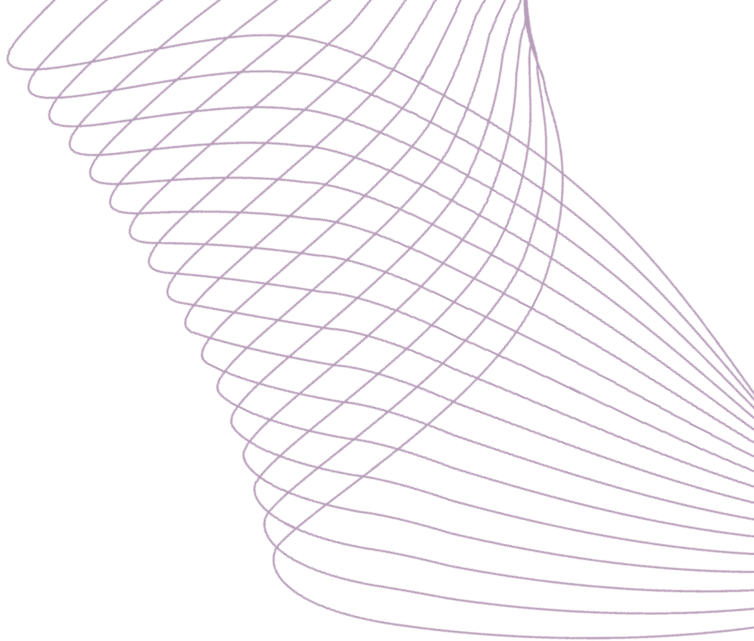




SMARTER BANKING: MAKE THE MOST OF YOUR MONEY



AUSTRALIAN BANKERS' ASSOCIATION INC.



AUSTRALIAN BANKERS' ASSOCIATION INC.

Published by the Australian Bankers' Association Inc

Edition 2, July 2009

Copyright, Australian Bankers' Association

All rights reserved.

Important Note

This booklet gives information of a general nature and is not intended to be relied on by readers as advice in any particular matter. Readers should consult their own advisers on how this information may apply to their own circumstances.



CONTENTS

| | | |
|-------------|-----------|---|
| PAGE | 4 | Banking basics |
| PAGE | 6 | How do I know what type of bank account I need? |
| PAGE | 14 | How do I choose the best bank account for me? |
| PAGE | 16 | How do I open a bank account? |
| PAGE | 18 | How can I access & use my bank account? |
| PAGE | 24 | How can I make the most of my bank account? |
| PAGE | 28 | How can I minimise the cost of banking? |
| PAGE | 34 | How can I increase my savings? |
| PAGE | 38 | Where can I go for more info? |
| PAGE | 42 | All that jargon... glossary of terms |



GET SMART ABOUT EVERYDAY
BANKING & SAVING



INTRODUCTION

GET SMART ABOUT EVERYDAY BANKING & SAVING

Money and banking are a part of everyday life.

Banks offer all sorts of financial products and services to suit a wide range of customers – from accounts for everyday use, to loans to enable you to buy a house or car, to lines of credit and more complex products.

While many people may not require some of the more sophisticated products on offer, almost everyone needs an account for everyday banking and saving – an account you can make deposits into, withdraw cash from, and use to pay bills.

The choice of an everyday account can be confusing. Banks have developed a range of everyday accounts with varying features and costs to suit different customer needs.

It's important to choose the account that's right for you, and then to get the most out of it.

This booklet is packed with practical tips to help you choose a bank account that suits your needs, and use it efficiently. It contains information on how to keep bank fees as low as possible and explains how you can use electronic banking to save time and money.

Finally, there are some strategies to help you increase your savings, and plan for your financial future.



BANKING BASICS



Banks offer a broad range of banking, financial, investment and payment services.

People need banking products and services for many reasons. Having a bank account helps you manage your day-to-day finances and keep track of your money.

Benefits of having a bank account include:

- Provides you with a convenient way to organise your money and finances. For example, you can receive money in the form of salary or government benefits, or from other sources; pay for goods and services without having to always carry around a lot of cash; pay bills cheaply and easily; or transfer money to someone else.
- Provides you with a safe place to keep your money, especially in uncertain economic times. Deposits are capital guaranteed. Banks are heavily regulated, and prudential standards are in place to ensure that depositors' funds are as safe as possible.
- Helps you establish a track record of good financial habits. Being able to show you can save money demonstrates your ability to repay a loan. For example, when the time comes that you need to borrow money from a bank to buy a house or a car or go on a holiday.
- Makes it easier for you to save and build your financial assets. Money held in a bank account is extremely liquid, meaning that it is easy to access your funds in cash, at short notice. Many bank accounts pay interest, and are structured to encourage you to save.

Did you know?

In October 2008, the Federal Government announced that it would guarantee bank deposits held in Australian financial institutions. The measures were announced in response to the global financial crisis. Under the guarantee, the Federal Government will stand by total deposit balances up to \$1 million in Australian banks, credit unions and building societies for three years. Most banks will offer customers with total deposit balances over \$1 million an option to 'opt-in' to the guarantee scheme.

WHAT IS INTEREST?

Just as you pay interest on money you borrow from a bank or other lender, you can also earn interest on money you 'lend' to the bank.

Interest is the money you are paid by the bank on money you have deposited with the bank.

The amount you earn in interest depends on a number of things, including:

- the interest rate,
- the method of calculation, and
- how often interest is paid.

The interest rate is usually expressed as an annual percentage. The higher the interest rate, the more your money will earn.

The method of calculation will affect how fast your money grows.

Simple interest is calculated on the principal amount.

Compound interest is similar to simple interest, but the interest that is paid periodically adds to your account balance, which means that you earn interest on interest. While the interest rate itself stays the same, the amount of interest grows as it is being earned on a larger sum.

How often interest is paid can also affect how fast your money grows.

Your account balance in a transaction or savings account is likely to fluctuate regularly as you withdraw or add money. For their transaction and savings accounts, most banks calculate interest on a daily basis, which is then paid into your account on a monthly basis.

Whereas the principal amount in your term deposit isn't likely to change, unless you withdraw your money before the end of the specified term. For their term deposits, most banks calculate interest at the end of the specified term.

Did you know?

The way interest is calculated can impact on your savings. With some bank accounts, interest is calculated on the lowest balance during the period of calculation, for example, one month. This means if your account balance has been very low for just one day during the month, the amount of interest you earn will also be low – regardless of how much money was in the account for the rest of the month. With some bank accounts, you could earn a higher rate of interest if you don't make a withdrawal during a period, for example, one month. This means you could earn more interest on your savings – as long as you don't make a withdrawal.

TIP

Know the interest rate on your account

Interest rates can change. Banks publish their interest rates in newspapers and on their websites. You should make sure you know the interest rate applicable to your bank account.

CASE STUDY: SIMPLE VERSUS COMPOUND INTEREST

Bob opens a term deposit with a principal amount of \$10,000 paying 5.0% pa interest for 1 year. Most term deposit accounts pay interest only at the end of the specified term, calculated on the principal amount deposited. After 1 year Bob will receive interest of \$500 and the total amount Bob has is \$10,500. Bob decided to open another term deposit with a principal amount of \$10,000 paying 5.0% pa interest for 1 year, and spends the \$500 interest earned. At the end of the second year, Bob has \$10,500.

Jane also opens a term deposit with a principal amount of \$10,000 paying 5.0% pa interest for 1 year. After 1 year Jane will receive interest of \$500 and the total amount Jane has is \$10,500. Unlike Bob, Jane decides to reinvest her term deposit for another year, with the principal amount of \$10,500 paying 5.0% pa interest for 1 year. At the end of the second year, Jane has \$11,025.

'Compounding' is the process by which your savings or investments will increase in value by ever-greater amounts, if interest earned is reinvested. After 10 years, if both Bob and Jane continued to save in the same way, and Bob continued to spend the interest earned, Bob would have \$10,000 and Jane would have \$16,289*. The reason for the difference is the amount that future interest is calculated on – the interest reinvested increases the principal amount.

* This figure assumes interest of 5.0% pa before tax, any fees or charges, and inflation.



Most banks offer a range of products to help you manage your money on a day-to-day basis and save a little along the way. Before you can decide which bank account is right for you, first you need to know what's on offer.

Let's start by looking at the typical bank accounts for day-to-day banking and saving offered by banks throughout Australia.

TRANSACTION ACCOUNTS

Transaction accounts are for your everyday banking needs, whether it's somewhere to deposit your pay, or an account to use to pay bills or do some shopping.

Some transaction accounts offer unlimited transactions, while others offer a set number of free transactions, and charge for any transactions over this limit.

Most transaction accounts have a monthly fee. Generally, a higher monthly fee is charged if the account offers unlimited transactions. If you don't think you will be making many transactions, an account with a lower monthly fee may be better for you.

Some transaction accounts don't have monthly fees, but these accounts usually have less features, such as only online access, and if you need to use other services, such as branch withdrawals, you'll usually have to pay additional fees.

PROS

- You can usually keep fees fairly low by choosing an account that matches your usage pattern – an account with a low monthly fee and limited transactions if you're a 'light' user, say you make around 4-8 transactions using ATMs, EFTPOS facilities or telephone banking each month, or an account with a higher monthly fee and unlimited transactions if you're a 'heavy' user, say you make more than about 8 transactions each month.

HOW DO I KNOW WHAT TYPE OF BANK ACCOUNT I NEED?

HOW DO I KNOW WHAT TYPE OF BANK ACCOUNT I NEED?

- Some transaction accounts offer an overdraft facility (subject to credit approval) or a cheque book facility.

CONS

- Very few transaction accounts pay any interest – so money in these accounts doesn't earn as much interest as savings accounts.

CASE STUDY: TRANSACTION ACCOUNT

Rob is looking for a bank account for his everyday banking.

Some of the features he wants:

- Salary paid directly into his account.
- Direct debits to pay his bills.
- Access to his cash instantly using an ATM or via EFTPOS facilities.
- Flexibility of unlimited transactions, but knows that he will probably have to pay a higher monthly fee for the convenience.
- Doesn't mind doing most of his banking electronically, but on occasion may want to use services available through a bank branch.
- Doesn't have a loan, so there is no need to offset his account with any loan.

SAVINGS (DEPOSIT) ACCOUNTS

Savings accounts are a good option if you want to save money, perhaps for a holiday, to pay student fees or for Christmas spending.

Interest is paid on savings accounts. The interest rate generally depends on the account balance – the more you have in the account, the higher the rate. Banks offer a broad range of savings accounts with different features to suit different people.

Savings accounts can also be used for your day-to-day banking needs, as most let you make deposits and withdrawals.

Some savings accounts have a monthly fee. Some don't, but may have a limit on withdrawals, which means that you need to watch you don't exceed the limit to avoid fees for 'excess withdrawals'.

Some savings accounts require you to maintain a minimum balance in order to earn interest, or a higher rate of interest.

Some savings accounts provide you with a higher rate of interest if you don't make a withdrawal over a specified period.

Most banks offer a type of savings account that can only be accessed via the Internet or automated telephone banking – you can't withdraw cash from a branch. In some cases, branch withdrawals may be permitted, but a fee is charged. An account like this must usually be linked to a transaction account you hold at the bank. This type of savings account is generally fee-free – but fees invariably apply to the account it is linked to.

PROS

- Savings accounts usually pay a higher rate of interest than transaction accounts, and often reward you for maintaining a higher account balance.

CONS

- You have to follow the rules in order to reap the rewards. If you use this account for your everyday banking and paying your living expenses, you may make too many withdrawals or fall below the minimum required balance to gain the rewards. You may end up with account fees that you may not otherwise have had to pay.

CASE STUDY: SAVINGS ACCOUNT

Elizabeth is saving some money from her regular income so she can pay off her HECS debt earlier.

Some of the features she wants:

- Salary paid directly into her account.
- Easy access to her money.
- Higher rate of interest, but knows that if for some reason she needs to withdraw more money during the month than anticipated, she may not receive the higher rate of interest for that month.
- Might need access to her money, so doesn't want to lock it away in a term deposit.

TIP

Make the most of reward savings accounts

Savings accounts can offer different rewards to encourage you to save, including:

- Offer an introductory higher rate of interest
- Pay a higher rate of interest if you don't make a withdrawal during the month
- Waive or rebate account fees if you maintain a minimum account balance.

Reward accounts are more flexible than term deposits and allow you to earn a higher rate of interest than a standard savings account.

Some banks will find ways of ensuring that a fee-free deal on your account continues even if you deposit your money into a savings account or term deposit with the same bank.

Shop around – when you are selecting a savings account that best suits your needs, make sure you check the introductory interest rate, the standard interest rate, and the other features of the account – so you're getting the best value for your money.

TIP

Make the most of term deposits

At maturity, a term deposit will roll over automatically unless you tell your bank or other financial institution that you don't want this to happen. But don't just let your term deposit roll over automatically – even if you're happy for it to reinvest for the same term. If you let your term deposit roll over automatically, you may end up with a below market interest rate. Ask your bank or other financial institution for the latest interest rates so you can make sure you've got your money in a term deposit that is earning the best rate of interest it can.

TERM DEPOSIT (ACCOUNTS)

If you've saved some money and don't want to be tempted to spend it, a term deposit could be for you.

Term deposits earn a higher rate of interest, but involve locking your money away for a fixed length of time – known as the 'term'. Terms can be anywhere from one month to five years, or even longer. Interest is earned at a 'fixed' rate – the interest rate doesn't change over the specified term.

Term deposits usually pay interest at the end of the term – known as 'at maturity'. But this is not always the case – some term deposits allow you to receive interest on a monthly or annual basis.

Term deposits usually require a minimum balance. Minimum balances can be anything between \$1,000 to \$250,000, or even greater. So it can be a good idea to build your money in a savings account, and then move your money into a term deposit once you've reached your target amount.

At maturity, you can roll your term deposit into another term. Or you can withdraw your money via bank cheque or cash or transfer your money to another bank account.

Did you know?

The Australian Securities and Investments Commission (ASIC) has some useful information about getting the most out of your term deposit, including choosing a term deposit product and what to know when your term deposit is maturing. For more information, go to www.fido.gov.au.

PROS

- Term deposits usually offer higher interest rates than savings accounts. Interest rates are usually tiered, so the higher the balance of your deposit, the higher the interest rate you can earn.
- Term deposits usually don't have a monthly service or management fee.
- Because your funds are locked away, they are a good way of ensuring you don't touch your savings.

CONS

- If your circumstances change, it can be difficult to get access to your money before the term ends. Some banks allow you to withdraw your money early, but charge an early withdrawal fee or withhold some or all of the interest you might otherwise have earned.

CASE STUDY: TERM DEPOSIT

Joe is saving for a new car.

Some of the features he wants:

- Guaranteed higher rate of interest, but knows that if his circumstances change he may not be able to access his money easily or at all.
- Doesn't want flexibility to conduct everyday banking.
- Doesn't need to access his money via an ATM, EFTPOS terminal, telephone or Internet banking.

CASH MANAGEMENT ACCOUNTS

Cash management accounts are a good option if you've got a higher level of savings and are seeking to invest your money for a higher rate of interest. The interest rate may be tiered – the higher your account balance, the higher the interest rate.

PROS

- The main benefit of a cash management account is the higher rate of interest that is paid.
- You have immediate access to your cash, unlike term deposits.
- You have the benefits of everyday banking and can access your money from ATMs, EFTPOS facilities, Internet and telephone banking, but the fee structure is usually much lower. Some cash management accounts have no monthly service fees and fee rebate systems.
- You can usually link a credit facility, such as an overdraft facility.

CASE STUDY: CASH MANAGEMENT ACCOUNT

Alice has been saving for her dream overseas holiday, and has already saved \$10,000.

Some of the features she wants:

- Some of her salary automatically transferred from her transaction account.
- Higher rate of interest.
- Easy access to her savings, just in case of emergency.
- Immediate access to her money, but doesn't want to be tempted by having her money in her transaction account.
- Doesn't want to pay a monthly account service fee, but knows that she will need to keep a minimum account balance.

CONS

- You usually require a substantial amount of cash before a cash management account can be opened – sometimes \$10,000 or more.
- Some cash management accounts pay a lower interest rate, or no interest at all, if your account balance falls below a specified minimum balance during a given month. Account service fees may also apply if your account balance drops below a certain level.
- You usually aren't able to have an offset facility, such as linking your account to your home loan to minimise your interest costs on your home loan.

Did you know?

You might've heard of cash management trusts (CMTs). CMTs are funds that invest in short-term money market securities, which can include government guaranteed and bank backed securities as well as promissory notes issued by listed companies. Some people use a CMT as an account to feed their money into their investment portfolio. CMTs are not cash management accounts. Cash management accounts are offered by banks and pay a higher rate of interest as well as give you access to your money immediately.



FIRST HOME SAVER ACCOUNTS

If you're buying your first home, you may be eligible for a First Home Saver Account (FHSA), a type of account offered by some banks.

"FHSA" is a Federal Government initiative intended to help you build savings for a deposit and make it easier for you to purchase your first home.

Features of FHSAs include:

- Federal Government will contribute an extra 17% to your account on the first \$5,000 (indexed) you deposit in your account each financial year. For example, if you deposit \$5,000 the Federal Government will contribute \$850.
- Interest earned is taxed at 15%, instead of your marginal tax rate.
- You must deposit at least \$1,000 per year for four separate financial years.
- You can generally only withdraw your money to purchase your first home, and after you've met the initial four-year saving period. In limited circumstances, such as if you're purchasing your home with someone else, you may be able to withdraw your money earlier.
- Withdrawals from the account are tax free if you use the money to buy or build your first home to live in. Money withdrawn that is not used for the purchase of your first home must be transferred to your superannuation fund.
- You're unable to deposit money into your account once the account balance reaches \$75,000 (indexed). Federal Government contributions will cease. Money can continue to earn interest.

PROS

- FHSAs offer a combination of Federal Government contributions, favourable tax treatment, and a higher rate of interest, to help you accumulate funds for a deposit on your first home faster.

CONS

- There are restrictions on when you can take your money out. Your money is inaccessible for at least four separate financial years. For example, if you find your dream home within the initial four-year saving period, you can't access your money.
- There are restrictions on what you can use your money for. If you change your mind and decide against buying or building a home, you cannot withdraw your money. Instead you have to continue to meet the eligibility criteria or close the account and the balance has to be transferred into your superannuation fund (and generally you won't be able to access your money until you are eligible to do so under the superannuation laws).

CASE STUDY: FIRST HOME SAVER ACCOUNT

Heidi is saving a deposit to buy her first home.

Some of the features she wants:

- Greater savings potential through Federal Government contributions and favourable tax treatment, but knows she must meet the initial eligibility criteria for the account and continue to meet the eligibility criteria while she holds the account, such as deposit at least \$1,000 per financial year into the account for at least four separate financial years.
- Higher rate of interest, but knows that generally she is not able to withdraw her money for at least four financial years and only if she is buying or building her first home.
- Doesn't want flexibility with her money and has regular savings habits.

Did you know?

First Home Saver Account (FHSA) is a Federal Government initiative. There are special rules that apply to FHSAs, including eligibility, contribution, withdrawal and occupancy criteria. You should make sure you understand the product rules before making a decision about this account.

For more information, refer to www.homesaver.treasury.gov.au.

The Australian Securities and Investments Commission (ASIC) also has some useful information about FHSAs, including a checklist and calculator. For more information go to www.fido.gov.au.

TIP

Do your homework on fees

Any time is a good time to get to know your bank fees, but at the very least, make sure you find out about fees:

- When you choose a new account or bank.
- When your bank changes the fees you're charged, or how those fees are calculated.
- When you get your account statement.
- When you put some or all of your money in a high interest savings account.

Read the section 'How can I minimise the cost of banking?' on page 28 of this booklet for information on bank fees and how to keep them low.

SPECIAL BANK ACCOUNTS

BASIC BANK ACCOUNTS

A 'basic bank account' is an everyday transaction account designed specifically for low-income or disadvantaged customers. People who might qualify for these accounts include those who receive a government pension or allowance and holders of Federal Government Health Care or Pensioner Concession cards.

A basic bank account allows you to have your wages or government benefits paid, make withdrawals or deposits, and access electronic payments networks. The features of these accounts vary, but may include no monthly service fee, no minimum account balance and unlimited free transactions. Some banks have also reduced or abolished exception fees on accounts for eligible low-income earners and pensioners. (For more information about exception fees, see page 29 of this booklet.)

Did you know?

Under the Code of Banking Practice, if you tell your bank you're a low-income earner or otherwise disadvantaged, the bank must provide you with details of accounts that may suit your needs.

CASE STUDY: BASIC BANK ACCOUNT

John has retired and receives an age pension. Some of the features he wants:

- Pension paid directly into his account.
- Occasionally uses electronic banking, but mostly wants to use services available through a bank branch and wants to avoid paying transaction fees for making staff-assisted transactions.
- Doesn't like using an ATM, and prefers to make withdrawals over the counter in a bank branch.
- Doesn't like keeping large amounts of cash on him, and prefers to make smaller and more frequent withdrawals and wants to avoid paying transaction fees for exceeding the limit for fee-free transactions.
- Doesn't receive a high-level of regular income, and wants to avoid paying an account service fee due to not maintaining a minimum account balance.

DEEMING ACCOUNTS

A 'deeming account' is an everyday transaction account designed to provide pensioners or people over 55 years of age and retired with an account which reflects the Federal Government's deeming rules.

The Federal Government sets – or deems – interest rates for pensioners and recipients of certain allowances, which it uses to assess income under the pension income test and allowance income test. Banks use this deemed interest rate as a guide for setting the interest rate for their deeming accounts.

For more information on deeming, go to the Centrelink website at www.centrelink.gov.au.

YOUTH AND STUDENT ACCOUNTS

Banks also offer low to zero cost accounts for children and students. The features of these accounts vary, but may include no monthly service fee, no minimum account balance, unlimited free transactions and bonus incentives. Bonus incentives can range from rewards for savings to discounts on other products.

Did you know?

Many banks offer basic accounts for customers who are low-income earners or pensioners, full-time students, and children. These accounts charge low, or zero fees, and may offer other benefits, such as unlimited transactions.

If you're not a low-income earner or pensioner, you still may be able to open a basic bank account, or alternatively be eligible for fee discounts, including:

- People living in rural, regional or remote areas may be eligible for fee discounts.
- People with a disability and who receive a government disability pension or mobility allowance may be able to have free unlimited staff-assisted transactions.

Ask your bank whether they offer basic bank accounts or fee discounts. If your bank can't help you, find out if any other banks offer low-cost options that might suit your needs.



HOW DO I CHOOSE THE BEST BANK ACCOUNT FOR ME?



Now you know a little more about the main types of bank accounts, consider what it is that you want from your account. Going through this process will help you to narrow down the available choices.

The type of bank account that's right for you depends on what you need and how you bank.

Everyone's needs are different, and will change over time. What are you looking for from your account? Do you want an account simply to manage your pay and living expenses? Or do you want to start saving for a car, a holiday or student fees? Are you likely to make just a few transactions each month, or will you use your account more regularly? Do you need a cheque book?

Once you've considered your needs, it's time to look at the available choices and see which best matches those needs.

The table on the next page provides a shopping list of what you might want from your bank account. Beside each statement, we've shown which accounts may, or may not, meet those needs. Of course, accounts differ from bank to bank, so use this table only as a guide.

TIP

Talk to your bank

If you've already got a relationship with a bank, talk to them about your needs, and what products and services they can offer you. Shop around as well – see if another bank can offer you a better option. Banks will compete hard for your business, so take the time to look for the product and service that best suits your needs.

HOW DO I CHOOSE THE BEST BANK ACCOUNT FOR ME?

| I NEED... | TRANSACTION ACCOUNT | SAVINGS ACCOUNT | TERM DEPOSIT | ONLINE ACCOUNT | CASH MANAGEMENT ACCOUNT |
|---|---------------------|-----------------|--------------|----------------|-------------------------|
| ...an account where I can get cash regularly | ✓ | ✓ | x | x | ✓ |
| ...to make withdrawals and deposits | ✓ | ✓ | x | ✓ | ✓ |
| ...to pay for bills and make payments using a cheque | ✓ | x | x | x | ✓ |
| ...to pay for bills by BPay | ✓ | ✓ | x | ✓ | ✓ |
| ...to earn a higher level of interest on my money | x | x | ✓ | ✓ | ✓ |
| ...to use ATMs and EFTPOS facilities | ✓ | ✓ | x | x | ✓ |
| ...to use telephone and Internet banking | ✓ | ✓ | x | ✓ | ✓ |
| ...to go into a branch for my banking | ✓ | ✓ | ✓ | x | ✓ |
| ...to save, by setting aside some money, and earn high interest | x | x | ✓ | x | ✓ |

Did you know?

Banks have information and tools on their websites to help you compare accounts they have on offer and select an account that best suits your needs.

Some banks have tools on their websites to help you easily compare the different features of different bank accounts, such as comparison tables with details about interest rate, monthly service fees, the number of free transactions, and any minimum balance required.

Some banks have a bank account selector where you answer a few questions and it identifies the bank account that reflects your answers. If you don't have access to the Internet, you can call a bank or visit a bank branch, and bank staff can assist you with your product choice.

Other companies provide information about bank accounts and other financial products which you may find useful, including:

- Canstar Cannex produces information, research and ratings designed to help consumers find the right banking or financial product. For more information, go to the Canstar Cannex website at www.canstar.com.au.
- Infochoice helps you by translating complex financial product data into a user friendly format to make it easy for you to make informed decisions. For more information, see the Infochoice website at www.infochoice.com.au.
- Choice conducts testing of a wide range of consumer goods and provides information to help consumers make confident choices. For more information, go to the Choice website at www.choice.com.au.

TIP

Shop around

Things to consider when you shop around for a bank account:

- Put together a checklist of what's important to you.

Features – free, limited or unlimited transactions; account, transaction or withdrawal fees; exception fees; interest rate; minimum opening balance; minimum account balance; periodic payments.

Services – electronic banking (Internet, telephone, mobile), direct debits, overdraft facility, cheque facility, overseas transactions.

Additional – fraud and security protection, complaints handling, financial counselling, convenient location, hours of operation, disability access and services.

- Visit different banks or go online via the bank websites and find out about the different products on offer. For example, ask about fees on your transaction account and how these fees might be impacted if you open a high-interest savings account. Or check the best interest rate available when you're about to renew your term deposit – don't just let it roll over.



HOW DO I OPEN A BANK ACCOUNT?



Once you've made your choice, it's time to open your bank account.

Opening a bank account is easy as long as you know what to expect – just be ready to complete the required steps and be prepared to provide the necessary information.

You can open a bank account by going to a branch of the bank. Opening a bank account at a bank branch means you need to go during business hours. Or it may be possible to apply for your account via the Internet or over the telephone. Opening a bank account via the Internet means that you can do it at any hour of the day.

ID PLEASE!

When you open a bank account for the first time, or with a new bank, you must provide the bank with some information. Banks don't open bank accounts without certain information which proves you're who you say you are.

The customer identification check is important to protect you against someone fraudulently using your identity and for the bank to make sure they comply with their regulatory obligations and protect it against risks.

You'll need to provide simple details like your name and birthday and produce identification documents. Some examples of identification documents include your driver's licence, birth certificate, passport or Medicare card.

Did you know?

From December 2006, Australia introduced new anti-money laundering and counter terrorism financing (AML/CTF) legislation containing measures in line with international standards on combating money laundering and terrorist financing. The fundamental requirement of the AML/CTF laws is that certain businesses, including banks, know their customer. A bank must identify its customers before providing a service, and must report certain transactions and suspicious matters to the Federal Government.

You'll also need to provide your tax file number (TFN) so that you can be identified for tax purposes. While this isn't essential, it's in your interests to do so. If you don't provide your TFN, tax will be withheld from any interest paid to your account, and at the highest marginal tax rate.

In some cases, your bank may ask for additional information. For example, if you're opening a student account, or an account that offers benefits to pensioners, you'll be required to produce proof of your eligibility.

If you open an account online, you'll have to enter information into a data box. You'll also probably have to print, sign and mail a document to the bank before the account is opened and activated. Some banks complete the application electronically. Some banks will not make the account active until they have received the signed hard copy document.

If you open an account in a bank branch, the bank will probably take photocopies of your identification documents and retain these with a copy of your application.

TERMS AND CONDITIONS

Before a bank can open your account, you'll have to agree to abide by certain terms and conditions and accept responsibility for certain actions.

When you open a bank account you enter into a contract with the bank. You should, therefore, know what you're getting into.

If you open a bank account online, you'll usually have to complete this step by reading the terms and conditions and clicking an "I Agree" (or similar) button.

If you open a bank account in a bank branch, the bank will require you to sign the application form.

OPENING A BANK ACCOUNT

There are four steps to opening a bank account:

Step 1: Read the product information. Before you open a bank account you should read the product information, including terms and conditions, product features, and fees and charges.

Step 2: Complete an application form. Whether you open an account online or over the telephone or in a bank branch, you'll need to complete an application form. To complete the application form, you'll need to provide certain details about yourself as well as provide identification documents. Completing an application form usually doesn't take very long, sometimes only around 10 minutes. Some banks can verify your identification documents without you needing to go into a bank branch. Other banks will need you to present your identification documents before the account can be activated.

Step 3: Have your application processed. Once your application form has been received, the bank can start to process your application and open the account for you. Depending on the type of account you want to open, it can take around 5-10 business days for all your information to be received, checked and verified by the bank. If you're an existing customer of the bank, an account can usually be opened more quickly.

Step 4: Start banking. Once your application has been accepted, the bank will activate your account and advise you of the account details so that you can transfer your money into the new account. Now you can start banking.

Once your account is active, you can then apply and register for telephone and Internet banking.

TIP

Read and understand the fine print

Never open a bank account without first reading the product information and understanding the terms and conditions and the various fees that might apply. Terms and conditions outline the rules and regulations that apply to how you use the account. If you don't understand them, ask your bank to explain them to you.



HOW CAN I ACCESS & USE MY BANK ACCOUNT?



Once you've provided sufficient identification, the bank will open and activate your account and you can start using it.

USING YOUR BANK ACCOUNT

There's more to choosing the right account than just knowing about the types of accounts on offer and their different features. You need to know how you'll be able to get cash, check your balance and pay bills.

MAKING DEPOSITS

Deposits into your account are likely to be of two kinds:

- Regular deposits, such as your salary or wages, or government benefits.
- Other one-off deposits you make from time-to-time, such as non-regular income.

Most people have their salary or benefits paid directly into their nominated bank account. To do this, you'll need to provide your account details to your employer, or the relevant government body. You may also provide account details to other parties, such as Medicare or your private health fund, to receive medical benefits, or to companies or institutions you have investments with, to receive dividends, rental payments and other income.

You may also make other deposits – perhaps a cheque from selling something, or money you've received as a gift. If you deposit a cheque, you may have to wait several business days for the funds to clear and be available in your account.

MAKING WITHDRAWALS

Withdrawing cash from your account can happen in three ways:

- You can make a withdrawal at a branch of the bank.
- You can use the debit card that is available with most accounts to make a withdrawal from an ATM.
- You may also be able to withdraw cash when you make an EFTPOS payment. An EFTPOS payment means using your debit card to pay for goods or services, for example, your groceries at the supermarket.

PAYING BILLS OR MAKING REGULAR PAYMENTS

Most bank accounts offer lots of easy options for paying bills.

If you make regular payments, such as utility or phone bills, insurance premiums, memberships or subscriptions, or mortgage or loan repayments, you can set up a direct debit, in which case the payment is automatically deducted from your account.

Other options include paying your bills electronically, using either Internet or telephone banking. Electronic payment services, such as BPay and POSTbillpay, also enable you to pay your bills at any time.

If your account offers a cheque facility, you can pay bills by writing a cheque.

Did you know?

Setting up a direct debit to pay your bills can be convenient – but be sure you've got enough money in your bank account to cover the cost of the debit. Some companies debit your account on a regular date, every month, or once a year, which makes it easier for you to keep track of your payments. Some companies debit your account regularly, but not on the same date. If you don't monitor your spending and the amount of money in your account you may not have enough money at the time the debit happens. If a debit results in your bank account being overdrawn, you may incur additional fees.

ACCOUNT STATEMENTS

With a range of transactions, both into and out of your bank account, it's important to keep track of what's happening.

Your bank will issue you a statement on a regular basis, detailing what has happened in your account since the last statement. You can see your deposits, withdrawals, and transfers, and any bank or other fees that have been charged.

Depending on your account, you may receive your statements monthly, quarterly, or at some other interval.

You can usually nominate whether you want to receive your statements in paper form, or online. Choosing the online option means you receive your statement faster, and there is no danger of it going astray in the mail – and it's environmentally friendly.

It's a good idea to keep a copy of your statements to help manage your finances, and to refer to when it comes time to do your tax return.

TIP

Check your statements regularly

Check your statements regularly to make sure there are no unauthorised withdrawals.

Keeping a close eye on your bank account also helps you keep track of your spending and ensure you've got enough in your account to cover your expenses and any direct debits.

Check what fees you're paying on your accounts, and see whether you can do something to reduce fees by changing your banking habits (for example, using your own bank's ATMs instead of other banks' ATMs).

When you travel overseas it's particularly important to keep records of your purchases and transactions. That way, if any unauthorised transactions appear on your statements, you have documents to verify your purchases and expenses.

TIP

Travelling – make sure you can access your money

Make sure you put in place arrangements so that you can access your money before you travel overseas. It's also worth knowing how much you can withdraw and how to avoid fees. Remember – when you're using an ATM overseas, your account balance will be provided in the foreign currency equivalent.

TIP

Keep your account secure

Avoid doing your Internet banking using non-secure computers, such as in an Internet café because you won't know what security is installed on the computer. If you don't have a computer at home, some banks have terminals set up in branches which allow customers to complete Internet banking transactions.

ACCESSING YOUR BANK ACCOUNT

As recently as twenty years ago, 'doing your banking' meant going down to your local branch, which was open from Monday to Friday. Nowadays, you can access your bank account at any time, and in many different ways, which don't involve you going to your bank.

The table below outlines some of the options available for you to access your bank account. Banks are always looking at ways to better respond to customer needs, while the fast developing world of technology and telecommunications is continually opening up new possibilities (for example, some banks now offer mobile phone banking). Ask your bank about the options that apply to the accounts that you're interested in.

TRAVELLING OVERSEAS

When you're planning an overseas trip, you'll need to make sure you have access to your money. ATMs are a convenient way to access your bank accounts, but not all countries have the same ATM network.

Before you travel you should make sure:

- You have a four digit PIN.
- You check with your bank what network or global alliance bank's ATM and branches can be used to avoid additional fees.
- Your accounts are linked correctly to your cards.
- You're aware of the foreign transaction fees that may be payable.
- You're aware that most ATMs overseas will limit the amount of foreign currency you can withdraw and charge additional surcharge fees on withdrawals.

| OPTION | |
|--|--|
| Branch (over the counter service) | Over the counter services are available at bank branches or bank agencies. Bank staff can help you make deposits or withdraw cash over the counter, and give you information, such as your current account balance, transaction history, fees and other charges, and details of the interest rate and terms and conditions. |
| ATMs (Automatic Teller Machines) | You can use your debit card to withdraw cash from your bank account, get your account balance and transfer money into other accounts. At some ATMs, you can also deposit cash and cheques. |
| EFTPOS (Electronic Funds Transfer at Point Of Sale) | EFTPOS terminals can be found where goods or services are sold (for example at supermarkets, petrol stations, shops and restaurants). You can pay for goods and services through EFTPOS by using your debit card, rather than paying with actual cash. At some stores, when you use EFTPOS you can withdraw cash from your account at the same time. |
| Telephone banking | If you're registered for telephone banking, you can transfer money or make payments to and from accounts, get your account balance, get recent transaction information and pay bills. |
| Internet banking | If you're registered for Internet banking, you can login to your account to check your account balance, review recent transactions, view your account statements, transfer money, make or schedule future payments, pay bills, open a new account or apply for a loan or credit card. |
| Bank@Post | Bank@Post™ is an agency banking service offered at many Australia Post outlets. If you bank with a participating bank, Bank@Post allows you to use your debit card or credit card at the post office to perform transactions, such as deposits and withdrawals, account balance enquiries, and pay bills. |

SWITCHING YOUR BANK ACCOUNT

Perhaps you already have a bank account, but are shopping around for an account that is better suited to your needs, or one that has lower fees. It's a good idea to look around periodically to see if you can get a better deal.

Your bank will have information that can help you compare accounts. There are also websites that provide information on the accounts different banks offer, to help you find the one that's right for you. (For more information about comparing bank accounts, see page 15 of this booklet.)

The idea of switching accounts to a different bank can be offputting – but measures recently introduced by banks have made the process much easier. These measures require both your current bank and the one you want to switch to, to help you.

Once you've decided on your new account, you'll need to update any automatic payments into and out of your current account, and redirect these payments to your new account.

Automatic payments include:

- Direct debits, such as to pay your bills.
- Credits, such as your salary.
- Regular 'Pay anyone' payments.

There are four steps you should follow when you switch accounts:

Step 1: Open your new account. But leave your existing account open, and some money in it to cover any automatic payments that are due during the changeover period.

Step 2: Ask your current bank for a list of all your regular direct debits and credits. The bank will give you details of your automatic payments from the last 13 months.

Step 3: Give this list to your new bank, which will use it to set up your automatic payments in the new account. Your new bank will also assist you by providing your new account details to the organisations you pay or that pay you. You and your new bank will complete a 'Switch of Financial Institution and Account Details' form to advise each organisation of the new account.

Step 4: After you're sure all your automatic payments have been set up in your new account, close your old account.

Of course, if you prefer, you can identify all your regular payments yourself, and then contact the relevant organisations directly with your new account details.

Did you know?

The number of bank branches is increasing. The 2008 Points of Presence Survey conducted by the Australian Prudential Regulation Authority (APRA) showed that in June 2008 banks had a network of 5,398 branches. Banks increased their branch network by 3% over the year to June 2008.

The number of ATMs is also increasing dramatically. The Australian Payments Clearing Association (APCA) indicated that in March 2009 there were 27,306 ATMs in Australia, compared to 10,084 in March 1999. There are around 2.7 times more ATMs now than there were ten years ago. Banks operate around 46% of ATMs. Other ATMs are operated by other financial institutions or 'third party ATM deployers'. These ATMs give you access to your account, but are not operated by your bank.

TIP

Switching – manage your direct debits

Direct debits for regular bills can make paying bills convenient and simple. Many people have direct debit arrangements to pay regular bills, such as telephone, electricity, gas or water. But you may also have other bills that aren't so regular, such as payments for insurances or Council rates. Sometimes we can easily forget about these irregular bills. It pays to double check old account statements when switching accounts.

Remember – check on automatic payments between your transaction account and other accounts, such as an online savings account or credit card account, and other things, such as annual memberships or subscription fees.

Direct debits are designed to make life easier for you, but if you're having difficulties working out if you've got enough money in your account to cover your bills which are paid via direct debits, it might be better for you not to have direct debits for usual payments. If you don't have enough money in your account and a direct debit makes the account go into the red, your bank will most probably charge an exception fee.

HOW TO ACCESS INTERNET BANKING

Below is a step-by-step guide to help you get familiar with Internet banking. After you have registered for Internet banking with your bank, and you have the necessary username, password or access codes, just follow the steps.



STEP 1:

Make sure your computer is connected to the Internet.



STEP 2:

Go to your bank's website. You can either type the web address of your bank into your Internet browser, or save the web address as one of your 'Favourites'.



STEP 8:

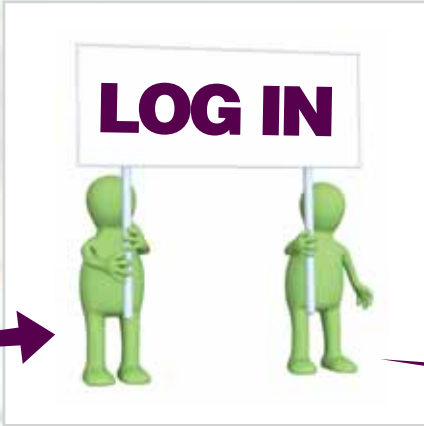
Once you've finished your Internet banking, be sure to log out from your account.



STEP 7:

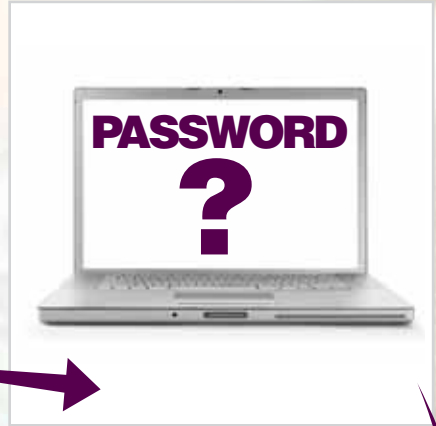
Once you've got online access to your accounts you'll see the different types of transactions that you can perform. Usually on the left side of the screen there will be a list of functions. Click on a function to open it.

HOW TO ACCESS INTERNET BANKING



STEP 3:

Once you're on your bank's website you'll see a button or other icon labelled 'Log on to Internet banking' or something similar (the terminology varies from bank to bank). Click on this icon. It will take you to a login page or screen.



STEP 4:

Login to your Internet account (the procedure varies from bank to bank). It generally requires you to enter your registration number or login ID. You'll also have to enter your password – either by typing it in, or by clicking on letters and numbers onscreen.



STEP 6:

If you've entered the correct information at all these stages, you'll gain access to your accounts and be able to begin your Internet banking.



STEP 5:

Some banks have a two-stage authentication process, which is an additional security measure to protect customers' accounts and personal data. If your bank has a two-stage process, you'll then have to enter another code.



HOW CAN I MAKE THE MOST OF MY BANK ACCOUNT?



Once you've opened your bank account, take some time to find out how you can get the most out of the account.

Many people think that their bank account is just for taking deposits and making withdrawals – that's not the case anymore. With technology developments, banking is much easier and more accessible.

PAYING YOUR BILLS

Paying bills via BPay is a convenient and simple way to manage your bills. BPay can be accessed using the Internet or over the telephone. You can make payments from your bank account or other accounts, including credit card. You can also schedule your payments for a later date.

MANAGING YOUR ACCOUNTS

Managing your accounts can be easily done using SMS and email alerts. Some banks allow you to request specific information regarding your bank account, such as account balances, deposits, and withdrawals, to be sent to you automatically via SMS or email. Daily alerts can help you keep track of your accounts. You can set up notifications to receive the information you want to receive, such as when a deposit has been cleared or when your account balance reaches a certain amount. Account balance alerts can help you avoid overdrawing your account. You can also be notified of suspicious activity.

USING INTERNET BANKING

More and more people are taking advantage of the convenience, low cost and time-saving benefits of banking online.

Registering for Internet banking means you can go online to:

- View your accounts, current balances and available funds
- View your transaction history
- View previous statements

HOW CAN I MAKE THE MOST OF MY BANK ACCOUNT?

- Transfer funds – either between your accounts, or to external accounts
- Pay bills or make payments
- Schedule future transactions
- Update personal details, such as your password, address, phone number and email address.

Internet banking also tends to be the cheapest way to conduct your banking. Many banks offer accounts that have unlimited Internet banking transactions. Whereas with other accounts, if you exceed the number of free transactions your account entitles you to, the excess fee for an online transaction is usually lower than for other transaction types.

HOW TO ACCESS INTERNET BANKING

Before you can access your account online, you'll need to register with your bank for Internet banking. Your bank will give you a registration number or login ID. You'll also need to select a password. Your Internet password is different from the PIN you use with your debit card.

Once your bank has approved your registration, you're able to access your accounts online.

Every time you wish to access your account online, you'll need to follow these steps:

Step 1: Make sure your computer is connected to the Internet.

Step 2: Go to your bank's website. You can either type the web address of your bank into your Internet browser, or save the web address as one of your 'Favourites'. For security reasons, don't click on a link to your bank sent to you in an email – emails with links to fake websites are a classic ploy of criminals trying to steal your identity.

Step 3: Once you're on your bank's website you'll see a button or other icon labelled 'Log on to Internet banking' or something similar (the terminology varies from bank to bank). Click on this icon. It will take you to a login page or screen.

Step 4: Login to your Internet account (the procedure varies from bank to bank). It generally requires you to enter your registration number or login ID. You will also have to enter your password – either by typing it in, or by clicking on letters and numbers onscreen.

Step 5: Some banks have a two-stage authentication process, which is an additional security measure to protect customers' accounts and personal data. If your bank has a two-stage process, you'll then have to enter another code. This may be a code generated by a security token the bank gives you when you register for Internet banking, or it could be contained in an SMS message the bank sends to your mobile phone.

Step 6: If you've entered the correct information at all these stages, you'll gain access to your accounts and be able to begin your Internet banking.

Step 7: Once you've got online access to your accounts you'll see the different types of transactions that you can perform. Usually on the left side of the screen there will be a list of functions. Click on a function to open it. For example, if you want to transfer funds, click on the button or icon labelled 'Transfers' or something similar. You'll need to complete the required data. Remember – make sure that you have the right BSB code and account number for the beneficiary of the transfer, as this is the information that the bank will use to process the transfer.

Step 8: Once you've finished your Internet banking, be sure to log out from your account. (Most banks also have in place a 'time-out' feature, which means that if you're inactive for a certain period in your Internet banking session, you'll automatically be logged out.)

For a step-by-step guide on how to access Internet banking, see pages 22-23 of this booklet.

TIP

Internet banking – take a test drive

If you aren't familiar with using the Internet, doing your banking online might seem daunting. To help you get more familiar with being online, some banks have tools on their website that let you pretend you are Internet banking and practice doing transactions. You can take a test drive before you register for Internet banking.

TIP

Attend a seminar

Some banks run education seminars for their customers to help them use ATMs, EFTPOS facilities and Internet banking. The seminars explain the various banking services available through electronic banking and give customers 'hands on' experience with using electronic banking. If you're interested in participating in a seminar, or perhaps arranging a seminar for your community organisation, you should contact your bank. If your bank doesn't offer a seminar in your area, ask if it will consider running one.

TIP

Check your statements regularly

Always check your account statements for any transactions that look suspicious. If you find a suspicious transaction, contact your bank immediately. Banks, police and the regulator have worked together to provide information on a website about how to 'Protect your financial identity'. For more information, go to www.protectfinancialid.org.au.

THE FUTURE OF BANKING

The banking industry has changed radically in the last twenty years, and will continue to change in the future. Bank customers are able to access their accounts 24/7. No longer is most banking conducted face-to-face with a banking staff member at the local branch. Today more than 90% of transactions are conducted electronically.

Internet and telephone banking have made it possible to do most of your banking without even leaving your home. When you do leave home, there are more places than ever before to access your accounts. Huge increases in the number of ATMs and EFTPOS terminals mean that the ability to use your account is never far away. New ways of making payments are increasingly replacing the use of cash.

It's not just the way we bank that has changed. Banks are more innovative in the products and services they offer. No longer is the choice simply between a cheque account and a savings account. Banks today offer an array of products to suit the banking habits of a wide range of customers.

Accounts are structured so that customers now pay only for services they use. You can choose an account with a fee structure that suits the way you bank, and doesn't charge you for services you don't use or need.

Banks continue to work on new technologies that will make it even easier and more convenient to do your banking. Having said this, there will always be some customers who need or prefer to do their banking face-to-face. Some people are uncomfortable using modern technology, or may not have access to the Internet.

Bank branches, and other banking services, such as Bank@Post, are essential for these customers. The banking industry monitors the geographic spread of bank branches across Australia to ensure it fairly matches where people live. The face-to-face network has been expanding over the last few years, meaning that for the vast majority of people, they are within a few minutes of their nearest bank branch.

However, it is the Internet that is transforming the way people manage their financial affairs. The huge take-up of Internet banking clearly shows that customers want innovation to continue.

Taking the idea of mobility even further, some banks now offer you the ability to do your banking on mobile hand held devices, such as mobile phones or some iPod devices. Not all mobile devices are compatible with mobile banking, and banks may limit the range of transactions that are available on the mobile platform – but over time this way of accessing your account will become easier and more widespread.

Did you know?

'Phishing' refers to the use of spam emails to fraudulently get access to banking details. The email typically purports to be from a legitimate bank or other financial institution. It may use the pretext of 'security and maintenance upgrades' or 'investigation of irregularities' or ask you to participate in a survey. The email usually asks you to click on a link to the bank's website. The link, in fact, takes you to a fake website set up to look like the bank's legitimate website.

A legitimate bank will never send you an email requesting your confidential banking details. Phishing emails will rarely address you by name, as they are sent to thousands of addresses. And although they look official, they commonly contain basic spelling and grammatical mistakes. If you suspect you have received a phishing email, delete it straight away.

ELECTRONIC BANKING CHECKLIST: WAYS TO GET MORE OUT OF BANKING

Consider the following ways to become more confident with electronic banking:

ATMs

- When your bank is organising your debit card, ask for a password instead of a PIN – this can help you remember it.
- When using an ATM, have your debit card ready to use and after you've withdrawn your cash, put it away immediately and count it later – this can help you minimise the time you're at the ATM.

EFTPOS

- When using EFTPOS, consider whether you need cash, and when you can, make a purchase and withdrawal in the same transaction. For example, when you're at the supermarket, pay for your groceries and get some cash at the same time.
- Keep your receipt for your records so that you can easily see the purchase amount and cash amount, and check against your account statement.

Telephone banking

- When registering for telephone banking, let your bank know if you're hearing or speech impaired and will be using assistive technologies, TTY, interpreters or authorised third party services to complete your transactions with the bank – this will help the bank put in place the right business rules and protocols.
- When using telephone banking, consider whether you can use automated services to check or update account details. Most banks offer accounts that include a number of fee-free transactions using telephone banking. Remember – staff-assisted transactions may incur additional fees.

Internet banking

- When registering for Internet banking, let your bank know if you're vision impaired and will be using assistive technologies, screen readers, speech recognition software to complete your transactions with the bank – this will help the bank put in place the right protocols and business rules.
- When using Internet banking, keep your computer secure by installing security protection software. For example, make sure you've installed a firewall and anti-virus software on your computer.
- When you've finished, log out of your account and Internet banking session.
- Never provide personal details including customer registration number, login ID or passwords, in response to any email. Delete any emails you think are suspicious without opening.
- Never click on a link or attachment in an email which purportedly sends you to a bank's website. Only access your bank's website by typing the address into your browser or from your 'Favourites'.





HOW CAN I MINIMISE THE COST OF BANKING?

Banks charge fees for the services they provide. The main principle behind fees, and the way they are structured, is the user pays principle. In other words, the customer should pay a reasonable fee for the services they use.

Fees are disclosed in the terms and conditions of the documents you sign when you open an account with your bank. You can also check the fees that apply to the type of account you have by going to your bank's website, or by calling your bank.

CHECK YOUR ACCOUNT STATEMENT

Any fees charged to your account are clearly listed on your account statements, including what the fee was for, how much it was, and when it was charged.

Be sure to check every account statement you receive. Statements help you to:

- Make sure you've got enough money in your account to cover your expenses and payments,
- Keep track of your spending,
- Know what fees you're paying and why, and
- Understand your banking habits and whether a few simple changes might help you reduce the fees you pay.

If you ever see a fee on your account statement that you don't understand, or don't think you should have been charged, contact your bank.

IS YOUR ACCOUNT RIGHT FOR YOU?

Fees are usually the first thing people think about when they're looking for a bank account. But fees are not the only important thing – making sure you've got a bank account that matches the way you want to bank will help you keep the costs of banking to a minimum.

Two ways you can keep your bank fees as low as possible:

1. Choose a type of account that suits your banking habits, and
2. Use your account in a way that minimises the fees you're charged.

CHOOSING THE RIGHT TYPE OF ACCOUNT

How many transactions do I make each month?

If you make very few transactions, say 4-8 transactions each month, you may be better off with an account that charges you for each transaction. But if you make a lot of transactions, say more than 8 transactions each month, it might be cheaper to pay a single monthly account service fee, rather than a fee for every transaction you make. (For more information about comparing bank accounts, see page 15 of this booklet.)

How many accounts do I have?

If you've got more than one account, you may be paying more than one set of fees. Some banks offer linked accounts, such as a transaction account and a savings account, so you can maximise the interest you earn on your money and minimise the amount you pay in fees.

Exceptions to the rule

Not all accounts have fees. For example, some banks offer savings accounts with no service or transaction fees, as long as your account balance remains above a certain minimum at all times (for example, \$1,000).

If you've got a loan, such as a home loan with a bank, the bank may waive fees on your transaction account. Packaging your loans and your everyday bank accounts with the one bank can result in fee savings.

If you're eligible for a basic bank account, you can significantly reduce your fees – possibly to zero. (For more information about basic bank accounts, see page 12 of this booklet.)

Did you know?

As well as the regular fees your bank may charge, such as an account service fee or transaction fees, the terms and conditions of your bank account may allow for 'exception fees'.

Exception fees may be charged when there are insufficient funds available to cover a transaction such as a direct debit (or in certain circumstances with credit cards).

Exception fees being charged on your bank account are avoidable. There are different options available to you depending on your bank and the type of account you hold.

Check your account balance before you make a payment (via ATM, Internet or telephone banking), and be sure to have enough in your account to cover any direct debits. Monitor your spending to make sure you don't exceed your account balance.

Some banks have facilities available to assist you avoid exception fees, such as SMS alerts for both successful and missed transactions or a 'sweeps' facility to automatically transfer funds from another account when a direct debit is presented which may overdraw an account. You should contact your bank to see if these services are available for your account.

The banking industry has taken a number of significant steps on exception fees by abolishing and reducing some of these fees. Some banks now offer accounts with no exception fees and provide discounted exception fees to eligible low-income earners and pensioners.

Fact sheets on exception fees can be found at the ABA website www.bankers.asn.au.

The fact sheets provide:

- Information including comparative tables on exception fees for regular transaction accounts and transaction accounts for eligible low-income earners and pensioners.
- Updates reflecting ongoing industry responses.
- Tips on how to avoid exception fees.

TIP

Avoid exception fees

Here's some tips on how to avoid exception fees:

- Choose the right account that suits your banking needs.
- Have sufficient funds in your account to cover your direct debits and payments. If you're not sure the account balance before making a transaction, check via an ATM, telephone or Internet banking.
- Consolidate your accounts to help you keep track of your funds more easily.
- Have your salary deposited into the same account as your direct debits.
- Create a budget and plan your spending so that your financial commitments match your incoming funds.
- Choose an account which doesn't allow exception fees to be charged. Remember – this account will not extend a line of credit, so if you try to make a payment and there aren't enough funds in your account, the transaction will not proceed.

TIP

Avoid ATM direct charges

Here's some tips on how to avoid or minimise fees under the new ATM direct charging rules:

- Use your own banks' ATMs or a fee-free networked ATM.
- Where possible, make your payments or check your account balance using telephone or Internet banking to help limit your cash withdrawals and transactions.
- Ensure you don't authorise a transaction that is too costly. Remember – in a foreign ATM transaction, the screen will disclose the ATM operator fee, and it is your choice whether or not to pay it.
- Consider using EFTPOS and getting cash out with a purchase, such as from a supermarket while you're purchasing groceries.
- Contact your bank to discuss your options.

USING YOUR ACCOUNT WISELY

Are your banking habits costing you money? How many transactions do you make on your transaction or savings account each month...5... 10...20...more? The way you do your banking affects the fees you may be charged.

Take this quick quiz to check how efficiently you bank.

If you answered 'yes' to any of the questions below, chances are you're paying more in bank fees than you need to! Maybe it's time to think about the way you bank and how to minimise your fees.

It's important to understand what fees are payable and when. The actual amount of each fee will vary from bank to bank. When you're shopping around for your account, ask each bank about its fees.

| QUICK QUIZ: YOUR BANKING HABITS | YES | NO |
|--|-----|----|
| Do you ever get charged a fee, but don't know what it is or why it's been charged? | | |
| Do you receive bank statements in the mail and file them away without reading them? | | |
| Could you reduce the number of withdrawals you make each month...even if it's by just a few? | | |
| Do you ever go into the bank to make a deposit or withdrawal when you could use an ATM instead? | | |
| Do you use whatever ATM is closest at the time, regardless of whether it belongs to your own bank or a different bank or operator? | | |
| Do you live off your debit card rather than carrying around cash? | | |
| Does your account come with a cheque book that you've never used? | | |
| Do you have more than one account? | | |

UNDERSTAND THE DIFFERENT FEES

Be sure you understand the different fees. Fees can include:

- Account service fee – usually charged at regular intervals (for example, monthly) on some transaction accounts.
- Transaction fee – might apply when you make a withdrawal or a deposit, or if you request a statement or an account balance. Most banks charge more for a transaction that's made at the branch or an agency, than for one that's done electronically, such as via ATM, EFTPOS, telephone or Internet banking. You could also be charged a fee for any direct debit set up from your account as these are withdrawals. There are accounts that offer a number of free transactions before fees apply.
- Other (Australian) ATM transactions – you could pay higher fees to use an ATM that does not belong to your bank – often called a 'foreign' ATM transaction.
- Overseas ATM or EFTPOS transactions – you may pay higher fees at an overseas ATM or EFTPOS terminal than you would on similar transactions in Australia.

- Early withdrawal fee – this fee may apply to a term deposit if you withdraw your money before the end of the specified term.
- Dishonour fee – when a cheque or direct debit is returned (dishonoured) by the bank because there isn't enough money in your account to cover the amount.
- Overdrawn account fee – a fee may apply if you overdraw your account, meaning you've withdrawn more money than you have available as cleared funds. This can happen with direct debits if you're not careful. This may be a one-off fee, or it may be charged for each day your account remains overdrawn.

For more information about choosing the best type of bank account for you, see page 14 of this booklet.

TIP

Use your own bank's ATMs

Where possible, use ATMs provided by your own bank or that are in a networked arrangement because you can save on ATM direct charges.

Most banks have information on their websites on the location of their ATMs, or you can ask your bank for details. Using an ATM which is operated by another bank, financial institution or a 'third party ATM deployer' can cost you more in fees.

TIP

Check your statements regularly

Review every account statement you receive and keep an eye on the fees you are paying. Be aware of how much your bank account costs you, and think about how you might minimise those costs. For example, if you've got access to Internet banking, regularly checking your transactions online can help you to keep within your account's fee-free transaction limits.

ARE YOU ELIGIBLE FOR A FEE EXEMPTION?

Some banks will waive the account service fee. Fee exemptions are usually available for:

- Pensioners where your age pension is paid into your bank account
- Recipients of certain government allowances
- Australian War Veterans
- Customers with a relationship with the bank (such as a term deposit or home loan over a specific amount)
- Customers who are reliant on over the counter services (such as people with a disability that prevents them using electronic banking facilities)
- Customers aged under 18.

Did you know?

In March 2009, ATM reforms required by the Reserve Bank of Australia resulted in owners of ATMs being able to directly charge the customers a fee for the use of their machine. That means, if you use an ATM that is not operated by your own bank or is not in a networked arrangement, you will have a direct charge to the ATM operator to conduct the transaction. When you go to conduct a transaction, the fee that the ATM operator charges will be displayed on the screen. You can then choose whether to use the ATM and pay the fee shown, or cancel the transaction at no cost and access cash another way – from another ATM or via an EFTPOS terminal. For example, rather than go to an ATM to withdraw cash, you can get cash out when you make an EFTPOS transaction (for example, at the supermarket or petrol station). This counts as only one transaction of your monthly fee-free allowance, and helps keep your fees lower.

A fact sheet on the ATM reforms and ways to minimise fees can be found at the ABA website www.bankers.asn.au.

MONITOR YOUR ACCOUNTS

Monitoring your accounts helps you to keep track of your transactions, make sure you've got enough funds in your account to cover your spending and payments, and make sure you don't pay fees unnecessarily.

Be sure to bank in an efficient way. Managing your accounts is part of adopting good banking behaviours.

Banks have a number of services to assist you to keep track of your banking needs and activities. Services can include:

- Register for telephone or Internet banking – manage your banking more easily and perform transactions online that would otherwise cost you in additional fees. For example, instead of going into a bank branch and making a withdrawal, transfer funds via Internet banking.
- Set-up advance payments – keep on top of your bills and payments.
- Set-up alerts – receive updates on your accounts. For example, some banks have SMS or email alerts which can automatically send you information about your account, including daily balance, withdrawal, deposit, high balance, low balance alerts. Remember – SMS alerts may incur a fee or a charge.

FEES CHECKLIST: WAYS TO KEEP YOUR FEES LOW

If you think you may be paying more than you need to, consider the following ways to reduce your fees:

- Keep your transactions to a minimum.
- Use ATMs, EFTPOS, telephone or the Internet banking, where possible, to conduct your banking transactions.
- Use your own bank's ATMs.
- Use EFTPOS, where possible, to withdraw cash while you are making a purchase. Remember – staff-assisted transactions in a bank branch usually incurs additional fees.
- Make sure you always have enough money in your account to cover withdrawals and direct debits and avoid overdrawing your account.
- Use automated telephone banking, simply follow the prompts.
- Use BPAY to pay bills, where possible, rather than writing cheques.
- Use Internet banking. Most banks offer fee-free access for transactions conducted online, such as viewing and printing account statements. Remember – staff-assisted transactions using telephone banking usually incurs additional fees.
- Combine your accounts into one bank account, or link your accounts.
- Monitor your accounts using SMS and email alerts, where possible, rather than using ATMs (for example, to check your account balances).
- Take cash out fee-free when overseas by using your bank's partner ATMs in the foreign country.
- Schedule your payments in advance to help you keep on top of your bills. Some banks let you set up an email alert to let you know when your transaction has been processed. You can set these up using Internet banking, simply follow the prompts.
- Check if you're eligible for a fee exemption.
- Check if your bank has a 'fee rebate system' for personal transaction and savings accounts that rewards people who bank electronically.
- Understand your regular account fees, and when they're charged.
- Make sure you're using the right account for your banking needs.





HOW CAN I INCREASE MY SAVINGS?

Banking is not just about handling your day-to-day finances. Managing your money is also about planning for the future, and having money put aside in case something unexpected happens.

We've already looked at some different types of accounts that can help you save. For example, term deposits give you a better rate of interest than most transaction accounts, and allow you to lock away funds for a period of time without the temptation to dip into them.

It's also wise to get into good savings habits early to try and build your money, and eventually to invest for the longer term.

SAVINGS STRATEGIES

To get started, you need to have a look at what is coming in and what is going out. For most of us our income (what's coming in) doesn't change all that much. If we want to save that means we need to think about our expenses (what's going out).

STEP 1: KNOW WHAT YOU'RE EARNING AND WHAT YOU'RE SPENDING

For many of us doing a budget can be quite daunting. But doing a budget is simply a matter of noting down all your income and all your expenses, and then subtracting your expenses from your income to see what you have left. Doing a budget is important because:

- A budget helps you see where you're spending your money. You may find some things you weren't expecting.
- A budget means you've got an accurate starting point when you're trying to establish some savings goals.
- A budget helps you identify areas where you can spend less and find ways to cut costs.
- A budget gives you an overview of your financial position.

Cutting back on your expenses is an important way to save.

STEP 2: ESTABLISH GOOD MONEY HABITS

Good money habits will also help you save.

Here's some tips you can use to help you save:

- Pay yourself first – work out the amount you think you can save each pay period (aim for a minimum of 10% of your after-tax pay) and have the money put somewhere you can't access it immediately. You could arrange a direct debit from your transaction account, so the money comes straight out of your pay and into a savings account. Or you could ask your employer to arrange for your pay to be divided, so some money goes to your transaction account and some money goes straight to your savings account.
- Save any additional money you come into – for example, if you receive a bonus, an inheritance, a gift, or a tax refund, try to save or invest this money, rather than spending it. Or if you receive a pay rise, try to maintain your expenses at the same level so you can save the extra money, rather than spending it.
- Reduce your debts – talk to your bank or lender about how you can reduce your interest costs so you can pay your loans off faster. You could set up more frequent repayments or large repayments. Plan to pay off your high-interest debt first.
- Reduce your fees – look at ways to reduce the fees you pay on your bank accounts. (For more information about reducing your fees, see page 33 of this booklet.)
- Pay your bills electronically instead of using cheques – transaction accounts can come with a cheque book – these accounts are sometimes referred to as 'cheque accounts' – but usually there is an additional fee.

Cheques might be handy in certain situations, but ask yourself whether you really need a cheque account. These days there is less need for a cheque book than there used to be because paying bills can easily and more cheaply be done by direct debit or using payment services, such as BPAY.

- Set up a dedicated savings account – keep your savings separate to reduce your temptation to dip into your savings for day-to-day needs.
- Maximise the interest rate on your account – once you have saved a lump sum, consider moving it into a term deposit that earns a higher rate of interest. If you've got savings that you don't want to touch, a term deposit might be the best account for you. The higher rate of interest is usually paid at the end of the specified term. But remember, if you withdraw your money before the end of the specified term, you mightn't earn the same interest rate.

Some banks have savings accounts which offer a higher rate of interest if you don't make a withdrawal. Interest on these savings accounts might be calculated and paid more frequently than on a term deposit. But remember, the interest rate might change on these accounts, and the interest rate on the term deposit is guaranteed for the specified term.

You should closely consider what bank account option best suits your needs and your savings goals:

- o Ask yourself: Is interest calculated daily, weekly or monthly? Is interest paid into your account, monthly or at the end of a specified term?
- o Ask your bank: How is interest on my bank account calculated and paid?

TIP

Reduce your debts

Try to reduce your debts as fast as possible. Not only will this mean you pay your debt off faster, it also means you'll end up paying less in interest. You can do this in a number of ways:

- Make mortgage repayments more often. For example, organise to make your mortgage repayments fortnightly. By paying more often, you reduce your interest costs and pay off your mortgage faster.
- If interest rates fall, keep making the same repayments. This will reduce the principal owed on your loan.
- Pay off your credit card debt as soon as possible. Interest is charged at a much higher rate on credit card debt than on your home loan.

TIP

Set aside some money in case of emergency

Having an amount of money set aside gives you peace of mind in the event that something unexpected happens.

Financial experts generally recommend that you have enough in reserve to cover three months of expenses. Hopefully you won't need to draw on your "emergency fund", but it's good to have a savings buffer should you lose your job or be unable to work due to illness or injury.

Setting aside some money in case of emergency can sometimes be difficult. But having a savings buffer means that if things go wrong you don't need to rely on using your credit card or borrowing money or finding yourself in further financial difficulty.

STEP 3: HAVE A BANKING STRATEGY

This booklet provides you with lots of information about how to get the most out of banking. Having a banking strategy in place will help you minimise your costs, maximise your money and achieve your savings goals.

Speak to your bank about a banking strategy that best suits you.

Or you could speak to Centrelink's Financial Information Service (FIS) to help you to understand your financial affairs. For more information on Centrelink's Financial Information Service, go to www.centrelink.gov.au or call 13 2300.

Or you could speak to your financial adviser. Once you have some savings in place, you can look at investing strategies.

Did you know?

The Australian Bankers Association (ABA) publishes a series of booklets to help you with your money and finances. 'Smarter Money' can give you some strategies to help you save, and show you how to construct a budget. 'Smarter Investing' can show you how to turn your savings into investments, and help build your wealth. You can find these, and other booklets, on the ABA website www.bankers.asn.au or call the ABA on 1800 009 180 for a hard copy.

CASE STUDY: SAVINGS STRATEGIES

Karen decided to take some steps to increase her savings.

Some actions she took:

- Put together a budget – Karen added up all her income and all her expenses, and subtracted her expenses from her income to see whether she had any 'disposable income' she could save or whether she was spending more than she earned and needed to reduce her expenses so she could save.
- Establish good money habits – Karen made sure she didn't spend her savings on other things. When she received her tax refund, she didn't spend it. Every time she went to withdraw money from her account, she would think carefully about how much she needed so she didn't withdraw too much unnecessarily.
- Put in place a banking strategy – Karen used her budget to help her cut back on her expenses. Her good money habits also helped her save \$5,000. Karen opened a savings account linked to her transaction account with no additional service fees and deposited her \$5,000. She arranged for her bank to automatically transfer \$150 per month from her transaction account into her savings account so she could earn a higher rate of interest on her savings. After 6 months, Karen put the money she had saved into a term deposit to earn a higher rate of interest to boost her savings even more. Every 6 months, Karen would reinvest her term deposit and add any additional money she'd saved.

FINANCIAL HEALTH CHECKLIST: WAYS TO GET YOUR FINANCES IN ORDER AND MAKE THE MOST OF YOUR MONEY

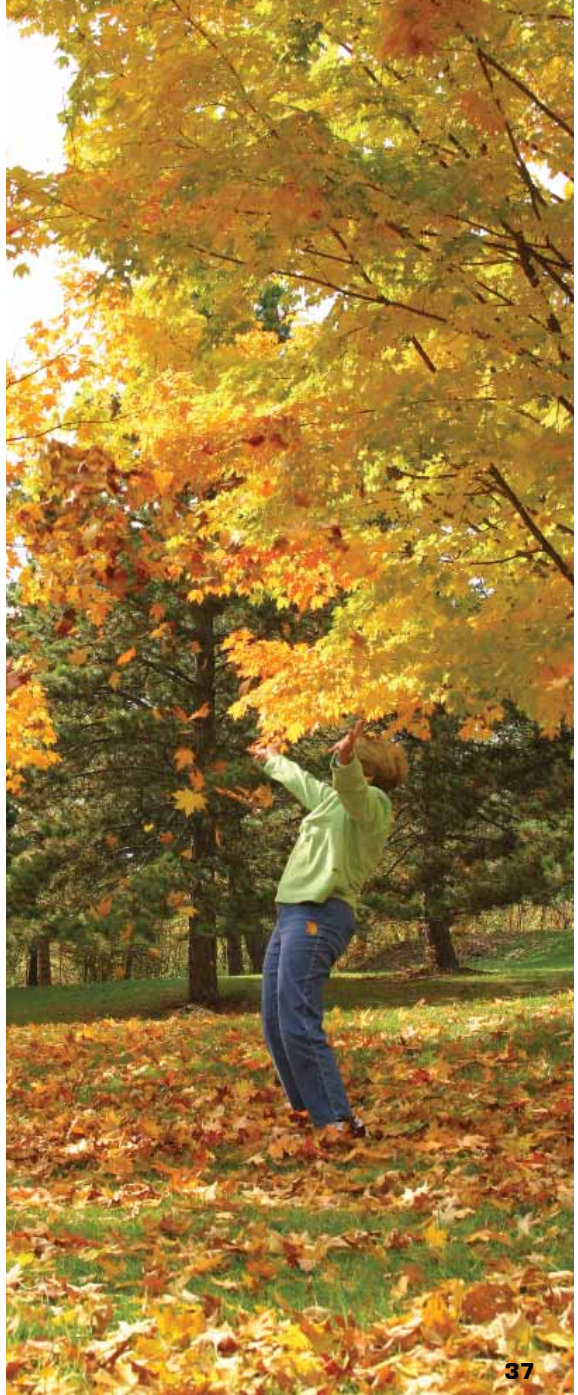
Consider the following ways to take control of your finances.

CHOOSING YOUR BANK ACCOUNT

- Work out what you need from your bank account – what are you looking for from your account?
- Take time to choose the right bank account that matches your banking behaviour – how do I want to conduct my banking transactions?
- Gather information and check out what's on offer – what are my banking needs and what choices match those needs?
- Shop around – put together a checklist of features, services and additional things that are important to you.

ESTABLISHING GOOD MONEY HABITS

- Take responsibility for your money – know your financial goals
- Start a budget – and stick to it
- Adopt good banking behaviours – bank efficiently
- Monitor your bank fees
- Keep records of all your transactions
- Check your account statements
- Pay attention to your financial situation
- Monitor your bills and payments
- Know what government benefits you may be entitled to – rules can change
- Manage your debts – only borrow what you can afford to repay
- Set up savings strategies – save regularly
- Set aside some money in an emergency fund
- Understand your banking rights and responsibilities
- Protect your personal and financial information
- Protect your assets – have the right insurances for you
- Use the tips in this booklet – put in place a banking strategy





WHERE CAN I GO FOR MORE INFO?



SPEAKING TO YOUR BANK

Your bank can be a good source of information, not only about banking products and services, but also about ways to manage your money effectively and take control of your finances.

Start by checking what resources are available on your bank's website. You may find many of your questions are answered on the FAQ page of your bank's website. You can also phone your bank or go to a bank branch and speak to the staff there.

HOW DO I RESOLVE A PROBLEM WITH MY BANK?

Sometimes, you may have a problem with a product or service you receive from your bank.

Under the Code of Banking Practice, your bank must have a procedure in place to deal with complaints. Your first move should be to contact your bank and see if they can deal with your complaint. In many cases, the dispute will be resolved internally by the bank with no further action required.

However, if your bank doesn't resolve the dispute to your satisfaction, you can take your complaint to the Financial Ombudsman Service (FOS), which is an external dispute resolution scheme.

Use the following steps to try to resolve a problem with your bank:

Step 1: Contact your bank and tell them about your problem

A customer service representative should be able to assist when you first contact the bank. If your bank can't resolve your problem then and there, it will take the following steps:

- a. let you know who is handling your complaint;
- b. keep you informed of what is happening;
- c. aim to resolve your complaint within a specified time.

Fortunately, most complaints can be quickly sorted out at this stage. If this is not the case, you may need to go to step 2.

Step 2: Make a formal complaint to the bank

Your bank will have a process for handling formal complaints. There may be a Customer Relations Manager or Complaints Manager who will investigate the complaint. The bank will notify you of the name and contact details of this person. Some banks have Customer Advocates who can make an independent assessment of your complaint and help achieve a quick and unbiased solution.

If the dispute cannot be resolved to your satisfaction internally, your next move is to take your complaint to an external dispute resolution scheme for independent review.

Step 3: Make a complaint to the Ombudsman

The Financial Ombudsman Service (FOS) is an independent complaints scheme that is free for consumers. It provides an accessible way of resolving disputes, without having to go to court. The decision of the FOS is binding on the bank. Only go to the FOS after you have tried to resolve things with your bank, as the FOS will not deal with your complaint unless you have first given the bank the chance to put things right.

Refer your complaint to:
The Financial Ombudsman Service
GPO Box 3, Melbourne, Victoria 3001
Telephone: 1300 780 808
Website: www.fos.org.au

TIP

Talk to your bank if you have a problem

If you've got a problem with one of your accounts or a financial matter, or if you've got a complaint, talk to your bank first. If you end up in difficulty with paying fees, meeting credit card payments or loan repayments, contact your bank to see if they can help with a new payment plan. Most problems can be quickly resolved if you start by letting your bank know what they are.

A fact sheet "Dealing with Debt – how banks can help if you are experiencing financial difficulty" can be found at the ABA website www.bankers.asn.au.

HOW DO BANKS HELP IF I AM EXPERIENCING FINANCIAL DIFFICULTIES?

Your bank will try to come to a workable solution to help you through a period of financial difficulty. This can involve working out what assets you've got available, working out what you need to repay and understanding your income and spending in order to agree to a reasonable plan for repaying the debt.

In some cases, this discussion may take place through specialist teams. They will take time to understand your situation. They can provide you with personal assistance and information to find the best possible way to help you control and to manage your financial obligations with the bank now and in the future.

Each person's circumstances are individual and different banks will have different procedures.

Generally your bank will want to:

- Help you find solutions if you've missed monthly payments on your credit card.
- Discuss possible ways to assist you if you're unable to make contracted repayments on a home loan or personal loan, such as re-structuring your debt so that you can repay it over an extended period.
- Discuss alternative banking arrangements that may be more suitable for your circumstances, such as identify more suitable accounts for low-income earners and pensioners.

Banks treat each case individually. It's important that you keep in touch with your bank throughout the repayment process, especially if your circumstances change.

SPEAKING TO A FINANCIAL COUNSELLOR

There are financial counselling services available in every State and Territory that provide a free, independent and confidential service.

A financial counsellor can help you get a clear picture of your financial situation and develop strategies to get you back in control of your money – whether it's creating effective budgets, working out manageable repayment plans, working with your creditors or addressing a financial crisis caused by a problem with health, unemployment, family break-up or gambling.

The Australian Financial Counselling and Credit Reform Association (AFCRA) website contains a list of organisations in each State or Territory that will provide a financial counselling or credit advice service or refer you to the appropriate service. For more information, go to www.afccra.org/counselling.htm.

Did you know?

Financial counsellors provide information to consumers in financial difficulty. A thorough assessment of an individual or family's situation is followed by identifying what can be done to address the financial problems, and the possible advantages and disadvantages of those choices. Financial counsellors are based in community agencies and are funded largely by State or Federal Governments. Government funded financial counselling services are free and confidential – they are different to fee for service debt counsellors.

SPEAKING TO CENTRELINK

Centrelink's Financial Information Service (FIS) is an education and information service available to anyone. The service is provided by specialist Centrelink officers and is independent, free and confidential.

While the FIS does not provide financial advice, FIS Officers can help you to make informed financial decisions.

The FIS can also help you to understand the possible consequences of your financial decisions.

The FIS runs a program of financial education seminars, and also produces a range of fact sheets with information about specific financial issues and savings planners to help you budget for savings.

To speak to a FIS Officer, or to request booklets and other information, call Centrelink on 13 2300 or visit the Centrelink website www.centrelink.gov.au.

To find out more about seminars or to make a seminar booking, call 13 6357 or email fis.seminar.bookings@centrelink.gov.au.

WHO ELSE CAN I CALL?

The Australian Securities and Investments Commission (ASIC) has an infoline and a consumer website.

To contact ASIC call: 1300 300 630.

The FIDO website contains information for consumers about financial products, such as financial tips and safety checks as well as information about making a complaint, including a booklet you can download titled 'You can complain'. For more information, go to www.fido.gov.au.



GLOSSARY OF TERMS

ACCOUNT BALANCE

The amount of money you have in your account.

ACCOUNT STATEMENT

A record summarising all the transactions on your account and any fees charged or interest paid over a given period. Depending on your bank and the type of account, you may be able to receive statements fortnightly, monthly, quarterly, bi-annually or annually. Statements may be sent to you in the mail or accessed via the Internet.

ASIC

The Australian Securities and Investments Commission (ASIC) is the independent Australian government body that enforces and regulates company and financial services laws in Australia to protect consumers, investors and creditors. ASIC reports to the Commonwealth Parliament, the Treasurer and the Minister for Financial Services, Superannuation and Corporate Law.

ATM

An abbreviation for Automatic Teller Machine. ATMs allow you to withdraw money from your account, providing you have ATM access, without having to go into a bank. Some ATMs allow you to deposit cash and cheques into your account, check your account balance, and transfer money between accounts. Many ATMs can be accessed 24-hours a day.

BALANCE

(see 'account balance')

BANK

In Australia, banks are financial institutions that are authorised under the Banking Act 1959. They offer a variety of banking and financial products and services to customers, and generally receive fees from customers in return for these products and services.

BANK ACCOUNT

A type of product offered by banks that provide a secure facility for depositing and withdrawing money and making other financial transactions.

BANK FEES

Fees that are charged by your bank, to be paid by you, in return for the products and services they provide.

BANK@POST

An agency banking service offered at many Australia Post outlets. If you bank with a participating bank, Bank@Post allows you to use your debit or credit cards at the post office to perform transactions such as deposits and withdrawals, account balance enquiries, and payments of credit card bills.

BPAY

BPAY is a service via which Australians can pay their bills with over 16,000 billers.

BRANCH

An outlet which banks operate to assist customers with banking and financial services. Branches are open for business during normal business hours. Some banks also open their branches for extended hours and on Saturdays.

CASH

Money in the form of notes and coins.

CHEQUE

A type of payment that is available to people with transaction accounts, also called 'cheque accounts'. A cheque is a small paper form that the account holder can fill in and sign in order to pay for purchases and bills. When you write a cheque, the person who you're paying (the 'payee') takes that cheque to their own bank. Their bank then withdraws the specified amount from your bank account, and pays the money into the bank account of the payee.

CREDIT/CREDIT CARD

Credit is a form of loan that allows you to obtain goods before you actually pay for them, but which must be repaid within an agreed time frame and includes an interest payment. People can pay for goods using credit cards, which are linked to accounts that provide you with a certain amount of credit.

DEBIT CARD

A plastic card with an encoded magnetic strip that allows you to access your accounts via ATMs and EFTPOS terminals. Many accounts automatically come with an debit card for convenient access.

DEPOSIT

To put money into your account, for example, when your pay goes into your account, or when you pay cash or cheques into your account.

DIRECT DEBIT

A regular payment that you authorise to be debited (withdrawn) directly from your bank account. Also called periodical payments.

EFTPOS

An abbreviation for Electronic Funds Transfer at Point Of Sale. EFTPOS allows you to purchase goods and services, and withdraw cash if the merchant agrees, using a debit card.

ELECTRONIC BANKING

Methods of banking that allow you to access your account electronically, such as ATMs, EFTPOS terminals, Internet and telephone banking. Depending on your account, you may be able to make withdrawals, deposits and transfers electronically, as well as receive information about your account, such as account balances, recent transactions, etc. Before an electronic transaction can be made you are normally required to provide your PIN or password in order to verify your identity as the owner of the account.

FINANCIAL ADVISER (ALSO CALLED A FINANCIAL PLANNER)

A financial adviser provides individuals with personal advice on investments. A licensed financial adviser is obliged under the law to act in the interests of their client when making recommendations to their client.

FINE PRINT

A common term for legal and technical information about your accounts, such as terms and conditions, often printed in a smaller-sized text than the rest of the information in the document.

FOS

The Financial Ombudsman Service (FOS) is a free and independent dispute resolution service that considers complaints about financial services, including banking, credit, loans, general insurance, life insurance, broking, financial planning, investments, stock broking, managed funds or superannuation. The Ombudsman is able to investigate disputes and make decisions that are binding on the financial services provider.

INCOME

Money you receive in the form of your salary or wages, interest from bank accounts, dividends from shares, and rent from an investment property.

INTEREST

Interest is the amount a borrower pays to a lender for the use of the lender's money. For example, if you borrow money from a bank in the form of a loan, the bank will charge you interest for the use of that money. On the other hand, if you lend your money to a bank by opening a bank account or a term deposit, the bank pays you interest for depositing your money with them.

INTERNET BANKING

Making deposits, transfers and withdrawals, and checking account balances etc via the Internet. For security purposes, you may be required to register with your bank in order to use Internet banking.

MONEY LAUNDERING

Money laundering involves disguising the source or destination of money via financial transactions. Typically the proceeds of criminal activity are passed through 'legitimate' accounts or businesses so that the funds themselves appear to be legitimate.

OVERDRAWN

Your account is overdrawn if you've taken more money out of your account than was actually available as cleared funds. This can happen if you write a cheque without having enough money in your account to cover that cheque when it is cashed. Or if you have arranged a direct debit without having enough money in your account to cover the payment. Fees may apply to overdrawn accounts and dishonoured cheques.

OVER-THE-COUNTER

Any banking activity that is made in a branch, or at an agency of your bank, such as an Australia Post outlet, where you may be able to make financial transactions.

PIN

An abbreviation for Personal Identification Number, a number used as an access code for your account when using an ATM or EFTPOS terminal. Your PIN should never be shared with anyone else, as you're the only person authorised to use your accounts.

SAVINGS

Money that you have set aside for a specific purpose.

STATEMENT

(see 'account statement')

TAX FILE NUMBER (TFN)

A unique nine digit number issued by the Australian Taxation Office to individuals and organisations to identify them for taxation purposes. Your Tax File Number (TFN) is specific to you.

TELEPHONE BANKING

Making deposits, withdrawals and transfers and checking account balances etc via the telephone. For security purposes, you may be required to register with your bank in order to use telephone banking.

TERM

The amount of time that a term deposit is to be held, or over which a loan must be repaid.

TERM DEPOSIT

An account that offers a higher rate of interest, but locks your money away for a specified period.

TERMS AND CONDITIONS

When you open an account you're effectively entering into a contract with your bank, and in doing so you are agreeing to a series of terms and conditions. These outline how you're able to use your account. Terms and conditions for your account are available from your bank.

TRANSACTIONS

The name given to activities such as making deposits and withdrawals, or transferring money from your account.

TRANSFER

To move money from one account to another account.

WITHDRAWAL

To take money out of your account, for example, when you take money out via an ATM, or when you make a payment via EFTPOS or cheque.

Other booklets in the ABA's financial literacy booklet series



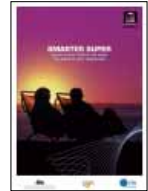
SMARTER INSURANCE

Protect your assets and secure your future



SMARTER INVESTING

Build wealth and secure your future



SMARTER SUPER

Invest in your future and make the most of your retirement



SMARTER MONEY

Take control and stay on top of your finances



PLANNING FOR RETIREMENT



PLANNING FOR HOME OWNERSHIP

How to order the ABA's booklets

The Australian Bankers' Association (ABA) has prepared a number of financial literacy booklets. If you would like to obtain copies, please contact the ABA.



AUSTRALIAN BANKERS' ASSOCIATION INC.

Australian Bankers' Association Inc.

The ABA is an industry association that represents Australia's banks.

The banking industry is committed to helping Australians better understand financial services to make more informed choices when it comes to managing money and every day finances.

The ABA website has a Financial Literacy Info Centre which provides information on managing your money, ways of banking, banking products and services, and protecting your money and banking information.

CONTACT US

Australian Bankers' Association

Freecall: 1800 009 180

Email: reception@bankers.asn.au

Website: <http://www.bankers.asn.au>

