

How Banks Work Script

SCENE 1

BANKER

Good morning and welcome to _____
Bank, how can I help you?

SAVINGS CUSTOMER

Good morning! I would like to open an
account please.

BANKER

Of course - how much would you like
to *DEPOSIT*?

SAVINGS CUSTOMER

DEPOSIT?

BANKER

Yes your *DEPOSIT* is money that you
put into the bank.

SAVINGS CUSTOMER

Right! In that case I would like to
DEPOSIT \$100.

[Hands \$100 to the BANKER]

BANKER

Thank you! As a reward for saving
\$100 in our bank, we will add \$1 a
year to your account.

[Banker shows the \$1]

SAVINGS CUSTOMER

I like the sound of earning more
money, but how do I know my money
will be safe?

[FDIC Representative pops in.]

FDIC REPRESENTATIVE

Excuse me, I would like to interrupt
for a moment.

SAVINGS CUSTOMER

Who are you?

FDIC REPRESENTATIVE

I am the Federal Deposit Insurance
Corporation, but you can call me
"F.D.I.C." for short. It's a fancy
name for a part of the federal
government that makes sure if this
bank fails and runs out of money,
you won't lose your \$100. We make
sure that you can still get your
money.

BANKER

Yes! At _____ Bank we are
FDIC insured, so as FDIC said, your
money is safe with us!

SAVINGS CUSTOMER

Great! Then I would like to *DEPOSIT*
this \$100 and earn my \$1 reward for
saving my money here instead of
hiding it at home. How can I get my
money out?

BANKER

You can come by and *WITHDRAW* money
anytime, which means to take it
out... I can even give you this *DEBIT*
card so you can take money out from
an ATM if we aren't open.

[Savings Customer gives the \$100 to
Banker]

[Banker puts it in the "safe" along
with the \$1, Savings Customer
leaves]

How Banks Work Script

SCENE 2

[Banker sits at desk, Borrowing Customer walks in]

BANKER

Good morning and welcome to _____ Bank, how can I help you?

BORROWING CUSTOMER

Good morning! I would like to borrow \$100 to pay for a _____. I can pay you back a little bit at a time over 4 years.

BANKER

You are a responsible student, so we would love to let you borrow \$100.

You can pay \$25 each year for 4 years...

[Banker almost hands \$100 to the student, then takes it back]

...BUT in return for borrowing the money, you will need to pay us an extra \$2 a year.

BORROWING CUSTOMER

I can do that!

FDIC REPRESENTATIVE

One whole year passes...both customers return to the bank, and let's see what happens.

BANKER

[to Savings Customer]

Thank you for continuing to bank with us! Here is a \$1!

[Banker gives Savings Customer \$1]

BANKER

[to Borrowing Customer]

Thank you for borrowing from us! Please pay us \$27!

[Borrowing Customer gives Banker \$27]

How Banks Work Questions

SCENE 1 Reflection Questions:

1. What is a deposit?
2. What does it mean to withdraw money?
3. How do you know your money is safe in the bank?

SCENE 2 Reflection Questions:

For 4 and 5, Circle the correct term to fill in the blank that describes how interest works:

4. When you **save** money into a bank account, you **EARN** or **PAY** money, called interest.
5. When you **borrow** money from the bank, you must **EARN** or **PAY** money, called interest, in addition to the money you borrowed.
6. Why do you think the bank charges more for borrowing than they pay for saving?

Interest

Fill in the blank with EARN or PAY:

Interest is a reward you _____ for saving your money with a bank **OR** money that you _____ for borrowing money from a bank.

An interest rate tells you how much of your money you are earning or paying. Draw the percent symbol here:

Different Interest Rates

Amount Saved	Interest Rate	Calculate the interest	Interest Earned
\$100	1% or .01	$100 \times 0.01 =$	\$1
\$100	2% or .02	$100 \times =$	
\$100	3% or .03	$100 \times =$	

Different Amounts Saved

Amount Saved	Interest Rate	Calculate the interest	Interest Earned
\$10	1% or 0.01	$10 \times 0.01 =$	\$0.10 a dime!
\$100	1% or 0.01	$100 \times =$	
\$1,000	1% or 0.01	$1,000 \times =$	

When you save money in an account with interest, the amount of money you earn depends on the interest rate and the amount of money you save. Fill each blank with **MORE** or **LESS**.

- The higher the interest rate (percent), the _____ money you earn.
- The _____ money you save the _____ interest you earn.

Additional Activities to Try

MORE AT HOME ACTIVITIES

- You can act like a bank and
 - if your child decides to save money, you can reward them with “interest,” as long as they continue to save their money.
 - if your child wants to borrow money, you can charge them “interest” on the borrowed money.
- Look up the different interest rates for different savings accounts online. Have your student compare the interest rates like they did in the video.
- Have your child explain how banks work to another family member to solidify what they learned. Have them use the graphic from the video below to help them.



IN THE REAL WORLD

If you can, open up a savings account with your local bank or credit union for your child. Have them physically go to the bank with you to ask the bank employee questions about interest rates, insurance policies (if the bank is FDIC insured), and different accounts. Also have them ask about the interest rates the bank charges people for borrowing money. As much as possible, have your student go to the bank and deposit cash at the beginning, then you can work towards tracking money online or with digital apps.

MORE CONVERSATION STARTERS

- Discuss why you keep your money in a bank, if you do, what type of accounts you have, and what the interest rates are for those accounts.
- Talk about times you borrowed money from a bank and how interest worked in those situations.