Banking Transaction Options and Staying Safe from Fraud

LESSON PREPARATION AND TEACHER INFORMATION

Lesson Summary: This lesson is intended for high school students during a forty minute time period. The lesson teaches students the various transaction options available in today's banking environment and teaches ways to stay safe from financial fraud and identity theft.

Lesson Objectives

- List the various types of transaction methods
- Discuss the differences between a debit and credit card transaction
- Staying safe from fraud schemes

Materials Needed

- Transaction Methods Options handout
- Pencils for each student

LESSON CONTENT

Lesson Introduction: 1 minute

Introduction for Metro Bank Metro Money Sense Instructors

Hello, my name is _____ and I'm from Metro Bank. I'm pleased to be visiting your class today to share information about how to keep your information and money safe from scams and new ways of banking.

Lesson Objective: Identify the various types of transaction methods – 15 minutes

In addition to checking and savings accounts, banks and other financial institutions can offer various types of transaction methods in order to do financial business. Today we'll review the various types of banking service options and also talk about how you can keep safe from fraud scams and financial related crimes.

Activity

Separate the class into 5 groups. [If there will be more than 5 students in a group, place into smaller groups and assign some groups the same Options.]

Hand out the Transaction Methods Options handout.

In 5 minutes, have the students write as much information as they know about each option. Have them select one person to share the information they listed. [If some groups have the same Option, have only 2 points made by each group, then open up for additional points.]

Add notes after each group contributes using the information sheet.

Online Banking
- Paying bills online
- Can look up account balances
- Make transfers and other banking transactions
- Saves time and money

Credit cards
- Easy to make purchases
- Is a type of loan as the customer is borrowing money to make the purchase
- Receives a bill to make a payment
- Some have reward points
- Helps create credit history

Debit card
- Quick and easy access to money almost everywhere
- Needs PIN to use card
- Can purchase stamps at some machines
- Can use to make purchases at stores
- Withdraws money directly from checking or savings account

Telephone banking
- Uses a phone to do transactions
- Can bank almost anywhere
- Uses a PIN
- Can check balances
- Can do selected transactions – transfer funds

Mobile banking
- Being able to perform account balance research, account transactions, pay bills, and other service using a mobile phone
- May be a fee for the service
- Very easy and convenient as it can be done almost anywhere

Personal Payment Service (like Popmoney)
- Through online billpay
- Can bank almost anywhere
- Send money to another person's bank account anywhere in the US using mobile numbers or email address
- Usually no charge

In the future, as technology changes, more options will become available to customers.

Lesson Objective: Staying safe from fraud schemes – 20 mins.

All these options help us to conduct transactions faster, easier, and from anywhere. These are made possible by enterprising organizations, the internet, and innovative technology. However, along with the efficiencies comes the increased risk for fraud.

Discussion Question
What are some of the reasons that you think consumers and businesses are at risk for having their money stolen through various fraud scams and schemes especially through technology?

- People are careless
- We don't understand the technology and therefore may overlook how easy it is to get information
- Technology is not foolproof
- People are definitely not foolproof

We are going to take some time now to discuss possible fraudulent actions and ways you can keep yourself safe from some of the most common schemes.

[When asking each set of questions, take one or two stories (if the students have any), share the content in your instructor notes, then move to the next topic. Usually students have stories so you may need to limit the story contributions.]

Q: Has anyone heard of lottery scams? Who can describe what that is?
This type of scam is when criminals pretending to be a lottery agency or state agency contact people saying they have won money in a country or state lottery.

- The criminals mail the person a counterfeit check (which looks very real) for a few thousand dollars saying this is only the first payment.
- To get the rest of the money, the victim or mark (that is the person receiving the check) is asked to wire money to the 'agency' to cover the taxes. The victim is then supposed to receive the rest of the lottery money.

Q: Have any of you ever bought anything through eBay or Craiglist? Have any of you every been suspicious of the 'buyer' and decided not to sell the item to the buyer or ever had a fraud happen during a selling transaction by email?
Criminals pose as buyers and sellers on many selling websites, not just eBay and Craigslist.

- As buyers, you can send the money and never receive the item or the quality is very poor.
- As sellers, the criminal will send in a check more money than the agreed upon price and say the extra is to cover shipping.
- The criminal asks the seller (the victim) to wire the extra money to the shipping company and to contact the shipping company to make arrangements for pickup. Of course, the 'check' is counterfeit and once the money is wired, it is gone for good.

Employment scams are also very popular with criminals.

- The criminals ask for funds to send all sorts of calling or mailing lists or start up office materials. The items never come.
- Or the job is "online" and asks the victim to be a Secret Shopper or payment processor and somewhere in that job is wiring part or all of the money from a counterfeit check that has been paid to the victim.

Q: Who knows what we mean by "dumpster diving"?
This happens when criminals go through trash or dumpsters to obtain mail with personal information including "preapproved" applications for credit cards.

- Criminals actually use these blank applications to apply for credit cards and change the address to get the mailed card.
- They also get other information such as bank statements, voided checks with account numbers, and other important documents.

Q: How can criminals get a person's credit card information?

Anytime you hand your credit card to someone, they could get to your funds through a 'double' swipe, or your information just by writing down the number, name, expiration date, and security code from the card. Cards can be stolen from the mailbox at a house or from a purse or wallet.

Also when putting a card into slots at gas stations, special card readers attached to the slot holder can read the card at the same time the gas machine is reading it. This also applies for debit cards at ATM machines.

Talking Points

How can you protect yourself from the most common types of scams:

- When you receive a check you weren't expecting, or you get an unsolicited offer of a job especially over the internet, or an announcement for a prize or lottery you never entered, be very suspicious. If it is a check, take it to your bank and have their security department verify if the check is good. Security Departments deal with counterfeit checks every day and will be very willing to help verify the check for you before you deposit or take any action.
- Never wire money to someone you don't know and if a friend sends an email asking for money to be wired, call them first to verify whether they sent the email. Hackers have been able to access Facebook and other social networking sites, then use the friends and family listings to ask for money
- Keep your card number covered when handing to a cashier or do the swipe yourself if possible. Don't leave your card sitting on top of a cashier counter – criminals stand in line and read and memorize card numbers.
- If possible, don't let a cashier take your credit card out of your sight. It is common practice at restaurants as the server has to take your card to the machine to swipe it.
- When using your credit card in any machine, especially at gas stations, look for large or unusual items around any card slot reader that could be a portable reader
- Pull up your bank/credit card statement regularly in between statements
- Shred any mail with pre-approved applications or any documents you no longer need with your account number on them

Wrap Up -- 2 mins.

Using technology to complete banking transactions or inquiries is wonderful and more will be coming; however, common sense and caution is also called for when using these banking options.

Thank you for your participation.

Note For Educators

National Council of Teachers of Mathematics Principles and Standards for School Mathematics, 2012

Numbers and Operations

Develop a deeper understanding of very large and very small numbers and of various representations of them [9-12]

Judge the reasonableness of numerical computations and their results [9-12]

Algebra

Understand the meaning of equivalent forms of expressions, equations, inequalities, and relations [9-12]

Draw reasonable conclusions about a situation being modeled [9-12]