

One More Way to Use the Internet

Between Facebook, MySpace, instant messaging, and online gaming, people are becoming very comfortable online. It makes sense then that they can also be comfortable with banking on the Web, and it can be less intimidating than going to a bank branch.

The two things you need for online banking are Internet access and online access to your checking account. Some people get a cable modem for Internet use through their cable company. Others get a DSL modem from their telephone provider. Either way, that access will probably cost around \$30 per month if it is bundled with your other cable or telephone service, or around \$45 per month by itself. That amount can be out of reach if you are living on your own for the first time. That is why many people use dial-up Internet access, which is a little slower but costs around \$10 per month. If you have a laptop with a wireless network card, you can do your online banking at any Wi-Fi hot spot. This can increase your security risk, because someone may watch your username and password as you type, or they may even intercept your wireless connection. It is best to have a secure wireless connection when possible. Many public libraries have free wireless, and so do book stores and coffee shops. Many libraries even have terminals available to use the Internet, though they may have age requirements to use these terminals, so talk to your librarian before you log in!

Pros and Cons of Online Banking

If you write only three or four checks a month, and you don't have any automatic payments pulled from your account, then maybe it is not so crucial for you to do online banking. If this is you, then online banking can wait. Most banks have telephone services to answer balance questions 24 hours a day. You will still need to carefully read over your bank statement every month. It is important to make sure the bank charged the correct amount for each check and deposited the correct amount for any checks you deposited.

Online banking really is useful when you have more than three or four automatic payments per month or if you have automatic deposit of your paychecks. You need to know when your paycheck clears so you can pay your bills without fear of an overdraft fee.

What Can I Do with Online Banking?

Transferring money from savings to checking is simple with online banking. Even paying bills is easier, since online payments can be made on the due date, while mailed payments need to be postmarked at least seven

Main Idea

Online banking lets you keep track of your money 24/7. When banking online, be aware of phishing and do not be fooled by fraudulent Web sites.

After completing this lesson you will be able to:

- set up an online account
- transfer money between online accounts
- set up recurring online payments
- check an online account for cleared checks
- choose a good password that a criminal won't guess

Key Terms

- Account Transfer
- Fraud
- Identity Theft
- Internet
- Internet Access
- Online Banking
- Password
- Personal Information
- Phishing
- PIN (Personal Identification Number)
- Recurring Payments
- Username

days before the due date to make sure they are not late. For those who usually drive somewhere to pay utility bills on the due date, online bill pay can give an immediate savings in gas money.

In the computer simulation, you will explore online banking features by signing up for Internet access, setting up online bill pay, examining your account online, and transferring money between accounts.

Once you have significant expenses and are aware of the tax benefits, a huge advantage of online banking is being able to download your bank statements to a program like Quicken® or Microsoft® Money. These easily track expenses and answer questions that you can use to help reduce your taxes, like “How much did I spend on charity last year?” But if you are like most teens, that is a long way off!

Protecting Yourself Online

Mei-Li typed in her bank’s Web site as usual. The Web site looked different. Oh well, she supposed, the bank could have redesigned its Web site. She typed in her username and password, but instead of bringing up her account, a new Web page came up. It told Mei-Li all her money would be lost unless she typed in her social security number, her mother’s maiden name, and her date of birth. No way! Mei-Li printed the page and took it right over to her bank’s local branch. The bank immediately reset her username and password, and her account was safe. What if she had typed in her personal information to that phishing site?

Here are some clues to identify a phishing Web site:

- **Misspelled Web Address:** The address of the Web site could be misspelled by one letter, or have a different ending, like www.MyBank.net instead of [MyBank.com](http://www.MyBank.com).
- **Address Bar Not There:** A phishing Web site can be designed to hide the address bar or even display a fake address bar on the screen to convince you it’s the real deal.
- **No HTTPS:** The secure “https://” in front of the Web site name where you log in is missing.
- **Misspelled Text:** A Web site with misspelled words is a red flag.

Be familiar with your online banking Web site, and if something looks fishy, don’t type in your username, password, or any other personal information. It could be phishy!

How Do I Create a Good Password?

- Avoid retyping your username, using your birthdate, or using your social security number.
- Use a combination of letters and numbers.
- Think of a word that is meaningful to you, and add a memorable number in between some letters, such as [shop1776ping](#), [ring2000tone](#), or [laught3r](#).
- Avoid using the same password for online banking that you use for something else.

Summary

Online banking is the most convenient way to keep track of your money and avoid overdraft fees. Monitoring your checking account takes effort, but since most teens are online anyway, it is just a quick look every day to make sure the checks and deposits are the correct ones.

Phishing, or using fake Web sites or e-mail to intimidate someone into giving away personal information, is a growing problem of which teens need to be aware. Transferring money between a checking and savings account is simple online, and paying bills online can be done on the due date, or scheduled in advance for the due date.

Key Terms

Account Transfer

Making an online transfer of money; for example, from a savings account to a checking account.

Fraud

When a criminal uses trickery to convince someone to give up valuable information or items of value.

Identity Theft

When a criminal opens a credit card with another person's name and social security number, charges merchandise, and leaves the victim with the unpaid bill. This can be multiplied as identities can be fraudulently sold, and others can continue to use someone's good credit to get further credit cards and loans.

Internet

The worldwide electronic network including Web pages, chat rooms, and online forums.

Internet Access

Service that connects a computer to the Internet. Can be done through a cable modem, through DSL or dial-up service over a phone line, or over Wi-Fi in coffee shops and on many college campuses.

Online Banking

Using the Internet and a bank's website to keep track of bank accounts, moving money from one account to another, and paying bills.

Password

Secret word used, with the username, to access online banking. Banks usually have rules for passwords, such as they must be 6 to 12 characters long and have both numbers and letters.

Personal Information

Important identifying data that lets your online bank know you are who you say you are, such as date of birth, social security number, and mother's maiden name. Never give out this information unless you are certain it is to your own bank and not a fraudulent Web site.

Phishing

When a criminal sends an e-mail using a scheme to get you to divulge your personal information. Contact your bank immediately if an e-mail says you will lose your account unless you provide your user name and password or any other personal information. It is important not to reply to these e-mails.

PIN (Personal Identification Number)

A number used to access your account when used with a money card or debit card.

Recurring Payments

Automatic payments a customer can set up, such as to pay for car insurance or cell phone service. These payments can happen every month, even though they are set up only once.

Username

Account name used to access online banking.

**Using Online
Banking**

1. Write a song about phishing. Include details of what happens to someone who falls for a phishing e-mail and what happens to the money in their account and then later to their credit rating.

2. Make a list of three good passwords, and write down ways to remember them. Include numbers and letters, and if you use a word, try to spell it differently from its dictionary spelling.

3. Claude's bank charges \$30 per bounced check for overdrafts. Claude's balance is \$30. His cell phone company makes an automatic withdrawal of \$40 from his account, then a check is paid for \$5 for his gym, and later in the day he deposits his paycheck of \$125. How much money is in his account, after the bank charges his overdraft fees?

4. Name some tip-offs that alert you when a Web site is not the bank you think it is.

Using Online Banking

GOAL: Your goal is to use online banking to check bank balances, schedule automatic payment of bills, and transfer money from one account to another.

YOUR SITUATION: You have an apartment, a job, a checking account, and a savings account.

GOOD NEWS: You have a lot of food, so you don't need to buy any more.

- 1) Review the **Pay Bills, Shop for Goods, Bank Statements, Internet Access**, and **Online Banking** sections of the tutorial.
- 2) Open the **Using Online Banking** lesson.
- 3) You have some bills that need to be paid. Click **Actions->Money Management->Pay Bills**. Pay your rent and electric bills by check.
- 4) Run the simulation to March 1, 2010. Click **Reports->Bank Statements** and print out a copy of the statement for your checking account with statement date 2/28/2010. Circle the payments by check.
- 5) In the City View, click on Donna's Department Store and buy a notebook computer using your debit card. Click on the Internet access provider and subscribe to Internet access.
- 6) Click on your apartment. From within the Apartment View, click on the computer to open online banking.

QUESTION 1: Find and write down your current balances in your checking and savings accounts.

- 7) Using online banking, set up recurring payments to pay your rent and electrical bills. Find the amounts to pay from the bank statement you printed out previously. Set "Day of Month to Pay" to the 5th of each month.

Payee Name	Amount	Day of Month to Pay
City Property Mgt	715.00	5
NRG Electric	47.50	5

Once you have a notebook computer and Internet access, you can use online banking to automatically pay your monthly bills.

Continued

- 8) Run the simulation to April 1, 2010. Click **Reports->Bank Statements** and print out a copy of the statement for your checking account. Circle your online payments.
- 9) Using online banking, transfer \$100 from your checking account to your savings account.

QUESTION 2: Find and write down the new current balances in your checking and savings accounts.