

## **Chapter 29: Checking Accounts**

**I-Summary:** This chapter defines and discusses checking accounts. Checking accounts allow you to write checks to transfer money easily to others. Checking accounts allow you to manage your money and track your spending. There are different types of checking accounts including regular accounts for people who do not write many checks, interest-bearing accounts that earn interest on the balance in the account, and joint accounts where two or more people may write checks. Online banking allows you to track your account 24 hours a day. There are usually three parties involved in a check transaction: the drawer, the payee, and the drawee. There are specific steps that must be followed to write and deposit checks. After writing a check, you should record the transaction in the check register and reconcile the register once a month when you receive a bank statement and your cancelled checks.

### **I-Quiz**

Quiz yourself to check your understanding. For each question, you will hear four answer choices. After you hear all four answer choices, choose your answer during the pause.

Then you will hear the correct answer. Let's begin.

#### **Question 1**

How does a customer first open a checking account?

- a. by receiving paper checks
- b. by depositing money into a bank account
- c. by signing checks
- d. by paying for goods and services

#### **Question 2**

When a check has been deposited and paid for, what does the bank do?

- a. voids the check
- b. signs the check

- c. endorses the check
- d. pays interest on the check

**Question 3**

Which is a record of an account holder's signature used by the bank to verify the account holder's identity

- a. an account register
- b. an interest-bearing card
- c. a direct deposit card
- d. a signature card

**Question 4**

Which term refers to an order for a bank not to cash a particular check?

- a. stop payment
- b. overdrawn payment
- c. overdraft protection
- d. direct deposit

**Question 5**

Which term refers to the party to whom a check is written?

- a. the drawer
- b. the drawee
- c. the payee
- d. the router

**Answer Key**

1. The correct answer is A, by depositing money into a bank account. When money is deposited into a bank account, the bank will provide paper checks which can be used to pay for goods and services.

- 2.** The correct answer is A, voids the check. After a check is paid, the bank cancels, or voids, the check so it can not be used again.
- 3.** The correct answer is D, a signature card. You must fill out a signature card at the bank to open a checking account.
- 4.** The correct answer is A, stop payment. A fee will be charged to stop payment on a check you wrote but do not want to pay.
- 5.** The correct answer is C, the payee. The payee is the person who cashes the check and receives the money.