

Banking in the U.S.

Things to Consider When Choosing a Bank

Location: Look for a branch near Wellesley's campus. A list of nearby banks is provided at the end of this section.

Services needed: Checking or savings accounts, safe deposit boxes, overseas wire transfers, foreign currency conversion, etc.

Accessibility: Saturday banking hours, availability of Automated Teller Machines (ATMs).

Requirements: Minimum balances (initial and maintained), monthly fees.

Interest rates: For invested funds.

Common Types of Accounts

Checking account: Useful if you have bills to pay on a regular basis (credit card, phone, rent, utilities). There is usually no minimum balance required but no interest earned either. A monthly fee may be charged. Some checking accounts earn interest but usually require a larger opening balance.

Savings account: Earns interest but cannot be used to write checks

Banks' Customer Identification Programs (CIPs)

U.S. financial institutions are required to verify the identity of every individual who opens a bank account. In compliance with federal regulation, all banks operating in the U.S. have established Customer Identification Programs that they are to follow for anyone who seeks to open an account. Below is the minimal information a bank must obtain from you before allowing you to open an account:

- Your name
- Your date of birth
- Your street address – no P.O. Box
- An identification number

An identification number can be one or more of the following:

- A taxpayer ID number (Social Security number or individual taxpayer ID number)
- Passport number and country of issuance
- Alien identification card number
- Any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

What to Bring When Opening an Account

- Money to deposit
- Your passport and one other form of identification
- Form I-94
- Form I-20 or Form DS-2019
- Local mailing address: Be sure you know all address details (street name and number, mailbox number, town zip code). Bring proof that this is your address, like a bill or letter you have received there.
- Your mother's maiden name: The bank will ask you for your mother's maiden name (your mother's family name before she was married) or some other family name. This name is used as a security check when you need to contact the bank with questions.

- Taxpayer Identification Number – Required by some but not all banks. The following are acceptable to use:
 - *Social Security number (SSN)*- if you have applied but not yet received your SSN, bring your receipt notice
 - *Individual Taxpayer Identification Number (ITIN)*- Issued by the IRS to those not eligible for a Social Security number. If you will apply for an ITIN you will need to open your bank account and then apply for an ITIN.
 - *Form W-8 BEN* (for those not eligible for a Social Security number or ITIN)

Automated Teller Machines (ATMs)

Most banks offer ATM bank cards that enable you to use ATMs to access your account at any time. You can request an ATM card when you open your account or later if you decide you would like one. You will choose a private code called a personal identification number (PIN) to type into the machine each time you access your account. There is a Bank of America ATM located on Wellesley's campus in the Lulu Chow Wang Campus Center.

International Banking Services

Larger banks tend to offer more comprehensive international services: wire transfers, international drafts, foreign currency exchange, and foreign traveler's checks. It may take longer to complete such transactions at smaller banks.

Debit/Credit Cards

Debit cards - Debit cards allow you to pay for goods and services directly from your bank account, reducing the need for cash. You can request a debit card when you open your checking or savings account or later if you decide you would like one.

Credit Cards - Requirements for obtaining a **credit card** and interest rates charged on unpaid balances vary among banks. Keep in mind that it is common to have a checking or savings account with one bank and a credit card with another. Most international students find it difficult to get a credit card in the U.S. because they have not established a credit history and because they are not U.S. residents. For newly arrived students, you may want to try using a "secured credit card". These cards offer some of the conveniences of a credit card, except that you secure your credit card with a deposit that becomes your credit line. The best part is that your secured card is reported as a regular credit card on your credit report. Check with your bank on the secured credit card. Because getting a major credit card is very difficult, international students should take every opportunity to establish a good credit history. For international students who have been here a little longer, obtaining credit cards becomes a little easier once they have established some sort of credit history.

Credit Do's

- **Do** shop around. If you get a solicitation in the mail, on campus, on the Internet or at the local bank, compare rates and fees. The credit card industry is very competitive so interest rates, credit limits, grace periods, annual fees, terms and conditions vary. Check out <http://www.creditcard.com> or <http://www.bankrate.com> to compare rates.
- **Do** read the fine print on the credit application. The application is a contract, so read it thoroughly before signing. Watch for terms such as "introductory rate" and periods that expire.
- **Do** ask questions. You are the customer and the bank is providing a service. If you don't understand something, ask.
- **Do** be wary of anyone who claims they can "fix" your credit. The only thing that can fix a credit report is time and a positive payment history.
- **Do** promptly open and review your bill every month. This helps you pay your bill on time and protects you from identity theft and unauthorized charges.
- **Do** be careful with your credit card. Keep it secure. Always have your bank's phone number available in case your card is lost or stolen.
- **Do** view credit as an investment in your future. By using credit wisely, you can build a good credit history.
- **Do** order a copy of your credit report annually. Your credit report is like an academic report card -- it evaluates your performance as a credit customer. It needs to be accurate so you can apply for other loans such as a car or a condo.

Credit Card Don'ts

- **Don't** feel pressure to get a credit card if you don't want one. A credit card may not be right for you. Don't be afraid to say no to salespeople. It's okay to walk away.
- **Don't** pay your bills late. Late payments can hurt your credit rating.
- **Don't** spend more than you can afford. A credit card is not magic money; it's a loan with an obligation to repay. Realize the difference between needs and wants. Do you really need that CD or pizza? If you charge these items and only pay the minimum, you could be paying for them months from now.
- **Don't** apply for more credit cards if you already have balances on others.
- **Don't** ignore the signs of credit trouble. If you pay only the minimum balance, pay late or use cash advances to pay living expenses, you might be in the credit "danger zone."

Checks

Writing personal checks may be new for you. In the U.S., you may pay bills by personal check. You can also often buy things in stores and pay for restaurants by check (as long as you have a credit card and/or picture identification with you, too). Although on-line bill paying and credit card payments are becoming more popular, most people need to use checks occasionally.

Remember to write down the amount of every check you write, and subtract it from the amount of money you have in the account. Your checkbook will have a place to keep this record. The exact amount of money you have may be difficult to track because of services fees being subtracted and/or interest being added.

Watch carefully, though, because if you write a check for an amount you do not have (called an "overdraft" or a "bounced check"), you will have a penalty fee. This is true even if you have plenty of money in another type of account in the same bank. Some banks offer *reserve credit* (or *overdraft protection*)—they will cover the amount of the bounced check and charge you interest for this "loan." However, it is often difficult to get this protection if you do not have income or a credit history in this country.

Sample Check:

YOUR NAME YOUR ADDRESS CITY, STATE ZIPCODE	1001 Date: <u>August 1, 2008</u>
PAY TO THE ORDER OF: <u>City Electric Company</u> \$ 240.33	
<u>Two hundred forty and 33/100</u> DOLLARS	
YOUR BANK NAME BANK ADDRESS CITY, STATE ZIPCODE	

Safe Deposit Boxes

Most banks offer safe deposit boxes to protect your valuables. If you have irreplaceable items or important documents that you would like to secure in a safe deposit box, you can rent a box on an annual basis through your bank. The box is kept in the vault of the bank and is protected by bank security. You will have a key to the box but will only have access to your valuables during banking hours.

ATMs on Campus

Bank of America

Lulu Chow Wang Campus Center, 2nd Floor

ATMs near Campus

Sovereign Bank/Santander

CVS Pharmacy, 188 Linden Street, Wellesley, MA

Banks in Wellesley

Wellesley Cooperative Bank
2550

40 Central Street

Tel: 781-235-

Citibank
6397

84 Central Street

Tel: 781-446-

Citizen's Bank
3300

177 Linden Street

Tel: 781-239-

Bank of America
1888

185 Linden Street

Tel: 781-235-

Boston Federal Savings Bank
9100

200 Linden Street

Tel: 781-237-

Sovereign Bank/Santander
7483

277 Linden Street

Tel: 781-235-

Bank of America
3281

35 Washington Street

Tel: 781-235-

Needham Co-Operative Bank
0210

458 Washington Street

Tel: 781-237-

U.S. Trust
2510

571 Washington Street

Tel: 781-235-