



DIVISION OF AGRICULTURE
RESEARCH & EXTENSION

University of Arkansas System

EHC Education Lesson Guide

Online Banking

Introduction:

Online and mobile banking options have become part of everyday life for millions of people. Consumers can make deposits, pay bills, make purchases and send money to people from the comfort and safety of home.

Objectives:

- Gain awareness of concepts of online banking and mobile apps
- Learn safety tips to protect financial security when using online banking and mobile apps
- Discover methods of money management that provide greater safety and convenience for consumers

Lesson Guide:

Safety First

Banks, credit unions, and other types of electronic payment services are legally protected. The federal Electronic Fund Transfer Act (EFTA) applies to a bank, credit union, or other provider's mobile payment services and electronic bill pay service. Among other protections, this federal law requires these institutions to investigate errors reported by consumers. Other federal and state protections may also apply. Whatever service you end up using, keep safety tips in mind.

Benefits of Online Banking

- Health and safety – Online banking and using mobile apps allows consumers to continue money management during quarantine or anytime it is necessary or convenient to stay home.
- Social distancing – One way to practice social distancing is to pay for goods and services without having to write a check, swipe a card, or hand them cash. Online banking and mobile apps allow consumers to make financial transactions without having to go into a financial institution or be in close distance from others.
- Branch bank closures – Some bank locations were closed during the pandemic. Online banking provides a means to complete bank business without going into the physical bank location. This can also be helpful if there is not a physical bank location close to your home or when traveling.
- Convenience – Online banking is available all day, every day. Transactions may credit or debit from your account during business hours but you can go online and make deposits, transfer money, pay bills, look at statements or check account balances at any time.

Online Banking Basics for Beginners

- Safety – With traditional or online banking, consumers should always be careful to protect personal financial information. Banks offer security features to help protect you if your debit card is lost or stolen or if your account information is compromised. Check with your bank to learn more about the security features it offers to help protect against fraud.
- Your Account - A checking account and a saving account are used for basic money management
- Transactions - everyday tasks like paying bills, depositing money, and transferring funds.
- Records – Online banking and mobile apps have features that make record keeping easier. Bank statements, loan information, account transactions, and other account information is available to view at any time. Many services also provide methods to put income and expenses into categories; so, you can see how much is spent for food, utilities, housing, transportation, etc.
- Apps – most banks and credit unions have applications (apps) that consumers can choose to use on their smart phones. Consumers have the option to use online banking from the website, the app, or both.

Keep Financial Information Safe

- Encryption is the process of scrambling private information to prevent unauthorized access. To show that your transmission is encrypted, some browsers display a small icon on your screen that looks like a “lock” or a “key” whenever you conduct secure transactions online. Avoid sending sensitive information, such as account numbers, through unsecured e-mail. (FDIC)
- 2-step authentication is a method of establishing access to an online account or computer system that requires the user to provide two different types of information. In addition to a username and password, the user may be prompted to respond to a security question or enter a code that was texted to your phone.
- Security questions are used to verify the account user. You may have the option to select from among several different security questions. You enter your unique answer. This answer is used to log in to your account. Examples of security questions are: What was your maternal grandmother’s first name? What was the name of your first pet?
- Log-in alerts can let you know when your online account has been accessed. This can help you know if someone else is trying to access your account.
- Strong passwords. Your password should be unique to you and you should change it regularly. Do not use birthdates or other numbers or words that may be easy for others to guess.
- Text or email alerts - If you’re enrolled in online banking, you can set up alerts to notify you via email or text of certain activity. For example, you can set up balance alerts for when the funds in your account drop below a certain amount, which can help you avoid overdraft fees. Just make sure your bank has your up-to-date cell phone number and email address.
- Up-date devices. Devices and software will send periodic prompts or messages about updates. Device updates often offer protection.
- Log in and log out. Be sure to log in and log out of your account instead of just closing a tab or internet browser. Find and click on “log out” on the website.
- Monitor accounts. Online banking, mobile apps, and text alerts make it easy to monitor accounts for fraud, identity theft or errors.
- Don’t share personal financial information

Setting Up Your Account - If you run into any issues, ask for help! If you need specific guidance, contact your bank or credit union directly. Customer service associates are available by phone, online chat, or video in some cases. The financial institution staff will help you set up your account and answer questions. They will also help you figure out what you can and cannot do online or through their app.

- Brick and Mortar or Online Only – Many banks and credit unions have physical locations as well as online options. Some financial institutions are online only. Decide which financial institution offers the services you want. Check the FDIC’s online database of FDIC-insured institutions. You can search for an institution by going to the FDIC’s home page at <http://www.fdic.gov> and selecting “Is My Bank Insured?” Enter the official name, city, and state of the bank, and click the “Find My Institution” button. A positive match will display the official name of the bank, the date it became insured, its insurance certificate number, the main office location for the bank, and its primary government regulator. If your bank does not appear on this list, contact the FDIC.
- Find your bank’s website – To set up online banking, you need to know the correct website. Check with your bank or credit union.
- Download the bank’s app – You can use your banks online services from your computer or a browser on your smart phone or tablet. You may also choose to load an app on your electronic device. Many banks and credit unions offer apps as well as online banking via a website.
- Contact your bank to set up your account for specific information about setting up your account for online or mobile banking.
- Username – you will need a user name that is unique to you. The financial institution may have guidelines for usernames. Email addresses are sometimes used for usernames. You may also be prompted to create a unique username.
- Password – You will need to create a unique password to access your account.
- Security questions

Transactions

- Deposits – One of the easiest ways to get the most out of your checking account is to set up direct deposit. Direct deposit can be used for paychecks, social security and other benefits, and even tax refunds. You will still be able to deposit funds using a teller, ATM, app or account transfer.
- Payments - Setting up automatic payments for recurring bills can help ensure you pay your bills on time with no hassles. This common checking account feature can help eliminate worry (no need to wonder whether your student loan payment check was lost in the mail), save you money on stamps and free up your time.
 - Online bill pay – move money from your account to make a one-time payment.
 - Autodraft – set up regular payments so they are paid automatically when due.
 - Debit - With a debit card, you can access your checking account without withdrawing cash or writing checks. Debit cards can also be used at ATMs for deposits, withdrawals and transfers between your accounts, and they

work with digital wallets. Purchases and withdrawals are deducted directly from your checking account. Check with your bank to see security offered for lost or stolen cards or in the case of fraud. .

- Transfers - If you have a checking and savings account at the same bank, it's fairly easy to transfer money between your accounts. Consider setting up automatic transfers to your savings account at a time each month when you know you have a certain amount of money in your checking account. Automating the process can be a great way to build your savings.
- Other....

Record Keeping – online banking can be an asset in recordkeeping. Set up categories for income and expenses. Most online banking services provide an option for reports of your income and expenses by category. Online banking is also an easy way to view account statements whenever needed.

Money Moving Apps - banks and credit unions are not the only ways to manage money online. Some payment apps you might use include Cash App, Venmo, and PayPal. There are also many budget and other money apps available. With any apps, check reviews before loading on electronic devices.

References:**Consumer Financial Protection Bureau**

- Tips When Using Mobile Financial Services
- A Newcomers Guide to Managing Money: Ways to Pay Bills

Consumerfinance.gov

- <https://www.consumerfinance.gov/about-us/blog/helpful-tips-using-mobile-payment-services-and-avoiding-risky-mistakes/>
- <https://www.consumerfinance.gov/about-us/blog/online-mobile-banking-tips-beginners/>

Federal Trade Commission

Tips for Safe Banking Over the Internet

FDIC

Money Smart for Adults. Module 2: You Can Bank On It, Instructors Guide

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