Times	104	0.86%	1560	2.63%
16 Times	101	0.84%	1616	2.73%
17 Times	68	0.57%	1156	1.95%
18 Times	56	0.47%	1008	1.70%
19 Times	53	0.44%	1007	1.70%
20 Times	58	0.48%	1160	1.96%
21 Times	43	0.36%	903	1.52%
22 Times	41	0.34%	902	1.52%
23 Times	33	0.27%	759	1.28%
24 Times	38	0.32%	912	1.54%
25 Times	23	0.19%	575	0.97%
26 Times	17	0.14%	442	0.75%
27 Times	16	0.13%	432	0.73%
28 Times	6	0.05%	168	0.28%
29 Times	5	0.04%	145	0.24%
30 Times	7	0.06%	210	0.35%
31 Times	5	0.04%	155	0.26%
32 Times	0	0.00%	0	0.00%
33 Times	3	0.02%	99	0.17%
34 Times	3	0.02%	102	0.17%

Frequency	Military Borrowers	% Military Borrowers	Number of Loans to Military Borrowers	% of Loans to Military Borrowers
35 Times	1	0.01%	35	0.06%
36 Times	2	0.02%	72	0.12%
37 Times	0	0.00%	0	0.00%
38 Times	1	0.01%	38	0.06%
39 Times	0	0.00%	0	0.00%
40 Times	2	0.02%	80	0.14%
41 Times	0	0.00%	0	0.00%
42 Times	1	0.01%	42	0.07%
43 Times	0	0.00%	0	0.00%
44 Times	0	0.00%	0	0.00%
45 Times	0	0.00%	0	0.00%
46 Times	1	0.01%	46	0.08%
47 Times	0	0.00%	0	0.00%
48 Times	0	0.00%	0	0.00%
49 Times	0	0.00%	0	0.00%
50 Times	0	0.00%	0	0.00%
51 + Times	2	0.02%	102	0.17%
TOTAL	12,034	100%	59,233	100%

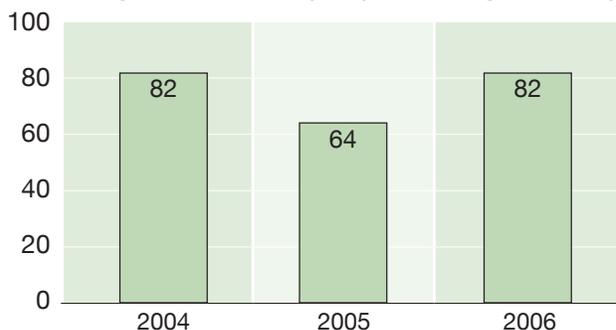
Consumer Complaint Summary

DFI investigates complaints from consumers about payday lenders. DFI received the following number of complaints against all payday lenders in Washington State.

2004 - 82 complaints
2005 - 64 complaints
2006 - 82 complaints

Total Number of Complaints

Washington State Payday Lending Industry



Choosing a Bank

Banking Skills Training - Instructor Notes

Objective

- Participants will be able to identify criteria that are most important to them when choosing a bank
- Participants will simulate the decision-making process involved in choosing a bank

Instructions

- Ask participants who have a bank account how they decided which bank to choose – collect answers on the board
- Ask participants to share what they would like their ideal bank to be like – collect answers on the board
- TEACH – to find the right bank for you, you have to first think about what you NEED from a bank; use *handout* – **What do you need from a bank?** to guide participants in deciding what their needs are; have participants write down ideas / or refer to the answers participants provided previously
 - **Stress** – thinking about your needs first is important to help you make a good decision
 - After participants had some time to think about the questions, refer them to the back of the *handout* -> questions are organized in a table format; suggest the table format as a tool to help them make decisions later (in the 2nd column, participants can write down their needs / answers to questions on previous page, and then compare different banks to what they need!)
- TEACH – we already talked about that some banks have fees as well; to make sure you do not lose money when using a bank, you also need to find out about the fees a bank charges for different services; like any other business, banks have to pay the people who work for them and need to make some money
 - **Stress – fees differ from bank to bank** – always ask FIRST about the fees and ask the teller to explain fees to you that you don't understand; there are NO STUPID QUESTIONS!
 - **Stress – most expensive fees happen when you write a check or use your debit card for money that is not in your account**; we will look at strategies how to avoid those fees next
 - **Stress** – you can always ask if a fee can be waived; especially with account maintenance fees, frequently banks have other options that are free
- TRY – use *handout* – **Choosing a Bank** to illustrate certain features of three different banks; ask participants to check which bank would work best for them and why; walk participants through the scenarios at the bottom

Choosing a Bank

Banking Skills Training - Instructor Notes

Talking Points

- A good way to find out about different banks might be to talk to friends and relatives about the bank they use and to ask them questions about the hours, service, and fees there before going to talk to the bank yourself
- Talk participants through the process of opening a bank account – have participants who have accounts share their experiences
 - Explain the verification process – ChexSystems, ID-requirements etc.
 - **Stress:** banks have to check ID's by law, not because they don't trust people

Avoiding Bank Fees

Banking Skills Training - Instructor Notes

Objective

- Participants will be able to describe strategies to manage their checking accounts responsibly to avoid overdraft and other related charges
- Participants will practice skills needed to balance a check book
- Participants will be able to describe how balancing a check book helps with maintaining a household budget

Instructions

- **Stress:** most banks offer many services besides checking and savings account; use *handout* – **Additional Banking Services** and ask participants to work in groups to match the terms with the description of the service (alternatively, work with the whole group)
 - **Stress** – it is important to ask about fees; bank employees should explain how fees work and when they will be charged
 - **Refer to section “Additional Banking Services”** for instructor notes on each service (from FDIC *MoneySmart* curriculum)
 - **Keep in mind** – many people without bank accounts cite “hidden fees” as a main reason why they don’t trust banks; so explaining some of the fees might help them feel more confident in dealing with a bank
- Refer back to the different fees banks might charge for services – and stress that most fees can be avoided by handling your money well
- Ask participants to share ideas how they can avoid different fees:
 - Review strategies for choosing a bank (pick good fee structure)
 - Account maintenance fee – i.e. choose a bank with no fee (if convenient)
 - Other bank ATM fee – only use debit card to pay at store and get cash from your own bank
 - Minimum balance – keep track of balance or get account without minimum balance requirement
 - Overdraft / NSF fee – keep track of money and make sure you don’t overdraw account
- **TEACH** – the most important thing to do to avoid bank fees is to keep track of your money, something that is also important even when you just deal with cash – you would always want to know how much money you have (**refer students to budgeting class for more information on how to plan well for your money and make sure you can pay your bills on time**)
 - The tool to use for keeping track of the money in your bank is the check-register
- **TRY:** Use *Handout – How to Balance your Checkbook* have participants work in pairs to check each others’ entries, walk participants through steps below; use calculators for participants, if available

Avoiding Bank Fees

Banking Skills Training - Instructor Notes

- Let's say we opened a checking account at XYZ Credit Union, we get 50 checks free, there is no fee for writing checks, but there is a monthly maintenance fee of \$5
- We opened the account with \$200 – so your check register already shows a starting balance of \$200
- Now you write a check to pay your PSE bill for \$39.48 – how would we record this in the check book? (identify necessary entries – make up a date etc.)
- Then we use our debit card to get \$20 in cash from our credit union's ATM – how do we record that?
- What is our current balance? (\$140.52)
- We paid for groceries at Safeway with our debit card – \$49.52
- Then we got \$50 cash during a weekend trip, but not at our bank – so we also had a \$2.5 fee
- And at the beginning of the next month, what happens? Right, our maintenance fee gets charged - \$5
- Could we pay another \$44 for groceries right now? What would happen? (NSF / OVERDRAFT – only \$38.5 balance remaining at this point)
- Could we write a check for our rent right now? Let's say rent is \$450, what would happen? (Explain NSF fees here!)
- If you set up direct deposit, don't forget to write down you paycheck when it gets there on the first of the month – let's say we get paid \$800 on the first and again on the 15th; enter the paycheck for the 1st of the month
- Now write a check for rent
- And buy your groceries for \$44.12 at Safeway
- What is the ending balance in your account? (\$344.38)
- **Stress – by writing your transactions** (money you spent from your account) in the check book or check register, you can always check yourself how much money is left in your account; this way, you can avoid losing money on overdraft fees
- **Refer participants to Budgeting Class** for more information on how to manage money so that you can always pay your bills on time

Talking Points

- ◆ Online Banking - If you are comfortable using a computer and the internet, most banks and credit unions offer online banking now – where you can always see how much money you have in your account right now; so you could use online banking to check regular if your check book and your online account statement have the same numbers

Writing Checks

Banking Skills Training - Instructor Notes

Objective

- Participants will be able to describe parts of a check
- Participants will be able to write checks correctly

Instructions

- Ask participants what a check is – collect answers on the board and complete if necessary
- Use *handout* – **Parts of a Check** to illustrate the different parts of a check
- Teach – provide participants with tips on how to write checks safely, i.e.:
 - always use ink when writing checks
 - never write your social security number (SSN) number on a check
 - never sign a blank check
 - always keep your checkbook in a safe place
 - report missing checks to your bank immediately
 - whenever you submit a blank check for automatic payment (direct deposit) or withdrawal, always write “VOID” in big letters on the check
- Use *handout* – **How to Write a Check** to have participants practice writing checks correctly; make sure to circle the room and help where needed

Talking Points

- Ask discuss the similarities and differences between checks and debit cards
- **Stress** – since Check 21 was put into place, checks can clear very quickly now, because electronically scanned copies are sufficient for processing a check

Session Wrap Up

Banking Skills Training - Instructor Notes

Objective

- participants review what they learned during the session
- participants provide feedback on the session
- participants receive information about the next skills training classes

Instructions

- Address any remaining questions
- Summarize for participants what you have covered during the session
- Ask participants to complete the *handout* – **Evaluation**
- Provide participants with a brief overview of the topics of the next skills training classes (budgeting / Smart Bucks)