



Credit and Money Management

Banking 101



About Operation **HOPE**

Since its inception in 1992, the mission of Operation HOPE, Inc. (HOPE) is silver rights empowerment, making free enterprise work for everyone. It promotes financial dignity through the delivery of financial inclusion and education tools to underserved communities. Through its core divisions, the organization has provided youth and adult financial literacy, economic preparedness, digital empowerment, promoted home ownership, and assisted with foreclosure prevention to more than 2 million individuals, families, and small business owners. HOPE's next phase is focused on Project 5117, a multi-year initiative that will track and increase business role models for youth, boost credit scores for adults, and empower underserved communities.



“There is a difference between being broke and being poor. Being broke is an economic condition, but being poor is a disabling frame of mind, and a depressed condition of the spirit, and we must vow never, to be poor.”

– **John Hope Bryant**





Welcome to Operation HOPE's Banking 101 Workbook

This workbook is your guide to understanding how banks work, how to choose the right account for your needs, and how to avoid common financial pitfalls like predatory services. Whether you're new to banking or want to brush up, this resource will help you make informed, confident decisions.





Banking 101

Tips for Getting Started

This workbook is your personal guide to setting strong financial goals—and making real progress.

You don't need to complete it all at once. In fact, you'll get more from it if you take your time, reflect honestly, and revisit it as you grow.

How to Make the Most of This Workbook

- Set aside focused time each week to work through a few pages.
- Write directly in the workbook, or use a notebook if you need more space.
- Be honest with yourself. This is a judgment-free zone.
- Come back to pages that challenge or inspire you.

You Can Revisit It

- This workbook isn't just a one-time activity.
- Use it as a check-in tool—every month, every quarter, or any time your financial goals shift.
- Reflect on how far you've come and what's next.

What to Expect

Throughout this workbook, you'll:

- Explore your relationship with money and banks
- Learn how to avoid costly predatory services
- Understand different types of banks and accounts
- Get clear on account features, fees, and digital tools
- Build a step-by-step plan to open and use your own account wisely

This is your space to explore, plan, and act. Let's begin.

Activity: Reflection

Reflect on an experience related to banking that left an impression on you. It could be opening your first bank account, a memorable interaction someone you know has had with a financial institution, etc.

- Was it a positive or negative experience?
- What role has banking played in your life so far?



The Importance of Being Bankable and Avoiding Predatory Services

Being bankable means having a financial profile that qualifies you for traditional banking services such as checking and savings accounts, loans, and lines of credit. Being bankable can protect you from predatory services.

Predatory Services to Watch For:

- Payday loans: Usually a short-term, high-cost loan, generally for \$500 or less, that is typically due on your next payday.
- Title loans: You give your car title to a pawnbroker as collateral for a loan.
- Check-cashing stores: A business entity that engages in the cashing of checks or other payment instruments for a fee.
- Refund anticipation loans: a short-term consumer loan in the United States provided by a third party against an expected tax refund for the duration it takes the tax authority to pay the refund.

Risks of using these services include extremely high interest rates (APR sometimes over 300%), debt cycles from frequent borrowing, hidden fees and misleading terms, not having the opportunity to build credit.

With many banks your money is protected up to a certain limit due to FDIC insurance, fees are typically lower than payday lenders or check cashers, mobile apps, online banking, and budgeting tools help manage finances, and using banking products responsibly helps build credit. You have access to affordable credit and capital, the ability to grow your business or personal finances safely, and the ability to build trust and financial credibility.



Activity: Create a Transition Plan

- Assess your current financial habits: how often do you use payday loans, check-cashing stores, or similar services?
- Create a transitional plan:
 - What will you do to gradually avoid using these predatory services? Consider gradually moving your transactions to your new bank account, setting up automatic bill payments from your new account to build a routine, utilizing free financial counseling, etc.





Types of Banks

Various financial institutions cater to diverse needs, each characterized by distinct features and services. Here's an in-depth exploration of different types of banks:

- **Traditional Banks:** Traditional banks provide a comprehensive range of services. This includes various deposit accounts such as savings and checking, alongside a spectrum of loans. While offering a full suite of financial products, traditional banks are known for charging relatively higher fees compared to other types.
- **Credit Unions:** Credit unions stand apart as not-for-profit institutions owned by their members. This cooperative structure often translates into more favorable rates and fees for account holders. The primary focus of credit unions is to serve their membership base, fostering a sense of community and shared ownership.
- **Online Banks:** Embracing the digital era, online banks operate primarily through digital channels. This means customers can access their accounts, conduct transactions, and manage finances online. Online banks typically boast lower overhead costs, allowing them to offer competitive interest rates and reduced or no monthly fees.
- **Community Banks:** Community banks play a vital role in supporting local economies. With a smaller footprint than their larger counterparts, these banks concentrate on serving specific local communities. Community banks are often more attuned to the needs of local businesses and residents, fostering a personalized banking experience.

Each type of bank has its unique strengths and appeals to specific preferences or requirements. Whether seeking the robust offerings of traditional banks, the community-oriented approach of local institutions, the digital convenience of online banks, or the cooperative ethos of credit unions, consumers can choose the financial institution that aligns best with their financial goals and values.



Banking Terms You Should Know

Minimum Balance

The lowest amount you need to keep in your account to avoid monthly fees is often around \$300.

Monthly Maintenance Fee

A charge (typically \$10–\$15) just for having your account, unless you meet conditions like a direct deposit.

Overdraft Fee

Charged when you spend more than what's in your account. Adds up fast—usually \$30–\$35.

Direct Deposit

Automatically deposits your paycheck or income into your account. Faster and more secure.

ATM Fee

A charge (\$2–\$5) when using an ATM outside your bank's network. Your bank might also add a fee.

Wire Transfer

A fast, secure way to send money from one bank to another. Usually costs \$10–\$30.

ACH Transfer

A slower, often free electronic way to move money, like paying bills or transferring between your accounts.

Linking Accounts

Connect accounts from different banks to manage money in one place. Doesn't merge them—just makes transfers easier.

Closing an Account

Permanently ending an account. NOTE: Make sure all payments and deposits are settled first.

Bank Statement

A monthly snapshot of your account: all spending, deposits, fees, and interest. Great for tracking.





Types of Bank Accounts

The key features and fees associated with different types of bank accounts:

Checking Account

Best for: Everyday spending and bill payments

- Comes with a debit card and check-writing ability
- Unlimited withdrawals and purchases
- May include fees unless you meet requirements (like direct deposit or minimum balance)
- Usually earns little or no interest

Savings Account

Best for: Building an emergency fund or saving toward a goal

- Earns interest on your balance
- Limited number of withdrawals per month
- Often no monthly fees if you meet minimum deposit requirements
- Helps you separate spending money from savings

Prepaid Card Account

Best for: People who want spending control without needing a traditional bank account

- You load money onto the card in advance
- You can only spend what's available, no overdraft risk
- Doesn't build credit or earn interest
- Could include additional fees

Mobile or Online Banking Account

Best for: Tech-savvy users who want 24/7 access to money

- Manage everything through an app—no physical branches
- Typically lower fees and better interest rates than traditional banks
- Supports direct deposit, bill pay, and peer-to-peer payments
- Some don't accept cash deposits

Understanding the specific features and fees associated with each type of account is crucial for individuals to choose the option that aligns with their financial habits and preferences. Whether seeking convenience, interest earnings, or cost-effectiveness, consumers can select the account type that best suits their needs.



Activity: Account Features Match

Match each bank account type to the corresponding set of features and fees.



Checking Accounts

A. Allows writing checks and debit card usage. Offers low-interest rates. May have a monthly maintenance fee, often waived with specific criteria.



Savings Accounts

B. Accrues interest on deposited funds. Limits withdrawals per month. Typically, no monthly fees.



Prepaid Cards

C. Enables loading a specific amount for spending. Prevents overdrafts. Often has a monthly maintenance fee.



Mobile Banking Accounts

D. Primarily app-based with on-the-go financial management. Facilitates peer-to-peer payments. Allows cash deposits with varied fees.



Opening an Account

Opening a bank account is a straightforward process that typically involves several key steps. Here's an explanation of each step:

Choose Bank and Account Type:

- Begin by researching different banks and the types of accounts they offer. Consider factors such as account fees, interest rates, and the convenience of branch locations or online services. Select the bank that best aligns with your financial needs. Determine whether you want a checking account, savings account, or another specific account type.

Provide Identification, SSN, and Initial Deposit:

- Once you've selected a bank and account type, gather the necessary documentation. Most banks require a form of government-issued identification (e.g., driver's license, passport) and your Social Security Number (SSN). Some banks may also ask for proof of address. Additionally, be prepared to make an initial deposit into the account. The initial deposit amount can vary depending on the type of account and the bank's policies.

Fill Out the Application In the Branch or Online:

- With your identification, SSN, and initial deposit in hand, you can proceed to fill out the account application. You can do this either in person at a branch or online through the bank's website. If applying in person, a bank representative will guide you through the process. If applying online, follow the instructions on the bank's website to complete the application. The application typically includes personal information, contact details, and information about your financial situation.

Wait for Account Approval:

- After submitting your application, you'll need to wait for the bank to review and approve it. The approval process can vary in duration. In some cases, especially for online applications, approval may be nearly instantaneous. For in-branch applications, it might take a bit longer. The bank will assess your information, verify your identity, and check for any red flags. Once approved, you'll receive confirmation and details about your new account.



Choosing Products

Choosing the right banking products is a crucial decision that depends on various factors, each playing a significant role in meeting your financial needs. Here's an exploration of considerations when selecting banking products:

Account Fees and Minimum Balances:

- **Account Fees:** Different banks and account types may come with various fees. These can include monthly maintenance fees, transaction fees, and ATM fees. It's essential to understand the fee structure and determine if it aligns with your financial habits. Some accounts may waive fees under specific conditions, such as maintaining a minimum balance or setting up direct deposits.
- **Minimum Balances:** Some accounts require a minimum balance to avoid fees or to earn interest. Consider your typical account balance and choose an account with a minimum balance requirement that suits your financial situation.

Access - Branch Locations, ATMs, Mobile Features:

- **Branch Locations:** Assess the convenience of the bank's branch network. If you prefer in-person services, choose a bank with branches accessible to you. Consider the proximity of branches to your home, workplace, or other frequented locations.
- **ATMs:** Evaluate the bank's ATM network. Some banks offer fee-free ATM usage within their network, while others may reimburse fees incurred at out-of-network ATMs. Choose a bank with ATMs convenient for your regular activities.
- **Mobile Features:** In the digital age, mobile banking features are crucial. Check if the bank's mobile app meets your needs, offering features such as mobile check deposit, bill pay, and real-time transaction monitoring. A user-friendly mobile app can significantly enhance your banking experience.



Choosing Products

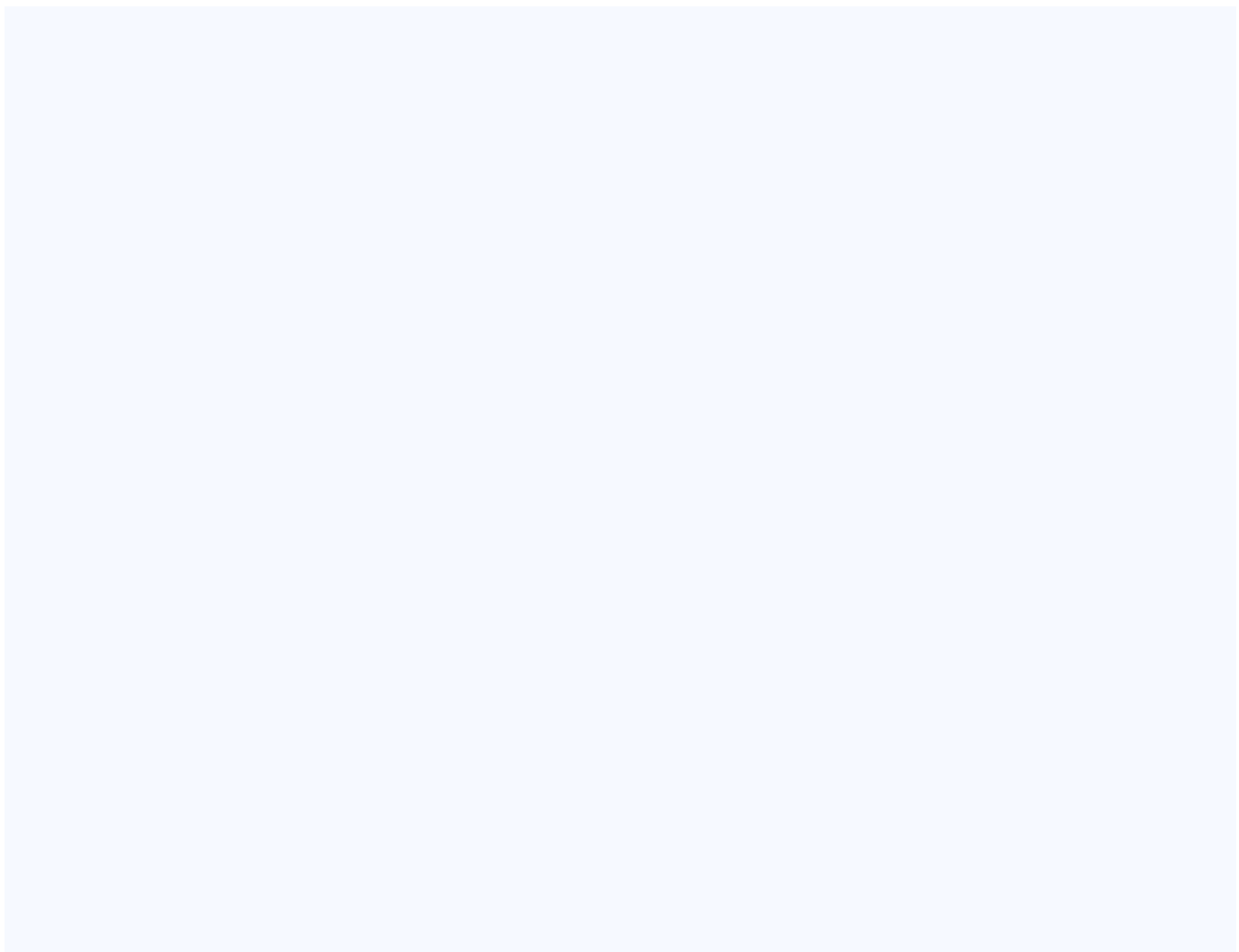
Needed Account Types - Checking, Savings, etc.:

- **Checking Accounts:** If you conduct frequent transactions and need easy access to your funds, a checking account is essential. Consider features such as check-writing capabilities, debit card access, and low or no transaction fees.
- **Savings Accounts:** For saving and earning interest on your balance, a savings account is appropriate. Look for competitive interest rates, minimal fees, and any limitations on withdrawals.
- **Other Account Types:** Depending on your financial goals, you might need other account types, such as certificates of deposit (CDs) for long-term savings or money market accounts for higher interest rates.



Activity: What Banking Products Match Your Needs?

- Identify Your Banking Habits: Assess your typical banking activities, such as the number of transactions, frequency of ATM usage, and preference for in-person or digital banking.
- Compare Account Options: Research multiple banks and compare the features and fees of their checking and savings accounts.
- Consider Future Needs: Anticipate any changes in your financial situation or needs. For example, if you plan to save for a specific goal, a bank offering competitive savings account rates may be preferable.



Ready to Open an Account? Here's Your Step-by-Step Plan

Step-by-Step Checklist

Use this checklist to open your first account—or switch to a better one.

☒ Step 1: Pick Your Account Type

- ☐ Checking Account
- ☐ Savings Account
- ☐ Prepaid Card
- ☐ Mobile Banking Account
- ☐ Other: _____

Tip: Flip back to page 10 if you're not sure which fits you.

☒ Step 2: Choose a Bank or Credit Union

- ☐ I researched fees, branch access, and mobile tools

Bank Name: _____

☒ Step 3: Gather What You'll Need

- ☐ Government-issued ID (driver's license, state ID, passport)
- ☐ Social Security Number (or ITIN)
- ☐ Proof of address (utility bill, lease, etc.)
- ☐ Initial deposit: \$_____ (if required)

☒ Step 4: Apply

- ☐ I applied online
- ☐ I visited a branch

Date applied: _____

☒ Step 5: Confirm & Set Up

- ☐ I received account confirmation
- ☐ I activated my debit card
- ☐ I downloaded the banking app
- ☐ I set up direct deposit (optional)



NOTES: