



# Understanding bank accounts and your statements

 **BARCLAYS** | LifeSkills



# Module overview

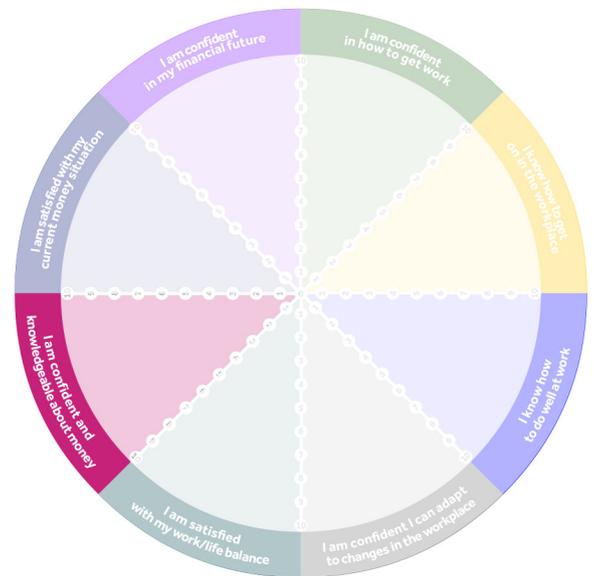
This module will help learners to understand their income, including from work and other sources such as benefits, and understand the main features of a payslip.

Time	Key learning outcomes	Which will lead to
25 mins	At the end of the module learners will be able to: <ul style="list-style-type: none"> <li>Identify different types of bank account</li> <li>Understand how to open an account</li> <li>Interpret their bank statements</li> </ul>	<ul style="list-style-type: none"> <li>Improved understanding of the products and services that banks provide and improved financial capability and money management</li> </ul>

## Important

Introduce the activity and theme and remind your learner of the coaching-based approach. Agree the desired outcome of the session with your learner.

Throughout the activity, we have included **'do now'**, **'do soon'** and **'do later'** actions which may help your learner to think about the next steps they could take. Alternatively, you could use the 'do now', 'do soon' and 'do later' headings to help your learner come up with their own actions.



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# Introduction

Time	Educator guidance	Expected outcome
⌚ 2-3 mins	<p>Refer back to your learner’s LifeSkills wheel and discuss how they scored themselves in relation to this module.</p> <p>Discuss what they need to know/do to be able to increase how they rate their satisfaction with this area.</p>	<ul style="list-style-type: none"> <li>Learners are reminded of where they are now and what they need to do to reach a higher satisfaction score in this area</li> </ul>

## Core activity one

### Understanding bank accounts

Time	Educator guidance	Expected outcome
⌚ 3-5 mins	<p><b>Start by asking your learner:</b></p> <p><b>Do you have a bank account/credit union account/building society account?</b></p> <p><b>Follow up with this question to encourage discussion:</b></p> <p><b>How would it affect you if you did not have a bank account?</b></p> <p><b>Work together with your learner to create a mind map featuring all the reasons we have bank accounts. Use the prompts below to keep the discussion going:</b></p> <ul style="list-style-type: none"> <li>Security</li> <li>Access to cash machines where you withdraw money, check balance and top up mobile phones</li> <li>Buying products/shopping, both on and offline</li> <li>Avoiding the need to carry a large amount of cash around with you</li> <li>Improving your credit score – if you maintain a positive balance</li> <li>Easier management of bills and expenditure – especially if you take a ‘jam-jar’ approach and have different accounts for different bills</li> <li>Safe and convenient salary or other income payments</li> <li>Access to other associated products for customers such as insurance, mortgages</li> <li>Proof of identity</li> <li>Earning interest on your money - this is only applicable to certain accounts</li> </ul> <p>Make sure you also discuss the importance of taking action to avoid identity theft and keeping financial and personal details safe online.</p>	<ul style="list-style-type: none"> <li>Learners should have an understanding of some of the reasons why we have a bank account and how not having one can affect them</li> </ul>

# Core activity two

## Understanding the different types of bank accounts

Time	Educator guidance	Expected outcome
 3-5 mins	<p><b>Ask your learner:</b></p> <p><b>Can you list the different types of bank account?</b></p> <p>Create a mind map of the different types of account they can think of.</p> <p><b>Explain that there are different types of bank account that people can open and have. Ensure that during the discussion the following types of account are covered:</b></p> <ul style="list-style-type: none"> <li>• <b>Current account:</b> A bank account that allows you to access a range of banking services, such as receiving money (like your salary, pension or benefits payments), paying bills, and setting up direct debits and standing orders to make regular payments. You will typically receive a debit card and an agreed overdraft limit</li> <li>• <b>Basic bank account:</b> A bank account that allows you to access banking services if you don't have a bank account, are unable to open a standard current account or are experiencing some financial difficulty. It offers you a basic service of receiving money and paying money, just like a current account but without any overdraft facilities</li> <li>• <b>Credit union current account:</b> This is very similar to current accounts with banks but do not offer overdrafts, credit unions also offer budgeting advice and support</li> <li>• <b>Joint account:</b> A bank account like a current account that you share with another person</li> <li>• <b>Packaged account:</b> A current account that comes with a 'package' of extra features - from mobile phone and travel insurance, to better rates on overdrafts and loans. They might be called things like 'reward', 'premium' or 'gold' accounts – and there's usually a monthly fee</li> <li>• <b>Business account:</b> An account that helps the business owner keep business transactions separate from personal finances, which usually comes with special conditions for businesses</li> <li>• <b>Savings account:</b> Somewhere where you can put your money so that it grows in value, this growth is called interest</li> </ul>	<ul style="list-style-type: none"> <li>• Learners should have an understanding of the different types of bank account available and the ways they can deal with their bank</li> </ul>

# Core activity two

## Understanding the different types of bank accounts (cont'd)

Time	Educator guidance	Expected outcome
	<p><b>Explain that there are different ways of dealing with your bank.</b></p> <p><b>How many can your learner think of?</b></p> <ul style="list-style-type: none"> <li>• Telephone banking</li> <li>• Internet or mobile banking</li> <li>• Cashpoint machine near you that's free of charge to use, or one that charges</li> <li>• By post</li> <li>• Branch service - banking in person allows you to build relationships with staff, book appointments for face-to-face advice. Choosing a bank or post office you can easily get to may be an important factor</li> </ul> <p>Ask your learner to identify which method best suits them and their circumstances.</p>	<ul style="list-style-type: none"> <li>• Learners will be able to identify the way of dealing with their bank that best suits them</li> </ul>

# Core activity three

## How to open a bank account

Time	Educator guidance	Expected outcome
🕒 4-6 mins	<p><b>Ask your learner:</b></p> <p><b>Do you know how to open a bank account?</b></p> <p><b>Explain to your learner that it is really important to make sure they choose the right bank for them before they go ahead and open an account. Things to consider are:</b></p> <ul style="list-style-type: none"> <li>• The types of account the bank offers</li> <li>• Fees and rates</li> <li>• ATMs and branches</li> <li>• Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Learners should have more confidence with their knowledge of the right bank for them</li> </ul>

# Core activity three

## How to open a bank account (cont'd)

Time	Educator guidance	Expected outcome
	<p>They may want to go into a branch to discuss what they need from an account.</p> <p>Share the following statistic with your learner to share a benefit of opening a bank account: <b>Over a million people in the UK are still unbanked – these people are also being hit with a Banking overty Premium of up to £485 per year<sup>1</sup>.</b></p> <p>If you are unbanked you are likely to face difficulties because you are only able to use cash. This could mean losing out in terms of not being eligible to receive discounts on direct debits or having to spend extra time and money shopping around for the best deals on the high street.</p> <p>Ensure that your learner knows that once they have opened an account with one bank, they can later switch accounts to another bank if their requirements change.</p> <p>Make sure your learner knows the different ways an account can be opened:</p> <ul style="list-style-type: none"> <li>• <b>In branch:</b> This is a more traditional method and your learner can attend a branch and have a face to face meeting with an employee. They will be able to help you with any questions or problems you may have. You will be able to provide ID documentation at the visit</li> <li>• <b>Online:</b> Most banks now have an online platform or apps where you can apply and upload the documents required</li> <li>• <b>Over the phone:</b> You can telephone the bank and apply to open a bank account over the telephone. They may ask you to visit a branch to provide ID documentation</li> </ul> <p>Ask your learner to identify which way they may use to open an account.</p> <p>Explain that they will need to provide proof of their identity(ID) and address. Discuss <b>different forms of ID and proof of address</b> that may be suitable.</p>	<ul style="list-style-type: none"> <li>• Learners should understand how to open a bank account</li> <li>• Learners will understand the different forms of ID they will require to open a bank account</li> </ul>

<sup>1</sup> [blog.pocket.com/the-banking-poverty-premium-72740f3a0025](https://blog.pocket.com/the-banking-poverty-premium-72740f3a0025)

# Core activity four

## What is a bank statement and how is it useful?

Time	Educator guidance	Expected outcome
<p>🕒 5-7 mins</p>	<p><b>Introduce the concept of bank statements. Ask your learner:</b></p> <ul style="list-style-type: none"> <li>What is a bank statement and how do you access them?</li> </ul> <p><b>Do now:</b> Check how you receive statements from your bank, is this the format you'd like? If not, find out how to change this</p> <p><b>Do soon:</b> Check your statements for the last three months, is there any unusual activity? Even if not, investigate how to contact your bank if something does not look right in your statement</p> <p><b>Do later:</b> Set aside time each month to go through future statements close to the time you receive them – they'll be easier to check as all payment events will be more recent</p> <p>Explain that statements are a snapshot of our account when the statement was prepared. We can receive a physical paper statement in the post but we are also likely to be able to access our bank accounts online or in branch. This allows us to see at any given time what our account is showing.</p> <p>Once an understanding of bank statements has been established:</p> <ol style="list-style-type: none"> <li>Look together at the <b>example bank statements</b>. Encourage learners to ask questions and suggest what they notice. Prompts include: <ul style="list-style-type: none"> <li>Direct debits</li> <li>Regular payments</li> <li>Loan payments</li> <li>Credit payments</li> </ul> </li> </ol> <p>Explain to your learner that pending payments are payments you may have made that haven't necessarily hit your account. Some online statements will show them and some will not. It is always important to be aware of these.</p> <ol style="list-style-type: none"> <li>Talk through what the different parts of a bank statement mean. Look at the terminology definitions included in the handout, ensure learner knows what the words mean to build confidence and prompt discussion. To consider the terms in context ask your learner to find them on the statements.</li> </ol>	<ul style="list-style-type: none"> <li>Learners should develop an understanding of what a bank statement is</li> <li>Learners will have more confidence in reading a bank statement</li> <li>Learners will have more confidence and understanding in the different terminology that can be found on a bank statement</li> </ul>

# Wrap up

Time	Educator guidance	Expected outcome
<p>🕒 5-7 mins</p>	<p>Ask your learner to think about what they have covered in this session and what steps they can take next to move forward in this area.</p> <p><b>Agree an action or next step that your learner can take to consolidate what has been covered in the session, for example</b></p> <ul style="list-style-type: none"> <li>• They could set aside time to actively review their bank account statement each week to help with budgeting</li> <li>• Or consider whether they have the most useful type of bank account for their situation</li> </ul> <p>Discuss any gaps that your learner feels they have in knowledge, skills or confidence in the basics of banking and agree how these might be addressed.</p> <p>Refer your learner back to the LifeSkills wheel and check if they are closer to achieving their desired score.</p> <p>Learners to take away the summary sheet handout with terms that appear on a statement.</p>	<ul style="list-style-type: none"> <li>• Learners will have more confidence in their knowledge of their bank account statements and the different types of bank accounts available to them</li> <li>• Learners will have more confidence and understanding of the basics of banking</li> </ul>

# Optional extension

Time	Educator guidance	Expected outcome
<p> 10-20 mins</p>	<p><b>Focused activity on online banking and how to access securely.</b></p> <p>Ask your learner to create a list of tips that they would give to someone else to keep their account secure. This will give an idea of the level of knowledge.</p> <p><b>Explain that online banking is generally safe, so long as we make sure we follow a few rules. Share these with your learner and get them to check off the ones they provided and then add to the list with the ones they didn't have:</b></p> <ul style="list-style-type: none"> <li>• Checking your account frequently so that you get to recognise 'normal' behaviour of your account</li> <li>• Report any unusual activity to the bank</li> <li>• Don't reply to any emails claiming to be from your bank asking for passwords or personal details</li> <li>• Always log out of any online banking session</li> <li>• Keep your anti-virus software up-to-date</li> <li>• Only use secure wi-fi to access your account</li> <li>• Choose your passwords carefully and include a mixture of upper and lower case letters plus characters</li> <li>• Avoid handing out your PIN</li> <li>• Avoid online deals that appear too good to be true</li> </ul> <p><b>Discuss how your learner might identify a fraudulent transaction:</b></p> <ul style="list-style-type: none"> <li>• Not recognising the payment</li> <li>• The payment is for an odd amount</li> <li>• The payment has happened a number of times</li> </ul>	<ul style="list-style-type: none"> <li>• Learners should have an understanding of what online banking is</li> <li>• Learners will understand the benefits of checking their online account regularly</li> <li>• Learners will feel confident in identifying fraudulent transactions and understand how to avoid being defrauded</li> </ul>

# Understanding bank accounts and your statements

## Example bank statements

Statement period		Account name	Account number	Sort code	
1 January to 31 January		Mr S Jones	98253478	00-00-00	
Date	Payment type	Details	Paid Out	Paid In	Balance
1 June		<b>Balance brought forward</b>			£148.85
5 June	ATM	ATM Hackney	£20.00		£128.85
8 June	DR	Charge	£1.75		£127.10
11 June	POS	Super supermarket	£87.00		£40.10
12 June	DD	Severn Trent Water	£18.00		£22.10
17 June	CRE	Wages		£335.00	£357.10
21 June	SO	Anybank loan payment	£50.00		£307.10
24 June	CHQ	000478		£185.00	£492.10

Statement period		Account name	Account number	Sort code	
1 January to 31 January		Mr S Jones	98253478	00-00-00	
Date	Payment type	Details	Paid Out	Paid In	Balance
1 January		<b>Balance brought forward</b>			-£.39.00
3 January	DD	TFG Energy	£55.00		
4 January	DR	Arranged OD usage	£6.00		
10 January	CRE	DWP UC		£317.82	
12 January	ATM	Manchester Piccadilly	£50.00		
12 January	DD	TV Licence	£12.83		
18 January	POS	Orion Fuel	£21.00		
20 January	POS	Cashco	£35.00		
25 January	ATM	Smith St	£40.00		- £68.98

Statement period		Account name	Account number	Sort code	
1 December to 31 December		Mrs A Morris	75253567	00-00-00	
Date	Payment type	Details	Paid Out	Paid In	Balance
3 December		<b>Balance brought forward</b>			£1246.23
3 December	DD	TV Licence	£12.83		
3 December	DD	London Water	£46.87		
3 December	DD	Mortgage	£880.38		
10 December	CRE	Salary		£1870.00	
12 December	ATM	LNK Bank	£50.00		
12 December	DD	TV Licence	£12.83		
18 December	POS	Mega shopper	£21.00		
18 December	POS	Foodco	£50.67		£2,041.65

# Understanding bank accounts and your statements

## Common banking abbreviations

<b>APR</b>	Annual Percentage Rate (relates to credit interest)
<b>ATM</b>	<b>ATM</b> – Automated teller machine (cash machine)
<b>BBP</b>	<b>BBP</b> – Bill payment
<b>BGC</b>	<b>BGC</b> – Bank giro credit
<b>CAT</b>	<b>CAT</b> – A standard applied to ISAs that stands for reasonable Charges, easy Access, fair Terms
<b>CDL</b>	<b>CDL</b> – Career Development Loan
<b>CHAPS</b>	<b>CHAPS</b> – Clearing House Automated Payment System (a means of transferring money)
<b>CHG</b>	<b>CHG</b> – Charge
<b>CHQ</b>	<b>CHQ</b> – Cheque
<b>CRE</b>	<b>CRE</b> – Credit payment
<b>DDR</b>	<b>DDR</b> – Direct Debit
<b>DD</b>	<b>DD</b> – Direct Debit
<b>DR</b>	<b>DR</b> – Debit balance (overdrawn)
<b>IBAN</b>	<b>IBAN</b> – International Bank Account Number (you can find this on your statement)
<b>IMO</b>	<b>IMO</b> – International Money Order
<b>INT</b>	<b>INT</b> – Interest
<b>ISA</b>	<b>ISA</b> – Individual Savings Account
<b>POS</b>	<b>POS</b> – Point of sale/debit card transaction
<b>REM</b>	<b>REM</b> – Remittance: a cheque credited to your account that was not paid in at your account-holding branch or bank
<b>REV</b>	<b>REV</b> – Reversal: a standing order or Direct Debit has been recalled
<b>STO</b>	<b>STO</b> – Standing order
<b>SO</b>	<b>SO</b> – Standing order
<b>TFR</b>	<b>TFR</b> – Transfer
<b>UNP</b>	<b>UNP</b> – Unpaid