

LESSON 7

USING BANKING SERVICES

*His master replied, "You wicked, lazy servant!
So you knew that I harvest where I have not sown
and gather where I have not scattered seed?
Well then, you should have put my money
on deposit with the bankers, so that when I returned,
I would have received it back with interest."*

Matthew 25:26-27

What would you pay for a two-piece chicken dinner from Kentucky Fried Chicken? In 1980, I paid \$32.15 for two pieces of chicken and a biscuit. Visiting my local KFC one day, I wrote a check for \$2.15 because I didn't have that much money in my purse. I had made an error in my checkbook causing the check to be overdrawn. The bank deducted a fee of \$15.00 for having insufficient funds, and KFC sent me a letter requesting their \$2.15 plus another \$15.00 for a returned check charge. That totaled \$32.15 for two pieces of chicken and a biscuit. Ignorance is expensive!

Today that chicken dinner would cost about sixty dollars since inflation has increased overdraft fees. If you have an overdraft that causes several checks to bounce, you could be looking at a loss of hundreds of dollars. It happens so easily. A husband puts his paycheck in the glove compartment and forgets to make the deposit. His dutiful wife promptly writes 15 checks for the monthly expenses. And then the little envelopes start coming, 15 of them, until hundreds of dollars in fees have been charged against your account. Or a simple math error causes an account to be overdrawn, and three checks bounce. Or you receive a check, deposit it and begin writing checks on your deposit; and the check given to you bounces. Too bad for you! Someone else's mistake costs you several insufficient funds fees.

Unfortunately, banks are unforgiving when it comes to overdrawing. For an additional fee, you can get overdraft protection from your bank. Why not opt for free banking services? By keeping a minimum balance in your checking account, you can get free checking, earn interest on your deposits, and protect yourself against overdrafts by keeping a high account balance.

Mistakes do happen. Most of them can be prevented by paying attention to the records we keep. Some people use the ESP method for balancing their checkbooks. They simply record the difference between their balance and the bank balance by adding or subtracting the ESP (Error Some Place). ESP doesn't work! The checkbook balance must be reconciled penny for penny to the bank balance.

Amazingly, 87 percent of people who own a checking account do not balance it. This is the same percentage of people who say they didn't like high school algebra!³⁴ Even if you keep perfect records, your checkbook balance rarely matches the bank's balance. There are several reasons for this:

- Outstanding checks—checks you have written and subtracted from your checkbook balance that have not cleared the bank. For people who write a lot of checks, this occurs with regularity.
- Outstanding deposits—deposits you have made and added to your checkbook balance that have not been recorded by the bank. This does not happen often, but it can occur.
- Service charges and other banking fees—fees deducted by the bank but not recorded in your checkbook.
- Interest earned—interest earned from interest-bearing checking accounts added by the bank but not yet recorded in your checkbook.

You can balance your checkbook in one of two ways. (1) Prepare the bank reconciliation form you receive from the bank with your monthly statement or (2) Access your account online. Lesson 7 will review both methods. To learn how to balance your checkbook by preparing a bank reconciliation form, use the instructions and forms on pages 67-69 in this lesson. To learn how to balance your checkbook using online services, read page 70 and complete Problems #1 and #2 on page 71 in this lesson.

Technology has radically changed the way people use banking services. Most companies now offer automatic debit and/or online bill paying services. Four out of five Americans who have access to the Internet at home are using online banking services. There are valid reasons for going paperless. You don't have to buy stamps or blank checks, there's no waiting in lines, and it saves a lot of time. Going paperless is also good for the environment. Online calendars are now available so that you can post due dates on bills and get alerts to remind you when bills are due. Of course, technology can create problems too. One frequent mistake is forgetting to record debit card transactions. Identity theft and unauthorized transfers do occur, so check your online statements frequently and watch for unauthorized use of your credit cards and other online transactions.

Christians are called to be good stewards of the money in our possession. We can take that responsibility seriously by keeping accurate records in our checkbooks and by paying our bills on time. If you haven't already done so, make it a regular habit to balance your checkbook. You can also lighten your work load by using online banking services.

*“Well done, good and faithful servant!
You have been faithful with a few things;
I will put you in charge of many things.
Come and share your master's happiness!”*

Matthew 25:23

³⁴moeb.com, July 25, 2011.

BALANCING YOUR CHECKBOOK USING A BANK RECONCILIATION FORM

1. Compare the check register to the bank statement below. Place a \checkmark on the check register for each deposit and each withdrawal that appears on the bank statement. (**Note:** The check register has a \checkmark column.)
2. Turn to the Bank Reconciliation. Complete the left side of the form. Record the ending bank statement balance for July 31. List any outstanding deposits(s), if any. Add the bank statement balance and the outstanding deposits and record the total. Next, list the outstanding checks and withdrawals. Record the total of the checks and withdrawals. Subtract the total of the outstanding checks and withdrawals from the preceding total. Record the new total on the Corrected Bank Statement Balance line.
3. Complete the right side of the bank reconciliation. Record the last balance from your check register. Add any interest, dividends, or other credits on the bank statement and record the total. Next, list any service charges and other bank charges that appear on the bank statement. Write the total of these charges on the TOTAL line. Subtract this total from the preceding TOTAL above it to find the Corrected Checkbook Balance.
4. Compare the corrected bank statement and checkbook balances. These totals must agree.
5. Return to the check register. Subtract the service charge and any other bank charges from the current checkbook balance. Make sure this total agrees with the totals on the bank reconciliation.

BANK STATEMENT						
Safe & Sure Bank, Jupiter, Florida 33477						
Bimil and Kara Alimchandani 123 Seabreeze Avenue Jupiter, FL 33477				August 1, 20— Account No. 8165315 Page 1		
Please examine at once. If no errors are reported within 10 days, account will be considered correct.						

Balance Forward	No. of Withdrawals	Total Amount	No. of Deposits	Total Deposit Amt.	Service Charge	Balance This Statement
8,000.00	7	5,982.00	2	1,531.00	2.00	3,547.00
CHECKS AND OTHER DEBITS		DEPOSITS AND OTHER CREDITS		DATE	BALANCE	
Balance				7/1	8,000.00	
101	95.00			7/4	7,905.00	
		970.00 AD		7/5	8,875.00	
103	1,662.00			7/10	7,213.00	
102	100.00			7/10	7,113.00	
		561.00		7/10	7,674.00	
104	125.00			7/12	7,549.00	
105	800.00			7/15	6,749.00	
106	3,000.00			7/16	3,749.00	
AP	200.00			7/24	3,549.00	
SC	2.00			7/31	3,547.00	

AWD – Automatic Withdrawal

AD – Automatic Deposit

AP – Automatic Payment

SC – Service Charge

CHECK REGISTER

Safe & Sure Bank
 1001 Lighthouse Lane
 Jupiter, FL 33477

Bimil and Kara Alimchandani
 123 Seabreeze Avenue
 Jupiter, FL 33477

DATE		NO.	TRANSCRIPTION DESCRIPTION	OTHER	√	DEPOSIT		PAYMENT		BALANCE FOR'D	
7	1		<i>Balance Forward</i>							8000	00
7	2	101	<i>Publix</i>					95	00	7905	00
7	5	AD	<i>Deposit</i>			970	00			8875	00
7	8	102	<i>Ace Exterminating</i>					100	00	8775	00
7	10	103	<i>High Mortgage Co.</i>					1662	00	7113	00
7	10		<i>Deposit</i>			561	00			7674	00
7	11	104	<i>TJ Maxx</i>					125	00	7549	00
7	13	105	<i>Safe & Sure Bank</i>					800	00	6749	00
7	16	106	<i>D & U Investments</i>					3000	00	3749	00
7	20	AP	<i>Florida Power</i>					200	00	3549	00
7	25	107	<i>City of Jupiter</i>					80	00	3469	00
7	29		<i>Deposit</i>			1950	00			5419	00
7	30	108	<i>GMAC Auto</i>					409	00	5010	00

AWD - Automatic Withdrawal

AD - Automatic Deposit

AP - Automatic Payment

SC - Service Charge

BALANCING YOUR CHECKBOOK USING ONLINE BANKING SERVICES

REMEMBER THIS FORMULA!

$$\text{BOB BROWN} + \text{DOGS} - \text{CATS} = \text{CHARLIE BROWN}$$

Bob Brown (Bank Balance) + Dogs (Deposits Outstanding) - Cats (Checks Outstanding) =
Charlie Brown (Checkbook Balance)

FIND THE **BANK BALANCE**, ADD OUTSTANDING
DEPOSITS AND SUBTRACT OUTSTANDING **CHECKS**
TO FIND YOUR **CHECKBOOK BALANCE**.

Note: This is a simplified formula. When you apply this formula, your answer will usually be your checkbook balance—assuming that your checkbook balance is correct! If the new balance does not match your checkbook balance, take two more steps: (1) Find and correct any mistakes in your checkbook. (2) Look on the bank statement for service charges and other bank fees or interest earned, etc. Then make these adjustments to your checkbook: Subtract service charges and other bank fees from your checkbook and add interest earned to your checkbook. Then compare your checkbook balance to the corrected bank balance.

NAME _____

BOB BROWN + DOGS – CATS = CHARLIE BROWN

Directions: Using the formula above, reconcile the bank balance with your checkbook balance in the following two problems. If the balances do not reconcile, check the bank statement for banking fees to be subtracted or interest earned to be added to your checkbook.

PROBLEM #1

\$872.00 → Online bank balance at Safe & Sure Bank
 \$ 50.00 → Deposit of \$50.00 you made but not recorded in the online bank statement
 \$ 17.00 → Check #118 subtracted from your checkbook but not recorded in the online bank statement
 \$100.00 → Check #121 subtracted from your checkbook but not recorded in the online bank statement
 \$805.00 → Your checkbook balance

Bob Brown (bank balance):	\$ _____
Add total of dogs (deposits that are outstanding):	+ _____
Subtract total of cats (checks that are outstanding):	- _____
New Bank Balance:	\$ _____
Charlie Brown (your checkbook balance)	\$ _____
Is the New Bank Balance the same as your Checkbook Balance?	yes no

PROBLEM #2

\$229.00 → Online bank balance at Safe & Sure Bank
 \$ 22.00 → Deposited check for \$22.00 you made but not recorded in the online bank statement
 \$ 25.00 → Deposited cash for \$25.00 you made but not recorded in the online bank statement
 \$ 80.00 → Check #302 subtracted from your checkbook but not recorded in the online bank statement
 \$196.00 → Your checkbook balance

Bob Brown (bank balance):	\$ _____
Add total of dogs (deposits that are outstanding):	+ _____
Subtract total of cats (checks that are outstanding):	- _____
New Bank Balance:	\$ _____
Charlie Brown (your checkbook balance)	\$ _____
Is the New Bank Balance the same as your Checkbook Balance?	yes no

SCRIPTURES TO LOOK UP THIS WEEK

Directions: Look up the following scriptures and write a summary for each.

Philippians 4:11-13 _____

Ephesians 4:28 _____

Matthew 6:31-33 _____

Proverbs 11:14 _____

Proverbs 11:24-28 _____

Haggai 1:6 _____
