Banking 101

Tray Thompson: Welcome everyone. We now have our webinar, our second webinar, which is Banking 101. I have myself, Tray Thompson, here. I work for the Financial Aid Office and I also have Mario. He will introduce himself.

Mario Arriaga: Hi, good afternoon. My name is Mario Arriaga. I work here at the Wells Fargo Bank at the CSUN campus, located by the USU. Good afternoon everyone.

Tray Thompson: Now that we have your attention and we've introduced ourselves, we'll go ahead and jump straight into our presentation. The course as we stated we want to talk about Banking 101. But what does that look like? What is the other information that we're seeking to give you here for this presentation? So our objective is that you'll be able to learn tips on opening and maintaining a bank account. And that's a very core and important thing in our financial situation here. We'll also go over some benefits of having an account; how to really open an account; the security features; the different services banks and credit unions have, as well as, how to manage your account or how to manage your finances through your account as well. Okay.
Okay, we’ll start with the benefits of banking institutions. Okay, Mario, so what are some of the benefits of different banking institutions?

Mario Arriaga: Okay, there're many benefits to banking institutions. First and foremost, it's a safe way to maintain your money. You don't really want to keep money at home under the bed or stored somewhere. You want to keep it somewhere safe. There's nowhere better to have it than in a bank. Another benefit is convenience. If you need to make a purchase, withdraw money, any type of transaction, pay bills, banks are able to provide most of these services. Another benefit is you can save money. Bank accounts are FDIC insured up to $250,000 by the Government. So this is something where your money is safe in case of a disaster or a crisis here in the United States. Also financial advice is very important. If you, if there is something you don't understand, you are more than welcome to go into a bank and speak to a personal banker. It has been my personal experience to have different bankers for different needs. So, if you’re looking into purchasing a home, building credit, saving money or just receiving financial education literacy, banks are more than happy to provide that for customers.
Tray Thompson: Okay. So now that we got an understanding of some of the benefits, so how does one go about opening a bank account?

Mario Arriaga: All right. The first thing when opening a bank account you want to do some prior research just to see what institution you want to be walking into or going into. I know we have big banks; we have credit unions; we have on-line banks. The commonality between the different institutions is that they are going to ask you for identification. And the reason for this is because it is very important to know who is opening an account, who is requesting to set up an account in order to lend to terrorism and money laundering and other illegal activities. So, with this being -- for all of you, you need to have a California -- here in Northridge you need to have a California ID if you’re over the age of 18. Government issued ID’s also work. For example, a passport, permanent residency card, those are the most valuable ID’s and they are very useful. Now, most institutions will also ask you for a second form of ID. Some valid forms of ID are student ID’s, debit card, credit card. The reason for this is because they are already verified by other institutions. For example, a school ID here at CSUN is already verified by the university, saying yes,
you are a student here. You have a picture and we can verify who you are. This is important to, in order to set up an account. There are cases where you have an ID and you will not be able to open an account. I think that's the first step. In addition to that you also want to be able to provide your personal information. So, your physical address, where you live, your phone number. We want to make sure that we are setting up an account for the right person for the correct individual. Minors usually don't need any type of identification as long as we have their name, social security number, and an adult on the account. Minors are able to set up an account with no problems for the most part. This is the first step in opening an account is making sure you have the proper identification. In addition to the identification, most institutions will ask you for an opening deposit. And, if you are planning on opening an account you need to put money into it. Institutions want to make sure that you are going to be using the account for your personal use or for financial reasons. For example, Chase, they require for most accounts $25 to open an account. However, for the Premier Platinum Checking, which is one of the accounts that they offer, they ask for a $100. So, it is a little bit higher.
Bank of America, also $25. In this case, the “My Access Checking”, that is the name of the account, and $100 for Interest Checking, that is another account that they offer. Being a Wells Fargo banker, I can tell you that we ask for $50 for checking account and $25 for savings account. What we're seeing here is more of a pattern. So, most banks won't ask you for more than that. That is the right number, the right opening deposit. Of course, you can put more money into the account. You can open with a $1000, $5000. You can deposit a check. There's really no limit but the minimum are usually $25 to $50, sometimes a $100. I tell many of my customers also find out how long it’s going to take for your funds to be available. If you are depositing a check you want to find out if it's going to be on hold. So, for example, I know many students receive financial aid, whether it's a loan, grants or scholarships, you want to find out when your money is going to be available. So if you have any expenses for school, you're not tied up, your money is not tied up in the bank.

Tray Thompson: Okay. And, you do have an opportunity for that $25 or that $50 to get that back right; you're not giving that to the bank are you?

Mario Arriaga: Oh no, definitely not. This is
your money. This is basically you can start it as a savings. You can, most banks will give you a debit card on the spot. So you can actually start using those funds. Here at the University, we provide students with an Instant Card and if they are hungry, they can go to Subway or they can go to the Pub and they can start using those funds that they have. For the most part we do, we would like for it to be there one business day, but I know that there are needs and we can't limit our customer from using their money.

**Tray Thompson:** Okay. So that is a good thing that we can use our money right after we deposit it into it. That leads to our next question, what are some of the different accounts and services that banks provide?

**Mario Arriaga:** There are many services. I was doing some research prior and I know that we offer over 80 products and services to our customers. This is not just Wells Fargo, this is also most other big banks, as well as credit unions. But to keep it a little simpler we're going to start with the checking account. That is probably the main product that most customers use. And the reason is because money goes in and out. So, if you need to pay for bills, if you need to make everyday purchases, anything, the checking account is
probably the most vital account that you will have.
Most checking accounts also give you the flexibility or
option for a debit card, where you can use it at the
ATM, you can use it online, automatic payments. It
gives you much flexibility for your purchases. There
are also student checking accounts that banks offer.
And as a banker, I definitely recommend for college
students to look into that option first. There are
many types of checking accounts and it's important to
find out what checking account you're opening. But
with the student accounts, most student accounts are
either free or have a low service fee or maintenance
cost. What I mean by that if you have a student
account you should not be expecting to pay anything
more than $5.00 a month. Like I said though most
student accounts are free and I encourage all of you to
take advantage of. Also, in addition to checking
account, saving accounts are probably the next most
common account product that banks offer. Savings
accounts are important. They help you to save; they
help customers earn interest on their money. I think
it's important to save for goals for the future. If
you want to go on a vacation or if you want to buy a
car or even if you want to start saving for your
retirement at a young age, you need to get in the habit
of saving. That's where saving accounts come in.

Tray Thompson: Okay. So I think we have a question from Gregorio. It says if I had a regular checking account and I am now a student, can I switch it to a student checking account?

Mario Arriaga: The answer to that is yes. Yes definitely. Depending on the institution, you want to most likely go inside the bank and speak to a banker. Let them know that you’re a student, you are in school and that are enrolled at a university. I am pretty sure they will not, it is not necessary to open a new account. You can maintain your existing account and just switch it to a college account or student account status. And, but yes you can keep everything the same. If you have direct deposit or automatic payment, it will not be affected.

Tray Thompson: Okay. Awesome. So what were some of the ways in which a student cannot pay that fee, those fees regarding their checking account? You said they can either be charged zero or in some situations they can be charged $5.00; right?

Mario Arriaga: Yes. Most student accounts they, let me start again. Most accounts have requirements. So, most accounts will ask you to do something in order to waive the fees. With student accounts, those
requirements are more _____. They're easier to fulfill, so you don't have to pay those fees. Every institution is different, so you want to find out if there is going to be a fee on the student account. If there is you want to find out how you can waive that. That's what I would recommend. Ask if there is going to be a fee. You always want to ask that so there would be no surprises in the future.

Tray Thompson: Okay. So we are encouraged to ask how might we waive the checking account or savings account fees if we go into a branch or banking institution. Okay.

Mario Arriaga: Correct. Correct.

Tray Thompson: So, can you tell us a little bit more about student loans, the private student loans?

Mario Arriaga: Yes. Student loans are a great option to pay for school or school related expenses. Here at Wells Fargo, I'm using ourselves as an example -- I know we offer private student loans. Now, the way private student loans work here, Wells Fargo does verify with the institution to make sure that there is a financial aid need or there is a need for additional funds. So, if you are being covered by FAFSA and you have options for, let's say, a subsidized or unsubsidized loan, and you've taken those, there's
probability that you may not be eligible for a private student loan. We want to make sure or Wells Fargo bank wants to make sure that if there is a need for student loan, there is an actual need. Not for other purposes such as a car or going on a vacation. There are options for those types of loans, but student loans are more directly related to school.

**Tray Thompson:** So, can you tell us a little bit more about student loans, the private student loans?

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more directly related to school.

Tray Thompson: Okay. So, what private student loans we are, how is the school making sure that students are using it for tuition and housing and different things like that?

Mario Arriaga: Well, it is a process. The institution will contact the University directly to find out what those Financial Aid Awards are. If there is a gap between the financial aid and the living part, cost of tuition for the concerned, for the University or the institution, then most likely the student loan will be fulfilled. At that point it is up to students to decide what they will do with the funds. Of course, we encourage students to use it for school and any important thing that arises.

Tray Thompson: Okay. All right. Thank you, Mario. Now it goes on to our next question. How do we avoid some of those fees that we were talking about? We just want to dig in a little deeper into some of those requirements that we have to meet in order to not have overdraft fees and account maintenance fees.

Mario Arriaga: The first thing, I know I mentioned it a few minutes ago, is getting the proper information, asking questions. When you're opening the account, you want to ask those main questions - what fees are
involved? How do I waive them? How much are they?

That is probably the number one way to avoid fees.

It’s also a good idea to maybe take notes while you're
opening the account. If you need to bring a little
notepad, you can take notes just to grab the main
points on the fees and avoiding them. Banking
institutions will also provide disclosures. And I
think this is an area where customers are not looking
at the disclosures as carefully as they need to be
looked at. The disclosures will provide all the
information necessary and all the agreement information
as well. So if you can't remember every single thing
that was mentioned, you actually have it written and
you have a hard copy as well. Now, some of the common
fees that banks implement, I know that some of you are
aware of them or have seen them before are overdrafts,
returned items such as bad checks or checks that
doesn't have enough money. It's returned and you have
to pay a fee for that unfortunately. There is also
excess activity fee. For example, if you’re
transferring from a savings account, there is a limit
online. This is a Federal law. This is something that
I have seen happen many times before. And then of
course, the service fee. That's what banks call them,
service fees. It's basically the cost for having an
actual account. There are tools to avoid these fees though. So as I mentioned, knowledge of account requirement is the number one way to avoid fees. Bank statements are valuable. They are very important. They are official documents and I believe most people have them mailed to their homes. But now with technology that we have, all the statements are available online. So I know Wells Fargo provides 7 years of bank statements. With the bank statements, you can review all your history. You can review your transactions. You can review the fees also. Summarize what is needed to avoid the fees as well. I believe bank statements are very useful. There is also online banking, mobile banking and text banking. So if your account goes negative for any reason or you have less money in your account, you can use these tools to track your money.

**Tray Thompson:** Okay. Well, some of those tools for tracking our money, that's what we want to jump into next. So with that resource online, do we get the opportunity to set up a budget or do we get the opportunity to, you know, get notified if we spend over a certain amount of money?

**Mario Arriaga:** Yeah, there are tools used to kind of alert you if your account, let's say goes under a
$100 or if there’s a payment is coming up. Most of these are conducted through texts. And they are called a type of alert. I definitely encourage you to set those up through online banking with the institution that you have. The alerts are usually customized. So you have at least 20 different features where you can alert yourself if you go below a certain amount or if your account goes below a certain amount, if a payment was made or a transaction was done out of the country. You have many options just to keep track of your funds and to make sure everything is going right.

**Tray Thompson:** Okay. I believe there’s a few other things that we can do on our smart phone and other devices as well that includes transferring funds from our different accounts; right?

**Mario Arriaga:** Yes, you can transfer. Before you couldn’t do as many transfers, but now things have changed. It has become so much more advanced. You can transfer to your, between your own accounts, from checking to savings, or vis versa. You can transfer to friends and family. So, if you need to pay your friend for lunch from last week, you can go ahead and pay him via your cell phone, you don't have to see him personally. You can transfer to other companies. If you have any type of bill such as a phone bill, utility
bill, you can do everything. Everything is online now. On this screen, I know right now you're seeing an image of a spending report and a budget watch. And, what these do for you basically they organize where the money is going and into what categories. So, if you're eating out too much or if you're going to McDonalds or just restaurants, you'll be able to see how much money you're spending at these places every single month. And this kind of helps up realize, you know, we need to budget ourselves a little better.

**Tray Thompson:** Okay. Yeah that's definitely what we want to keep in to consideration. I see we have another question, it says - Am I able to opt out of these fees, such as overdraft fees, and how might I be able to do that?

**Mario Arriaga:** That is an excellent question. We had a, there was a Federal law that came into place, I believe it was 2-2½ years ago, where institutions have to give you the opportunity of opting out of these overdraft fees basically. So, now you have the option of if you don’t have enough money in your account, your transaction will get declined. So, for example, if you have $3.00 and you’re trying to buy a $10.00 shirt, you won't have that $35.00 fee fact off. So, there is an option to opt out to the client for the overdraft
services. That is something that you will need to
speak either to your banker or the actual institution
over the phone. But, yes there are options and that is
something that should definitely be looked at.

Tray Thompson: Okay. In some situations when
setting up our accounts we can take care of that right
away as well; right?

Mario Arriaga: Yes. Yes, you could. There is a
lot of information. But like I said at, that's why
it's good to do some research before opening your
account. Making sure you take notes, write down what
questions you have so before you open the account, you
can ask these questions and have your questions
answered. Once the services are set up, you will need
the disclosures to verify everything to make sure that
there is no confusion or missing information.

Tray Thompson: Okay. All right. Well, after
looking at our management tools, this concludes our
webinar. But we want to make sure we open it up for
questions. Do we have any questions at this time?
Okay.

Mario Arriaga: Anything banking?

Tray Thompson: Banking, credit, any type of
questions related to institutions or savings? Any
problems with bank accounts? No. Okay.
We want to thank Mario for coming and answering our questions. We want to thank you all, all the students for participating in this webinar. And we look forward to seeing you all at our next workshop, which is the "Money Pie" on October 29th at 12:00 p.m. Of course, there will be free pizza. So keep that in mind. Thank you very much. Have a good day. Our contact information is below.