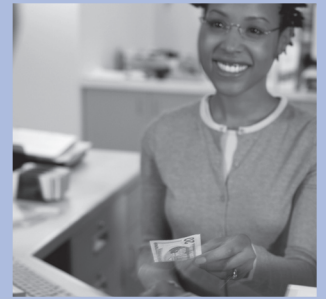


# INTRODUCTION TO FINANCIAL SERVICES

## INTRODUCTION



*These materials are intended for education purposes only. Any opinions expressed in these materials are not necessarily those of Citigroup and its affiliates. If legal, financial, tax, or other expert advice is required, the services of a qualified professional should be sought.*

### **SECTION OVERVIEW**

Financial Services is a term used to describe a whole family of resources that can be used to help manage income and other assets. It includes basic banking services such as checking and savings accounts, as well as:

- Credit and loans for a variety of purposes – to buy a car or home, to pay for education -- and in many formats, including home equity lines of credit, term loans, revolving credit lines, and a wide variety of credit cards
- Insurance – life, property, retirement
- Investment – certificates of deposit (CDs), 401(k)s, IRAs, stocks, mutual funds
- Money management planning information and advice – online education, community-based programs, on-site brochures, videos, personal financial advisors
- Direct deposit, online bill-paying, wire transfers, and many more convenience systems for managing money

It's important to know that financial services specialists have gone through rigorous training, taken courses, and passed exams. These certified professionals are licensed to sell insurance or investments, or to provide financial planning or other services. Financial services information they provide should be current, accurate, and reliable.

The next time you go to a bank, take a closer look at the many different financial services it offers. Most likely, you'll be surprised at the variety.

How many of these services do you use? How many could you use? Which of the advertised financial services might offer you a better value than your current services?

Keeping alert about financial services is essential. It allows consumers to learn about new financial resources, compare offers, and select the best values.

Many people do not use a financial institution, whether a bank or credit union. Often they do not have accurate information about how a bank works. They may believe that you need to have a large amount of money to "qualify" for an account. Or, they may believe that the "systems" to open a savings or checking account are complicated and expensive. Some people, particularly those who recently moved to the U.S., may worry that banks will close, that their money won't be safe, or that they may not have the proper ID to open an account. Other immigrants may not feel comfortable speaking English.

# INTRODUCTION TO FINANCIAL SERVICES

## INTRODUCTION



In reality, many financial institutions have become more adaptive to communities' needs, from extending their banking hours to providing in-language services or materials. Also, bank products are more affordable these days and consumers have more choices than ever before.

Education can help consumers understand how a bank can help them take advantage of the financial services available to everyone in the U.S. and start to build assets. Think about how you learned to use a bank. You may have gone to the bank with your parents as a child. You may have had your own savings account. You probably opened a checking account when you started your first job. All of these experiences helped you develop confidence and become more familiar with the services offered by the bank.

The purpose of this *Introduction to Financial Services* is to help consumers learn about the financial services available to them in their own communities, at their local bank or credit union. It is also meant to help people become more comfortable with financial services and formal financial institutions. The learning activities contained in this section can encourage participants to take advantage of these opportunities. Equally important, participants will learn how federal and state laws help protect their rights for accurate and reliable financial information.

### **ADAPTING THE PRESENTATION TO YOUR AUDIENCE**

Financial services is a fast-growing and evolving field. Each year new products are offered, and consumers need to be able to choose among them to make the best financial decisions. It can be a challenge to keep up.

New or inexperienced banking customers may be overwhelmed with their choices for financial services. Your challenge is to keep alert to the trends and recent regulations concerning these services. The facts are available at your local bank or credit union, and in ads, magazine and newspaper articles, and on the Internet.

Encourage your students or program participants to become familiar with all these resources and know which ones offer the most complete, reliable information.

Remind your students or participants that the same skills they use to shop for a car or any other major purchase are the ones they need to shop for financial services. Your confidence and encouragement is essential. It will help your students or participants feel comfortable as they gain knowledge. Avoid asking questions that require a show of hands or other public display of knowledge or opinion. Instead, encourage your audience members to volunteer examples or information.

Many of the activities in this section of the guide can be adapted for classroom use. In addition, there are many useful educational ideas and materials online. Refer to *Appendix 6: Resources* for examples.

# INTRODUCTION TO FINANCIAL SERVICES

## INTRODUCTION



Here are some tips that will help you adapt your presentation to the needs and concerns of different audiences:

### Teens

- Except for a savings account, teens are not eligible for many financial services until they turn 18, unless they co-sign with a parent or guardian. Still, it is important for them to start learning about the availability of different financial resources so that they are prepared to make choices later.
- Teens who marry and/or have children at a young age need to be aware of insurance options and other financial services.
  - They like being spoken to as adults, and are generally anxious to get the best value from their money.
  - They enjoy doing research, such as collecting brochures or ads about financial services and comparing the product choices, terms, and costs.

*Online educator resources:*

<http://www.jumpstart.org/states.cfm>

<http://www.italladdsup.org/>

<http://www.nefe.org>

### Low-income families

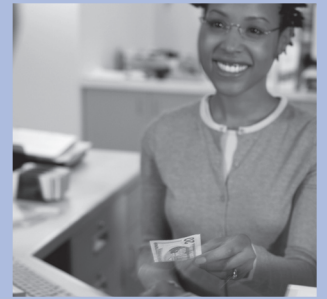
- May receive WIC (Women, Infants, and Children), Electronic Benefits Transfer (EBT) to receive public assistance, Medicaid benefits, or other public assistance funds that are direct-deposited. They need to know how to budget and access these funds.
- May not have had much experience with a bank. They need to become familiar with banks as secure places for funds and reliable resources for financial information and advice.
- May have few resources available for emergencies.
- May not be familiar with the various financial services available through a bank.
- May be paying high fees for financial services through alternative organizations, even though banks offer the same services for lower fees. Example: check-cashing fees, which are higher than a low-fee checking account, or a car loan offered through a dealer, when interest rates through a bank are often much lower.
- May be concerned about how information is shared with the government.

### Young single adults and families

- Need to understand how and when financial services protect their security, manage emergencies, and prepare for education expenses or retirement.
- May be unskilled at making major financial decisions. They need to learn how a bank can provide accurate, reliable financial services information and help with planning and money management.

# INTRODUCTION TO FINANCIAL SERVICES

## INTRODUCTION



### **Consider a Q&A Opportunity**

Financial services are new to many people. If your participants seem confused or uncomfortable talking about them, create an opportunity for them to submit questions confidentially. Make a Financial Facts Q&A mailbox to allow participants to drop in cards with questions. Take a few minutes at the end of the session to answer a couple of the questions, and include content about other questions in later presentations.