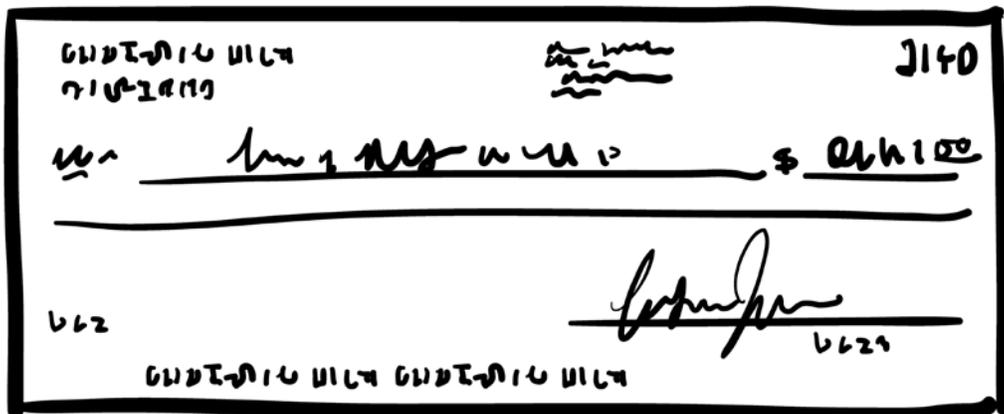


A Consumer Action leader's guide

Questions & answers about bank accounts



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Bank accounts and financial health

Why are policymakers concerned about people who do not have bank accounts?

Almost one-third of the population is unbanked or underbanked. People who are not connected to the mainstream banking system must find alternatives to help them cash checks, make payments and borrow money—and it is these “alternative financial services” that concern many policymakers. For example, people without bank accounts must cash their paychecks at check cashing outlets and receive the proceeds in cash. Check cashing outlets charge a percentage of the amount of the check, which can be costly. Cash can’t be replaced if it’s stolen or lost. Without a savings account, consumers don’t earn interest, which would help their savings grow.

In recent years, prepaid cards and payroll cards have become an alternative to bank accounts for many people. However, some prepaid cards are more costly than bank accounts, so it’s helpful for consumers to understand how to choose low-cost prepaid cards and avoid some of the common fees that add to the cost of these cards. (See “Alternative financial services” section.)

Why do some people choose not to use banks?

Many people stay away from the banking system because of fear of the unknown or past problems with financial institutions. Immigrants, for instance, might fear the banking system because of its unfamiliarity, or the fact that banks in their homelands were agents of corrupt regimes. Low-income people might worry that they will “bounce” a check or debit and incur multiple overdraft fees, which can be \$25 or more *each*.

Consumers who have made banking mistakes in the past—such as not repaying checks they bounced or abandoning an account with a negative balance—may be “blacklisted” because they are listed in a database used by banks to screen potential customers. (See “Barriers to banking” section.) And some immigrants may lack the forms of identification required to open a new account, while cultural or language barriers may discourage others from developing a relationship with a financial institution.

Why is it a good thing to have a checking account?

A checking account can help you in many ways. Your money is safe in a checking or savings account. The Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) insure bank and credit union deposits up to \$250,000 per account. (See “Deposit insurance” section.)

With a checking account, you can deposit or cash checks. You can use “direct deposit” for your paycheck or benefits, giving you timely access to your money. You can wire money to other people’s accounts (sometimes there is a fee) and have money wired to your account by others. More and more banks also offer “person to person” payments to help you pay people you owe money to, such as babysitters, landlords or friends you split the dinner tab with.

A checking account allows you to write checks or use a debit card to access money you deposit.

A checking account allows you to pay bills with checks or online. You also can provide your bank account and routing numbers to companies you trust to have them “auto debit” your account to pay your bills. (You can specify when the payments will be taken from your bank account.)

A checking account can help you track your spending and provide a record of payments. Many banks now offer free programs to help you monitor your spending and set budget goals.

What are some reasons to have a savings account?

A savings account provides a safe place to keep your money, typically providing insurance on your deposits up to \$250,000.

It can be easier to save if you have a savings account, and the money you deposit in a savings account can grow by earning interest. While interest rates on savings accounts can be very low, it’s better to have your money working for you in a safe place instead of just sitting at home, where it could be stolen or lost in a fire or other disaster.

You can “transfer” money automatically from your checking account to your savings account if they are linked. (See “Savings accounts” section.) Once your savings grow, you might want to ask your financial institution about “certificates of deposit” (CDs) to help you earn more interest on money you will not need to withdraw for several months or years.

How can newcomers become comfortable with the U.S. banking system?

According to a report titled “Financial Literacy for Newcomers” (www.higheradvantage.org/wp-content/uploads/2012/05/rw_financial_literacy.pdf), published by the Lutheran Immigration and Refugee Service, access to accurate and timely financial information soon after arrival helps to get newcomers comfortable with beneficial banking products and services. Practical instruction (online or in person) that familiarizes immigrants with online banking, ATMs, how to write a check and other routine banking tasks is also important. An understanding of alternative identification documents that are accepted by financial institutions when opening an account will also empower them.

Financial institutions

What is a bank?

A bank is a company that allows people to deposit their money in checking and savings accounts to keep it safe and to earn interest (if applicable). Banks often provide other financial services, such as debit, credit and prepaid cards; loans and mortgages; and investments. Banks can be national or state-chartered, which means they are regulated at the federal or state level. Nationally chartered banks, as well as those that belong to the Federal Reserve System, must have FDIC insurance. Most states require FDIC insurance for the banks they charter.

What is a credit union?

Credit unions are member-owned institutions that accept deposits and make loans—just like banks. Credit union membership is typically based on your employment, community or membership in an association or organization. They can be regulated by states or by the federal government. All credit unions focus on providing a safe place to save and borrow at reasonable rates.

Credit unions often benefit low-income members with financial services at reasonable rates in locations that are underserved by banks. Credit unions pay their members in the form of dividends (a portion of the credit union’s earnings), which is the credit union version of a bank’s interest payments.

All federal credit unions are regulated by the National Credit Union Administration (NCUA) and backed by the full faith and credit of the United States government up to \$250,000 per account through the National Credit Union Share Insurance Fund (NCUSIF). State-chartered credit unions are insured by the NCUSIF or by their own state insurance or private insurance. (For a list of state credit union regulators, see www.nascus.org/state-regulators.php.)

How do I open a checking or savings account?

Most financial institutions require two pieces of ID, one with a picture on it. If you are a non-citizen opening only a (non-interest bearing) checking account, the financial institution might accept a consular ID card or non-U.S. passport instead of a U.S.

government-issued ID. If you are a U.S. citizen or have U.S. residency documents (“green card”), you’ll also need a Social Security number. If you are not a citizen, you’ll need an Individual Taxpayer Identification Number (ITIN) if you want to open an interest-bearing (i.e., savings) account. Visit the IRS online (www.irs.gov/uac/Form-W-7,-Application-for-IRS-Individual-Taxpayer-Identification-Number) or call 800-829-3676 to get Form W-7 (Application for IRS Individual Taxpayer Identification Number). In some cases, if an ITIN is needed, the financial institution may help you apply for one.

If one bank or credit union is not satisfied with your items of identification, try another one—different financial institutions have different requirements. Note that it is against the law for the IRS to share information with other federal agencies, including immigration and homeland security authorities.

You must have some money to open an account. Some banks and credit unions require an initial deposit of only \$1—others ask for \$50, \$100 or \$500. You can use cash or a check to open an account.

If you have had past banking problems (for example, you have abandoned an account with a negative balance), you may have a record with an account verification service such as ChexSystems. Banks and credit unions check these records when deciding whether to open a new account. A ChexSystems report, or a report with a similar service, can make it difficult to open an account. Read the section on “Barriers to banking” in this manual for information about your rights and account options.

Selecting bank accounts

What’s the best way to select a bank or credit union?

There are literally thousands of banks in the U.S., which can make it a challenge to choose one. Many people select a bank simply because they see a branch near their home or office. This is not a bad strategy, because it means the bank will be convenient for banking and getting cash when you need it. Large national banks with thousands of branches are attractive because you can avoid using out-of-network ATMs, which costs money.

But in today’s world, a bank doesn’t have to be in your back yard. Many banks offer most of their services online—either through a computer browser or a mobile app (software application). Many such banks (and credit unions) offer “ATM rebates”—reimbursement of out-of-network ATM fees. Typically these rebates are limited to a certain number per month.

Often, credit union membership is available to you through your workplace, community or place of worship. If so, you can opt to set up your account at that institution.

One way to start your search for a bank or credit union is to ask family members and friends where they bank. Another way is to use one of the websites that compare bank and credit union accounts, such as Bankrate.com, FindABetterBank.com or NerdWallet.com, to name just a few. When you’ve narrowed the field, visit the financial

institution's own website and read about the requirements for opening an account, any potential fees, whether the institution's accounts are insured, and more.

How can I find out if I'm eligible to join a credit union?

To find a credit union that you can join, call the Credit Union National Association at 800-358-5710 or visit A Smarter Choice (www.asmarterchoice.org), a project of the nation's credit unions.

I seem to hear a lot about mobile banking. How does it work?

Mobile banking allows you to access your financial accounts and conduct transactions wirelessly using your mobile device. Most major financial institutions, including banks, credit unions, lenders and investment companies, offer mobile banking. Increasingly, smaller financial institutions also offer mobile banking.

What you can do using a mobile device depends on the technology used by the bank, your wireless service plan and the type of phone, smart device, tablet computer or PDA (personal digital assistant) you have. You need a smartphone with data service or Internet access to take advantage of the most advanced mobile banking capabilities. Before you can access accounts on your mobile device, you may be required to complete the enrollment and setup process on a computer.

There are three types of mobile banking that your bank may offer:

- Text, or SMS (short message service), banking: Text banking allows you to get information about your account (such as your balance) and receive alerts via text message. It works with any cell phone that supports texting, but usually you can't conduct transactions via text banking.
- Online banking: You log in to your bank account using your mobile device's Web browser, just like you would on a laptop or desktop computer. It enables you to do all the same things you can do with online banking. This requires a Web-enabled device and a data service plan or Wi-Fi.
- Mobile banking application: "Apps" are specially designed programs that are downloaded and installed on a smartphone, tablet or PDA. Apps typically are faster to use and easier to navigate on a small screen than a website is, and they allow you to conduct the full range of transactions. (Many bank apps even allow you to make a deposit by taking a picture of the front and back of the check.) To use a mobile banking app, you must have an advanced mobile device with Wi-Fi or a data service plan.

Checking accounts

How does a checking account work?

When you open a checking account at a bank or credit union, you are given an account number. This allows you to deposit money into your account. To access your money, you can write a check, make a withdrawal at an automated teller machine (ATM) using

a debit or ATM card and your personal identification number (PIN), make purchases with your debit card, get cash back when you use your debit card at a store that has a "point-of-sale" (POS) machine, and transfer money or pay bills online or using an app on your mobile device. Joint accounts allow co-owners, such as spouses, to use the account together. Each month, the bank provides a statement (by regular mail, email or online) showing your deposits, withdrawals, bill payments, debit card purchases and fees.

Is it possible to find a free checking account?

Free accounts are available at many banks and credit unions if you agree to use direct deposit for your paycheck or benefits check. This means you would not receive a paper check—the money would be electronically deposited into your account. Some financial institutions also offer free accounts if you agree to use the ATM for all deposits and withdrawals. With this kind of account, you may be charged a fee if you go to a teller's window. You might also be able to get a free account if you maintain a minimum balance. Having linked checking and savings accounts at the same institution makes it easier to meet the minimum balance requirements if the bank counts the combined total in the two accounts. Some financial institutions have fewer restrictions than others on their free accounts.

What is direct deposit?

Direct deposit is a service of employers, payroll companies, brokerages and government benefits programs that allows money due to you to be deposited directly into your checking or savings account using the electronic transfer of funds. Direct deposit is a safer, faster and less expensive alternative to paper checks. Many banks will waive or reduce monthly account fees for customers who use direct deposit.

Will my money be available as soon as I deposit a check? What if I use direct deposit?

In many cases, \$200 of a check deposit will be available the first business day after deposit, with the remaining amount being available on the second business day. In some cases, such as if the account has been frequently overdrawn or the bank has reason to doubt the check is good, the entire check amount can be held until the seventh business day after deposit. And a deposit can be held for up to nine business days if the account it is being deposited into has been open for less than 30 days.

Some deposits are subject to "expedited availability," which means the first \$5,000 of the deposit will be available by the first business day after the deposit. These include cashier's checks, postal money orders, government-issued checks, and checks drawn on another account at the same financial institution.

Not all banks impose the maximum hold on check deposits.

At the minimum, a bank or credit union must make your directly deposited paycheck available on the next business day after the bank receives the electronic payment. That means that if the deposit is received on a Friday, the funds may not be available until Monday (or even Tuesday if Monday is a holiday). Under other rules, funds for most electronic deposits are made available on the day of deposit. To avoid "bouncing" a

check or not having funds available when you planned for them, make sure you understand your bank's policies.

By law, financial institutions must disclose their hold policies at the time you open a new account.

How do I make sure my account statement is correct?

Always “reconcile” your account when you receive your monthly statement to ensure that you and the bank have the same balance and to spot any fraudulent transactions or mistakes. To reconcile your account, compare the account statement against your entries in your checkbook register. Follow these steps:

- Check off each transaction (checks, transfers, debits, bill payments, deposits, etc.) in your register that also appears on your statement.
- Look for the ending balance on your account statement and add to it any deposits or credits that are not reflected. This is your new ending balance.
- Total all withdrawals, checks, debits, online payments, electronic transfers and bank fees that are still unchecked in your register. Subtract the total from the new ending balance.

This final number should match the ending balance in your checkbook. If not, go back over the steps to find any missed transactions or miscalculations. Contact the financial institution for help or if you think there has been an error or unauthorized transaction.

Debit and ATM cards

What's a debit card?

A debit card is a plastic card (resembling a credit card) that comes with most checking accounts. Your debit card allows you to withdraw cash and make deposits at automated teller machines (ATMs). If the card has a Visa or MasterCard logo it is called a “branded” debit card. With a branded debit card you can also make purchases where those types of credit cards are accepted. Remember, the money for each withdrawal or purchase you make will be deducted directly from your checking account. Record all debit card withdrawals and purchases in your check register.

You can use your branded debit card two ways:

- With a personal identification number (PIN) at an ATM or at grocery stores and some other businesses that, in many cases, allow you to request “cash back” when making a purchase, and
- With your signature to pay for goods, meals and services. (You can't get cash back on a “signature” (or “credit”) transaction.)

For smaller transactions, you may not be asked for a PIN or a signature.

Remember, even if you select “credit” transaction when using your card, the money you spend will still come directly out of your checking account.

If I don't want a branded debit card, can I still access my money at ATMs?

Probably. Most banks offer an ATM-only card to customers who request it. An ATM card (without the Visa or MasterCard logo) can only be used with a PIN at either an ATM or to make “point of sale” (POS) purchases at some stores with PIN keypads. ATM-only cards cannot be used for debit purchases with a signature (which confusingly are called “credit” purchases by many retailers.)

What is a “point-of-sale” transaction?

You can use your debit card to make purchases at stores that accept such cards—this is called a “point-of-sale” transaction. Some businesses, such as grocery stores, will allow you to get cash back while you are making a purchase with your card (if you choose “debit” and use your PIN).

What is a “hold”?

When you use your debit card in situations where the final transaction amount is unknown—such as at hotels, gas stations or restaurants—the business can ask your bank to place a hold on some of the funds in your checking account. This is done to ensure that you have enough money to cover the final amount when it is eventually processed. No money leaves your account until the purchase clears, but the hold is active until the actual transaction is settled, which often is within 24 hours but can take much longer.

For instance, when you pay at the gas pump with your card, the station may put a hold on, say, \$75 in your account even if you end up buying only a few dollars worth of gas. Restaurants, too, may seek higher authorizations so that you can add a tip. Even if you pay the tip in cash, part of your balance will remain blocked until the transaction is settled. When you use your card to check into a hotel, the hotel may ask your bank to hold the cost of one or two nights.

While there's a hold on your account, your available balance is reduced by that amount, which could cause you to overdraw the account or have checks you've written bounce if you haven't planned ahead.

How can I avoid getting hit twice for ATM surcharges—once by my bank and another time by the ATM owner?

Bank with an institution that has ATMs where you work, live and shop. Join a credit union or smaller bank that is part of a “no surcharge alliance”—a group of banks and/or credit unions that agree not to charge a fee when customers of member financial institutions use one of the other member's ATMs. (Learn about some of these alliances by doing an online search for the phrase “no surcharge alliance.”) Use an Internet-only bank or look for a traditional (brick-and-mortar) bank or credit union that gives you some credits against ATM surcharges. (As with any financial institution, check that the

Internet-only bank you are considering is FDIC-insured:

[http://research.fdic.gov/bankfind/.](http://research.fdic.gov/bankfind/))

Am I responsible for transactions made with my lost or stolen debit card?

Your liability for transactions made with your lost or stolen debit card is only \$50 if you report the loss within two business days of the time you become aware that it's missing. If you bring the unauthorized transactions to the bank's notice after two days but within 60 days of the statement date, your losses will be limited to \$500, no matter how much money was stolen. However, you could lose all the money in your account and the unused portion of your overdraft line of credit if you fail to report an unauthorized transfer, withdrawal or purchase within 60 days of the date of the account statement that reflects the error.

Report a lost or stolen card to your bank or credit union immediately.

For more about debit cards, see "Understanding Debit Cards: Plastic with a difference" (www.consumer-action.org/english/articles/understanding_debit_cards/).

Savings accounts

What is a savings account?

A savings account is a safe place to keep your money while it earns interest. Interest is money the bank pays you for leaving your funds on deposit in an "interest-bearing" account. Most, if not all, savings accounts are interest bearing. (So are some checking accounts, but these tend to charge high fees if you don't maintain a high minimum balance.)

At present, most bank and credit union savings accounts do not pay much interest—typically far less than 1%. Interest is expressed as an annual percentage yield (APY)—the amount your money would earn if left on deposit for one year.

What is interest?

Interest is the cost of using money. When you deposit money in a savings account, the bank or credit union pays you interest because it uses your money to make loans to other customers (and charges them a higher interest rate than it pays you). When you carry a balance on your credit card, you pay the credit card company interest because you use the company's money to make purchases or take cash advances. Interest you pay is expressed as an annual percentage rate (APR), while interest you earn is expressed as an annual percentage yield (APY)—the percentage of the account balance that you would earn in one full year. Currently, most banks pay far less than 1% interest on savings accounts. That means if you had \$1,000 on deposit for a year, you would earn less than \$10.

What is compound interest?

There are two kinds of interest: simple and compound. When you are earning interest, compound is better because you earn interest not only on your initial deposit but also on the interest you have accumulated. In contrast, simple interest is calculated only on your initial deposit.

I'm discouraged by the low interest rates my bank offers. Are there any alternatives to traditional savings accounts that would allow me to earn more?

Yes, there are a couple of alternatives. However, be aware that not all such alternatives are FDIC-insured. Look into Series I U.S. Savings Bonds (I Bonds), online-only banks (which tend to pay higher interest rates), certificates of deposit (CDs) and credit union savings accounts. You can compare rates for bank accounts and CDs at Bankrate.com (www.bankrate.com/compare-rates.aspx).

I Bonds are issued by the U.S. Treasury and can be purchased online at www.TreasuryDirect.gov. They pay interest rates that are adjusted for inflation.

Deposit insurance

I have FDIC-insured accounts at several banks—are they all covered?

Yes. Your accounts at different FDIC-member institutions are insured separately up to the \$250,000 limit per account ownership category, per bank.

Are credit union deposits insured?

Credit unions, like other financial institutions, are regulated by the government. The National Credit Union Share Insurance Fund, administered by the National Credit Union Administration, an agency of the federal government, insures deposits up to \$250,000 per account. Deposits at all federal credit unions and the vast majority of state-chartered credit unions are covered by NCUSIF protection. Look for the NCUSIF symbol at the credit union or on its website, ask a credit union representative, or do a database search at <http://researchcu.ncu.gov/Views/FindCreditUnions.aspx>.

What is covered by FDIC insurance?

If an insured bank or savings association fails, the FDIC protects deposit accounts—including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs) — against any loss up to the federal limits.

FDIC insurance doesn't protect against losses on “non-deposit” products—stocks, bonds, mutual funds, life insurance policies, annuities or municipal securities, for example—even if they are offered by, or purchased through, an insured bank.

For more information, you can call the FDIC toll-free at 877-ASK-FDIC (877-275-3342). Email the FDIC using this online form: <http://www2.fdic.gov/starsmail>.

The FDIC offers brochures, videos and other information on FDIC insurance (www.fdic.gov/deposit/deposits/). You'll also find the FDIC's interactive Electronic Deposit Insurance Estimator (EDIE), which you can use to calculate the insurance coverage of your accounts and generate a printable report—available in English (www.fdic.gov/edie/index.html) and Spanish (<http://www2.fdic.gov/edie-esp/>).

What are the limits on FDIC insurance?

Individual deposits up to \$250,000 are fully covered by the FDIC.

You may be able to keep several accounts at the same bank, each with a limit of \$250,000, if you own deposit accounts in different “ownership categories.” For example, your deposits in:

- Single accounts (in one name only) are insured up to \$250,000.
- Joint accounts (for two or more people) are protected to \$250,000 per owner.
- IRAs and certain other retirement accounts at banks are covered up to \$250,000.
- Trust accounts can be protected up to \$250,000 for each named beneficiary provided that FDIC requirements are met.

Because of the separate insurance coverage for deposits in different categories, a couple could, for example, have \$1.5 million in deposit insurance coverage in one FDIC-insured institution if they had two individual accounts, a joint account and two trust accounts naming each other as beneficiary.

For specific information on your particular situation, use the FDIC's online calculator to help you manage your accounts so that the largest amount possible will be insured. The calculator is available in English (www.fdic.gov/edie/index.html) and Spanish (<http://www2.fdic.gov/edie-esp/>).

Using ATMs

Why are some people reluctant to use an ATM?

Even though automated teller machines—or ATMs—are such a common sight, some people are afraid to use them. Many immigrants and older adults find the machines intimidating, confusing or don't feel safe using an ATM. Step-by-step training—no matter how obvious the steps might seem—can help increase their comfort level. If English is not a consumer's primary language, they should look for a bank that has ATMs that provide instructions in their language.

Where can I find resources to help someone learn how to use an ATM?

There are many resources available—training guides, class exercises and videos—to help someone learn important banking concepts, including ATM operation. Consumer Action has created a training guide with classroom activities (See: www.consumer-action.org/modules) as part of this project. Other resources include:

- HandsOnBanking.org: Using ATM and debit cards at an ATM (www.handsonbanking.org/htdocs/en/y/gs/how/ygshowatm.html)
- YouTube.com: How to use an ATM (www.youtube.com/watch?v=IcJPg9RW4Qk)
- New York State Department of Financial Services: How to Use an ATM Safely (www.dfs.ny.gov/consumer/atmsafety.htm)
- WikiHow: How to Use an ATM (www.wikihow.com/Use-an-ATM)
- Bank of America Info Center: Getting Started (videos, demos and printable guides) (<http://infocenter.bankofamerica.com>). The offerings are specific to Bank of America, but can be useful in understanding the concept of how to use an ATM.

Find other resources by typing the words “How to use an ATM” into a search engine.

What fees could I be charged for using an ATM?

When you use an ATM not owned by your bank, you can be charged two fees—a “foreign” ATM fee charged by the ATM owner, and an “out of network” fee charged by your own bank.

Whenever possible, try to use your own bank’s ATMs, which should be free for its account holders.

What are ATM fee “waivers” and “rebates”?

An ATM fee waiver is when your bank offers to waive its fee for using another bank’s ATMs. This is usually done because your bank doesn’t have its own ATMs, or doesn’t have many of them. An ATM fee rebate is when your bank offers to reimburse you for the ATM fees other banks charge for using their machines. Sometimes these benefits are limited to a certain number or amount each month.

Can I use my U.S. debit card to withdraw money in different countries?

Yes, in most cases you can withdraw local currency from ATMs overseas. (The exchange rate usually is better than you can get at moneychangers.) To avoid problems and undue fees, inquire at your bank about using your card in specific countries you plan to visit. Some countries may have ATMs that require five-digit personal identification numbers (PINs) instead of the four-digit PINs prevalent in the U.S. Also, many larger banks have “networks” of overseas banks where you can avoid ATM fees.

Overdraft protection

What is an overdraft?

If you do not have sufficient funds in your account to cover a payment, and your account is overdrawn because the bank pays the item, it is called an overdraft. When this happens, you will be charged an overdraft fee. (Banks also charge a fee if they decline

to cover a check due to non-sufficient funds (NSF)—also known as “bouncing” a check.”)

Overdraft fees are among the highest bank fees you can pay—as high as \$35 each—and you can get hit with more than one per day. Overdraft fees typically are charged at the end of the business day, when your daily transactions are “cleared” by the bank. If two checks and an online bill payment cleared your account on the day you had insufficient funds, you would be charged three overdraft fees. If each fee were \$30, you would be charged \$90 in overdraft fees that day.

What is overdraft protection?

These are services offered by banks in connection with checking accounts. The bank will pay the overdraft and charge you a fee. But the amount of the fee you’ll pay can be very different depending on the overdraft program you choose.

“Courtesy” overdraft coverage: This kind of coverage was automatic with many checking accounts from the 1990s through 2010, when the Federal Reserve passed its Overdraft Rules. Now your bank must have your permission before it can charge a fee to pay overdrafts on “nonrecurring” debit card transactions and ATM withdrawals. Giving your bank permission to do this is called “opting in.”

Whether or not you opt in, your financial institution still can charge you a fee for covering overdrafts caused by checks and “recurring” payments you have set up through online bill pay or auto-debit programs with companies you need to pay.

Consider your options carefully before you opt in to courtesy overdraft coverage for nonrecurring debit card transactions and ATM withdrawals. If you do *not* opt in, and you do not have enough money in your bank account, these transactions will be denied—but you won’t get hit with an overdraft fee.

If you opt in, the transactions will be allowed to go through, and you will be charged a hefty overdraft fee on each one (although you will be protected from any merchant “returned transaction” fees, if applicable). Some banks also charge a second overdraft fee if the overdraft and the fee are not paid back in a few days. And at your next deposit, the bank will most likely automatically help itself to the money you owe.

Traditional “optional” overdraft programs: “Real” overdraft protection means your financial institution will process your transaction even if you don’t have enough money in your account to cover it and you won’t pay overdraft fees. There still will be a “transaction fee” each time you overdraw your account, but it will be charged only once per day, when you need the protection, and the fee is much lower than a courtesy overdraft or bounced check fee. You won’t incur a “returned check” fee from the merchant, either.

When I elected not to opt in to courtesy overdraft coverage, I was told there would be an \$8 monthly maintenance fee on my checking account—is that legal?

The law gives you the right to opt out of overdraft coverage (even if you’ve already opted in) and prohibits discrimination against you if you do not opt in. So no, it is not

legal to charge you higher account maintenance fees or withhold certain account features simply because you didn't opt in to courtesy overdraft coverage.

My bank had been covering my overdrafts, but then they bounced a check I wrote to my landlord. Can they do that?

Under courtesy, or standard, overdraft coverage, the bank can advance you the needed funds to cover your transaction at its own discretion. It is not obligated to cover your overdraft, even if it has done so in the past. To avoid having your check bounce or your transaction declined, consider signing up for an optional overdraft protection plan through which money would be transferred from a linked savings account, credit card or line of credit to your checking account as needed. To qualify for the credit-based protection, you will need to have a good credit history. While there will be a cost, it will be lower than the courtesy overdraft fee or NSF and returned check fees.

Can overdraft protection ever be a good thing?

Yes—if you frequently fall short between paychecks, consider “real” overdraft protection (traditional “optional” overdraft programs). Unlike the “courtesy coverage” that banks offer—and want you to opt into—real alternatives exist to protect you from overdraft fees. Most banks offer better, cheaper options in case you overdraw your account. For a small fee or small amount of interest, traditional bank overdraft protection plans mean that you don't have to pay the large overdraft fees. Talk to your bank or credit union branch to find the options available to you, which may include linking your checking account with a savings account, a credit card or a line of credit.

Each day that you need a transfer to cover overdrafts, the bank will automatically transfer money to your account. You may pay a fee to cover the transfer—but you will not be hit with hefty overdraft fees. If you link your account to a credit card or a line of credit, you will be charged some interest on the amount transferred, until you pay it back.

I got charged three overdraft fees because my bank reordered my transactions—is that legal?

Although some banks have abandoned the practice, others still “reorder” transactions from largest to smallest, driving up the number of daily overdraft fees you incur. For example, say you had four transactions, for \$10, \$30, \$75 and \$300. If they all cleared on a day when your account balance was \$300, you could get hit with one overdraft fee, if the bank clears the three smaller transactions first. Or you could get hit with three overdraft fees, if the bank clears the largest transaction first. Even if the bank limits the number of fees it imposes per day, the total could still be substantial, and difficult to repay right away.

Banks have contended that they clear the largest transactions first because those payments usually are more important (rent, for example), and that higher fees are simply a side effect.

The Consumer Financial Protection Bureau is investigating the practice of transaction reordering and may decide to prohibit or limit the practice when it issues new rules for overdraft coverage in the next year or so.

I was charged \$40 per overdraft—and got hit with three in one day! Isn't that excessive?

Federal law does not establish maximum checking account fees. And though in some instances state law may set limits, few or no states currently limit overdraft fees. (There are some that limit bounced check fees.)

Though not required by law, there are banks and credit unions that voluntarily charge lower-than-average overdraft fees, and some limit the number of overdraft fees they charge in a single day.

I can't get my checking account out of the negative because of all the overdrafts and fees that have accumulated. Can I just close the account and open a new one someplace else?

Even if the bank covers your overdrafts, it can be very difficult to dig yourself out of the hole. But walking away will only make things worse. If you abandon an account with a negative balance, the bank will close the account and send the outstanding debt to a collection agency. It will also report the account as “involuntarily closed” to ChexSystems, a consumer banking history report used by financial institutions to evaluate account applicants. This will make it very difficult, if not impossible, for you to open a new account anywhere else—particularly if you have an outstanding debt. (Some banks are more lenient if you have paid off the negative balance plus all fees.)

According to a 2013 study by the CFPB, involuntary account closure is much more common at some banks than others. Depending on where you have your account, the bank might be more willing to keep the account open if you can show you are making a sincere attempt to pay off the debt and bring the account balance back into the positive.

I got charged two overdraft fees on a single check—how can that be?

Some check recipients—merchants, utilities, etc.—or payment processors will resubmit a returned check or declined debit transaction to see if it will go through in the next attempt. This generates an NSF fee each time it is rejected. This is possible with both paper and electronic checks (remote payments from your account).

What can happen if I bounce a check?

A check “bounces” if there are non-sufficient funds (NSF) in the account to pay it and the bank refuses to cover the shortfall. You will owe an NSF fee to the bank, and might owe a “returned check” fee to the payee. If more than one check or debit bounces in one day, you are charged a fee *for each item*.

The consequences of bouncing a check aren't limited to the fees charged by the bank and the payee, which could easily total \$50-\$60 for one bad check. There could be civil and criminal penalties, depending on what state you live in. Civil penalties refer to how much the recipient of a “rubber” check can collect, which can be multiple times the

amount of the check plus legal costs. Criminal penalties refer to arrest and prosecution, but they are usually only pursued if the check writer *intended* to write a bad check and defraud the payee.

In addition, if the bad check results in your paying a bill late to a company that reports to the credit bureaus, your credit report could be affected. Bounced checks are also often reported to companies such as ChexSystems and TeleCheck, which collect data on how consumers have managed their bank accounts. Banks and merchants use these reports to decide whether to accept your check or open an account for you. Negative information stays on your reports for five years (check writing and banking reports) or seven years (credit reports).

A collector is contacting me over a bounced check—what are my options?

Within five days of first contacting you, the collector must send you a written “validation notice.” This document contains information about the debt, including the amount, fees and interest accrued, and the name of the original creditor. It also contains an explanation of your consumer rights, including the right to dispute the debt. If you are contacted by phone, confirm that a written notice will be sent to you.

If you know you owe the money, you can afford to repay it and the statute of limitations has not run out, you should pay it off. While the debt still may affect your credit history negatively, it will be less damaging as a paid debt than an unpaid one.

If you believe the amount is wrong, the fees are excessive, the statute of limitations has run out, the collector has violated the Fair Debt Collection Practices Act or you don't owe the money, you have rights under the law. Learn how to verify the debt, avoid legal action, respond to a lawsuit, exercise your rights and, if necessary, find a consumer law attorney in Consumer Action's publication *Debtors' Rights: Protecting yourself from debt collection lawsuits* (www.consumer-action.org/english/articles/debtors_rights).

A check I wrote bounced because the bank did not make funds from my deposit available in time to cover it? Can they hold on to my money like that?

Under the Expedited Funds Availability Act, a bank can put a hold on checks for as long as nine business days. The actual hold time would depend on the age of your account, the amount of the check, whether you have a history of overdrawing your account, and the individual bank's policies.

Get answers about funds availability after deposits are made at HelpWithMyBank.gov (www.helpwithmybank.gov/get-answers/bank-accounts/funds-availability/bank-accounts-funds-avail-quesindx.html) and from the Consumer Financial Protection Bureau (CFPB) (www.consumerfinance.gov/askcfpb/1031/i-opened-new-checking-account-and-my-bankcredit-union-wont-let-me-withdraw-my-funds-can-bankcredit-union-do.html).

Barriers to banking

What is an account verification company and how can it keep me from opening an account?

An account verification company is a business that helps banks and credit unions identify applicants who have mishandled accounts in the past (for example, customers who have abandoned an account with a negative balance). Consumers who are listed in such a database (the most widely used account verification report is from ChexSystems) usually cannot open a bank account.

What can I do if I'm turned down for an account?

If you are denied an account, ask why. If it is because your name is in an account verification database, you have the right to a free copy of the report that the financial institution based its decision on. You also have a right to request your report(s) every 12 months at no charge.

Request your ChexSystems report at www.consumerdebit.com or call 800-428-9623. Certegy, formerly SCAN (Shared Check Authorization Network), and Telecheck are databases of returned checks. If your check was not accepted at a store, you can order a free report from Certegy at 866-740-3276, and TeleCheck at 800-710-9898.

ChexSystems and similar companies are governed by the federal Fair Credit Reporting Act (FCRA) and other consumer protection laws. So, if you can prove the information in your report is inaccurate, or you can work with your former bank to pay the debt, you may be able to succeed in opening an account. (In the case of ChexSystems, information typically remains in the report for five years.) You can also try to find a financial institution that does not rely on these reports.

Is there any hope for blacklisted consumers who want to open bank accounts?

Yes. There are some programs designed to help blacklisted consumers get bank accounts. One such program is CheckWise, a personal finance course developed by the American Center for Credit Education. The program allows you to take a course on checking account management and receive a certificate of completion that is accepted by some financial institutions that offer "second chance" accounts. Ask the financial institution you are considering if they participate in the CheckWise program. Or type "CheckWise" and your state into a search engine to see if there's a program near you. If not, contact local community-based organizations active in financial literacy to see if similar programs exist.

Another is Bank On, a nationwide program designed to help unbanked and underbanked Americans find low-cost, no-cost and "second chance" bank accounts. Check the Bank On website (www.joinbankon.org) to learn if there's a participating financial institution near you. Other resources for locating "second chance" accounts include: www.nerdwallet.com/blog/checking/second-chance-checking/;

www.mybanktracker.com/news/2013/11/04/second-chance-checking-accounts-chase-pnc-wells-fargo-usbank/; and www.findabetterbank.com/second_chance_checking.html.

Learn more about your options in the FDIC's article "You've Been Turned Down for a Checking or Savings Account. Now What?" (www.fdic.gov/consumers/consumer/news/cnfall13/deniedchecking.html).

What if I don't have the required identification for opening an account?

If you qualify for a Social Security card, complete an application: www.socialsecurity.gov/online/ss-5.pdf. (Learn who can get a Social Security Card from AARP: www.aarp.org/work/social-security/info-06-2012/social-security-card-non-citizen.html.)

If you don't qualify for a Social Security card, find out what types of ID the financial institution accepts. One form of ID will need to have a photo. This could mean applying for a state-issued ID card (such as a driver's license), a passport, a consular ID card (known in some countries as a *matrícula consular*) or other accepted photo ID.

If you want to open an interest-bearing account (typically a savings account) and you don't qualify for a Social Security card, you should apply for an Individual Taxpayer Identification Number (ITIN). Visit the IRS online (www.irs.gov/uac/Form-W-7,-Application-for-IRS-Individual-Taxpayer-Identification-Number) or call 800-829-3676 to get Form W-7 (Application for IRS Individual Taxpayer Identification Number). The financial institution may help you with this process. (All U.S. citizens need a Social Security number, even if the account doesn't pay interest.)

If one bank or credit union is not satisfied with your items of identification, try another one—different financial institutions have different requirements.

I'm afraid of the fees I might incur with a checking account? How can I avoid these?

Understand what activities incur a fee and try to reduce or avoid those charges. Start by asking for a list of fees when you open a new account. It will list all possible charges. Read the inserts that come with your monthly statement or the email notifications you receive, because this is how banks notify you of changes in fees or terms.

Use ATMs owned by your bank to avoid ATM fees. When you use an ATM not owned by your bank, you can get charged two fees—one by the ATM owner and one by your own bank.

If the account requires that you conduct certain transactions at the ATM, don't use a teller unless you have to. While rare, you could be charged a fee to use a teller's services.

If your bank charges for checks, ordering your checks from a mail order check printing company might save you money. Mail order check printing companies typically offer better prices and a wider selection of check types and designs.

The most significant fees you could incur are overdraft and “bounced check” fees. Keeping close track of your account balance will help you avoid these fees. Enter every transaction, including fees, purchases and cash withdrawals. You can also sign up for an overdraft protection plan—there will still be a fee, but it will be much lower than a courtesy overdraft or bounced check fee. Signing up for low balance alerts—notification when your balance hits a certain level—is also helpful. Check your balance regularly—you don’t have to wait for your statement, you can log in to your account online at any time.

How can I avoid a monthly maintenance fee?

First, look for a free account. They are offered at many banks and credit unions. In many cases, your account will be free if you sign up for direct deposit of your wages or benefits.

If you can’t find a free account, even by using direct deposit, look for other ways to avoid the monthly maintenance fee. One way is to meet a minimum average monthly balance requirement specified by the bank. This can be easier to achieve if you have your checking and savings accounts at the same institution so that your combined balance satisfies the requirement.

I’m having trouble finding a bank in my neighborhood—where can I get an account?

If there is not a bank or credit union near your home, you could look for a financial institution near your work. Or, if you are comfortable on the computer or using a smartphone, you could set up an account with an Internet-only bank. One place to start your research is NerdWallet’s list of what it considers the “top online checking accounts” (www.nerdwallet.com/blog/banking/nerdwallets-top-online-checking-accounts/). The FDIC offers tips for choosing an Internet bank (www.fdic.gov/bank/individual/online/safe.html).

Online and mobile banking

What is online banking?

Online banking, sometimes referred to as Internet banking, lets you access your accounts and make certain transactions using a computer and Internet connection. Most financial institutions, including banks, credit unions, lenders and investment companies, offer online banking. There are even banks that offer *only* online accounts. You can set up your current checking and savings accounts for online banking, or you can open a new account online.

Depending on the institution and the types of accounts you have, while you are logged in you may be able to:

- Check your current balance.
- View account activity (deposits, withdrawals and payments).
- Read and download your statements.

- Search for particular transactions (by date, amount, check number or payee name).
- View canceled checks.
- Transfer money between accounts.
- Pay bills (you enter payee information and choose when the bills will be paid).
- View account terms (such as interest rates, fees and due dates).
- Set and manage alerts, request a stop-payment or order checks.
- Contact customer service by instant chat or secure email.

Can I get a better banking deal from an Internet-only bank?

If you are comfortable on the Internet and like the idea of being able to access your account and pay bills from your computer, it's worth looking into. Internet-only banks may save you money in fees and give you better interest rates, not only on savings accounts, but on checking and money market accounts and certificates of deposit (CDs), too.

Online banks, which usually don't have ATMs of their own, sometimes give customers a few monthly credits for fees incurred when using other banks' ATMs. After using up your allotted ATM fee reimbursements, you'll pay an ATM surcharge to withdraw money from another bank's ATM.

As with any financial institution, check that the Internet-only bank you are considering is FDIC-insured: <http://research.fdic.gov/bankfind/>.

How do I get started banking online?

Virtually all financial institutions offer the ability to bank online. After you have opened an account, you can set it up for Internet access by visiting the financial institution's website and registering with a username and password.

What is online bill pay?

Online bill pay, offered by most financial institutions, allows you to pay your bills by entering the names of companies you owe money to, your account numbers and the amount you want to pay. You can set the service up to pay bills automatically each month or you can manually enter the payment dates and amounts each time the bills come due. There may be a fee for the service, but some banks waive the fee when you meet minimum balance or direct deposit requirements. The money applied to bill payments is deducted from your checking account on the day the bill is paid.

Not all creditors can accept money electronically. If you arrange to pay a bill to a creditor who cannot accept electronic payments, the bank will send a check instead. A mailed check can take quite a bit longer to get to the recipient than an electronic payment would. If you're not sure that a particular creditor can accept electronic payments, make your payment at least 10 days in advance the first time you use online bill pay for that creditor. Then check your next statement—if the payment was posted

between one and three days after you made the payment, the company can accept electronic payments. If the payment took a week or longer to post, you'll know the payment was made by check. Schedule future payments accordingly.

What is mobile banking?

Mobile banking refers to accessing your accounts and making financial transactions using your mobile device—typically a cell phone or tablet. Exactly what you are able to do from a mobile device depends on the type of device, your wireless service plan and the technology used by the financial institution. A smartphone with data service is required to take advantage of the most advanced mobile banking capabilities.

While you can do some banking by text message, and you can bank online by visiting the financial institution's website using the browser on your mobile device, true mobile banking requires you to download an "app," which is a specially designed software application you install on your phone or other device. An app is typically faster and easier to use on a small screen and may even enable you to deposit checks by taking a picture using your phone's built-in camera.

Learn more about safe online and mobile banking in “Your Digital Dollars: Banking Online Safely” (www.consumer-action.org/english/articles/your_digital_dollars-banking_online_safely/) and “Your Digital Dollars: Mobile Banking and Mobile Payments” (www.consumer-action.org/english/articles/your_digital_dollars-mobile_banking_and_mobile_payments/).

Alternative financial services

What is a check casher?

Check cashing outlets are a form of alternative, or “fringe,” banking services in which non-bank companies cash paychecks and government checks in return for a percentage of the face value of the check.

While check cashers usually do not cash personal checks, they frequently offer to advance money at high interest rates in return for a signed personal check for future deposit or electronic access to the borrower's bank account. Some lenders threaten criminal penalties for failing to make good on checks.

By cashing paychecks at a check cashing service and paying bills with money orders, a consumer may end up spending more than \$500 a year for transactions that might be free with a bank account. Bank accounts and prepaid cards are two potentially more affordable alternatives to using check cashers.

Who uses check cashers, and why shouldn't they?

Many unbanked people use check cashing centers for their financial needs. Even some people with bank accounts use check cashers because they open earlier and close later than banks and offer many of the financial services that unbanked and underbanked

consumers are used to, such as money orders, utility bill payment processing, remittances and money transfers, etc.

However, the cost of cashing checks at these outlets is very high—typically 3 percent to 6 percent of the face value of the check. Another issue is safety: After cashing a check, an individual leaves the store with a significant amount of cash. The cash could be lost or stolen, or it could be spent on non-essentials because cash has been known to “burn a hole” in the owner’s pocket.

What are payday loans?

Payday loans, sometimes called “cash advances,” “payday advances” or “deposit advance loans,” are short-term loans that are due in full on your next payday. Payday loans are available from storefront lenders (which especially proliferate in poor neighborhoods), online payday lenders and, increasingly, from traditional banks. (In late 2013, the FDIC and OCC each issued guidance listing all the reasons banks should not offer payday-type loans and effectively telling the institutions to put an end to the practice.)

Payday loans tend to be for small amounts (typically \$500 or less) and require you to give the lender access to your checking account or to write a check in advance for the full balance.

The costs of payday loans (finance charges) range from \$10 to \$30 for every \$100 borrowed. A typical two-week payday loan with a \$15-per-\$100 fee equates to an annual percentage rate (APR) of close to 400%. By comparison, APRs on credit cards range from 12% to 30%.

Many states strictly regulate, or outright prohibit, payday loans. The Military Lending Act offers special protections for active duty servicemembers and their dependents who use certain payday loans and other small-dollar loan products.

What is predatory lending?

This term denotes lending characterized by unfair, deceptive or fraudulent practices. It can refer to high-cost, small-dollar loans such as payday advances, as well as practices by traditional lenders who fail to employ responsible underwriting standards when making loans, allowing consumers to borrow money they do not have the capacity to repay.

What is car title pawn?

This is a form of short-term loan that uses your car title as collateral. You get a high-interest, typically 30-day loan by signing over the title of your fully paid for car. Loan amounts are only a fraction of the car’s value. These loans include processing fees, document fees, late fees, origination fees and lien fees—all of which are added to the amount you must pay.

This kind of loan is a very bad idea. If you can’t pay back the loan, the lender may take your vehicle. And while you can still drive your car before the loan is due, lenders

usually make copies of your keys or install tracking devices so they can grab the car shortly after you miss the payment due date. Some lenders don't take the car but hold the title and haul you into court, and you may end up owing court costs and finance charges on top of your original loan amount.

What is a money transmitter?

A money transmitter (Western Union, for example) facilitates the transfer of funds from one person to another. Money transmitters make their money through fees they charge and through the exchange rate they offer when transmitting money to other countries.

More and more, traditional banks and credit unions, as well as online-only services, are offering "person-to-person" (P2P) payment services that enable account holders to send money to family members and other individuals electronically, often at a lower cost than storefront money transmitters.

What are prepaid cards?

General-purpose reloadable prepaid cards are similar to credit or debit cards in terms of where and how you can use them. Generally, you can use prepaid cards for everyday purchases from gas to groceries, and to shop online, withdraw cash, pay for a rental car, airline ticket or hotel stay, and, depending on the functionality of the card, pay bills online or by phone. Like credit and debit cards, many reloadable prepaid cards are branded with the logo of one of the four major electronic payment networks: American Express, Discover, MasterCard or Visa. Businesses worldwide that are a part of the same network will accept the cards.

Prepaid cards have important differences from credit and debit cards. Before you can use the prepaid card, you must "load" it with funds—in other words, you have to put money onto the card. As you use the card, the money you spend is deducted and the balance goes down. When the balance gets low, you can "reload" (add more money) and keep using the card over and over. You can reload anytime, and many cards allow you to schedule automatic reloads when you want them. Depending on the card, you may be able to reload online, in person, or automatically, using cash, a credit card, a wire transfer or direct deposit.

Learn more in Consumer Action's Prepaid Cards module (www.consumer-action.org/modules/module_prepaid_cards), which includes two short educational videos, and in the prepaid card survey issue of Consumer Action News (www.consumer-action.org/news/articles/2012_prepaid_card_survey). Find a card that suits you in Consumer Reports' survey (www.consumerreports.org/cro/news/2013/07/prepaid-cards-worth-considering/index.htm).

What is a prepaid payroll or benefits card?

A payroll card is a reloadable prepaid card offered by an employer as a way for its employees without direct deposit to a bank account to receive their wages electronically rather than via a paper paycheck. Each payday, the employee's net wages are deposited directly into the payroll card account. The employee can then use the card

anywhere a debit card is accepted. A branded card can also be used to pay bills in person, online or by phone, and to make hotel and other types of reservations. The card also might allow free or low-cost funds transfers to other accounts. International transfers (remittances) using the card often cost less than wiring money. Be sure you understand the fees associated with the card your employer is offering before you use it.

Check out Consumer Action's "An Employee's Guide to Payroll Cards" (www.consumer-action.org/english/articles/an_employees_guide_to_payroll_cards).

A prepaid benefits card is similar to a payroll card in that funds due you are delivered electronically rather than via a paper check. For more information about the federal benefits card, visit www.GoDirect.gov. For information about state benefits cards, visit your state government's general website (www.usa.gov/Agencies/State-and-Territories.shtml) or the site of the agency issuing the benefits.

Privacy protections and concerns

Why does my bank send me privacy notices?

Under the Financial Privacy Rule of the 1999 Gramm-Leach-Bliley Act, financial institutions must provide a privacy notice and allow consumers to opt out of having their information shared with certain third parties. The privacy notices must be provided when you open an account and every year the account is open. These notices describe the basic categories of information a financial institution collects and shares with other entities, and give examples.

You cannot prevent certain types of information from being shared, including information needed to conduct normal business or protect against fraud, or information that is already publicly available. Also, a bank can share your information with a partner company to market products.

Watch for the privacy notices from your financial institutions, read them carefully and follow the instructions if you decide to exercise your right to opt out.

What is identity theft?

Identity theft happens when someone steals your personal information and uses it without your permission. It's a serious crime that can wreak havoc with your finances, credit history and reputation—and can take time, money and patience to resolve. When a thief takes over your existing accounts, it's called "account fraud."

I think my identity was stolen—what should I do?

If you think you are a victim of ID theft or account fraud, take these steps:

- If you have not done so already, order a free copy of your credit report from all three major credit bureaus (www.annualcreditreport.com or 877-322-8228). This will help you identify and dispute fraudulent accounts.

- Contact the businesses and financial institutions where you see evidence of unauthorized use to report the fraud and close the accounts that you know or believe have been tampered with or opened fraudulently. You may be asked to provide proof. Use the Federal Trade Commission (FTC) “ID Theft Affidavit” (www.ftc.gov/bcp/edu/resources/forms/affidavit.pdf) when disputing unauthorized access to your accounts or credit files.
- Contact the fraud department of any one of the three major credit bureaus to place a fraud alert on your credit file. (When one credit bureau confirms your fraud alert, the other two credit bureaus will be notified so they can place fraud alerts, too.) A fraud alert flags your account and prompts creditors to contact you before opening any new accounts or making any changes to your existing accounts. The credit bureau fraud department phone numbers are: Equifax, 800-525-6285; Experian, 888-397-3742; and TransUnion, 800-680-7289.
- File a police report. Get a copy of the report to submit to your creditors and others that may require proof of the crime.
- File a complaint with the FTC at www.consumer.ftc.gov/articles/0341-file-complaint-ftc or 877-IDTHEFT (438-4338). The agency maintains a database of identity theft cases used by law enforcement agencies to conduct investigations.

How can I protect my privacy when accessing my accounts online or by mobile device?

Financial institutions work hard to ensure a safe online banking experience, but you can increase your privacy and security by:

- Bookmarking your bank’s website rather than typing in its Web address (URL) on each visit. This helps you avoid making a typo and ending up on a bogus site that looks legitimate but is designed to trick you into revealing your login information.
- Creating a strong password for your account—one that is at least eight characters long and is a combination of capital and lowercase letters, numbers and symbols that nobody could guess. Also create a PIN nobody could guess.
- Keeping your username and password private—don’t share it with anyone or leave it where someone could find it.
- Logging off the banking website or out of your mobile accounts when you are done with your session.

Learn more in Consumer Action’s “Your Digital Dollars: Banking online safely” (www.consumer-action.org/english/articles/your_digital_dollars-banking_online_safely/).

Helpful resources

America Saves

www.americasaves.org

America Saves is a nationwide campaign to help individuals and families save and build wealth. Through the program, nonprofit, corporate and government groups offer information, advice and encouragement for individuals who want to pay down debt and save for the future.

The Consumer Financial Protection Bureau (CFPB)

www.consumerfinance.gov

The Consumer Financial Protection Bureau is an agency of the federal government charged with, among other things, empowering consumers to take more control over their economic lives. The CFPB accepts consumer complaints on a wide range of financial products and services, including bank accounts.

Military Saves

www.militarysaves.org

Military Saves, a part of America Saves and a partner in the Department of Defense's Financial Readiness Campaign, is a campaign to motivate, support and encourage military families to save money and build wealth.

Privacy Rights Clearinghouse: Banking and Finance

www.privacyrights.org/Banking-and-Finance

The Privacy Rights Clearinghouse is a national non-profit consumer education and advocacy organization dedicated to protecting the privacy of American consumers.

Help With My Bank

www.helpwithmybank.gov/get-answers/bank-accounts/index-bank-accounts.html

Help With My Bank is a website featuring answers to frequently asked questions about banking. It is a project of the Office of the Comptroller of the Currency, a federal banking regulator and agency of the U.S. Treasury Department.

Federal Trade Commission: ID Theft

www.consumer.ftc.gov/features/feature-0014-identity-theft

The Federal Trade Commission is a federal government agency charged with educating consumers and protecting them from scams and consumer-unfriendly business practices.

USA.gov: Financial Privacy

www.usa.gov/topics/family/privacy-protection/financial.shtml

USA.gov is the official Web portal of the federal government.

About Consumer Action

Consumer Action is a non-profit organization that has championed the rights of underrepresented consumers nationwide since 1971. Throughout its history, the organization has dedicated its resources to promoting financial and consumer literacy and advocating for consumer rights both in the media and before lawmakers to promote economic justice for all. With the resources and infrastructure to reach millions of consumers, Consumer Action is one of the most recognized, effective and trusted consumer organizations in the nation. Find us on the Web at www.consumer-action.org.

Consumer education. To empower consumers to assert their rights in the marketplace, Consumer Action provides a range of educational resources. The organization's extensive library of free publications offers in-depth information on many topics related to personal money management, housing, insurance and privacy, while

its hotline provides non-legal advice and referrals. At Consumer-Action.org, visitors have instant access to important consumer news, downloadable materials, an online “help desk,” the Take Action advocacy database and nine topic-specific subsites. Consumer Action also publishes unbiased surveys of financial and consumer services that expose excessive prices and anti-consumer practices to help consumers make informed buying choices and elicit change from big business.

Community outreach. With a special focus on serving low- and moderate-income and limited-English-speaking consumers, Consumer Action maintains strong ties to a national network of nearly 7,500 community-based organizations. Outreach services include training and free mailings of financial and consumer education materials in many languages, including English, Spanish, Chinese, Korean and Vietnamese. Consumer Action’s network is the largest and most diverse of its kind.

Advocacy. Consumer Action is deeply committed to ensuring that underrepresented consumers are represented in the national media and in front of lawmakers. The organization promotes pro-consumer policy, regulation and legislation by taking positions on dozens of bills at the state and national levels and submitting comments and testimony on a host of consumer protection issues. Additionally, its diverse staff provides the media with expert commentary on key consumer issues supported by solid data and victim testimony.

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