

# Is Balancing A Checkbook Still Relevant?

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Clever Girl Finance

When was the last time you wrote a check? In this digital age of banking, writing checks, and balancing a checkbook may seem like a thing of the past. In this [Federal Reserve Study](#), between 2000 and 2012, the number of checks being paid out declined by more than 50%. Check payments accounted for a [mere 8.3% of core noncash payments](#) in 2018.

However, balancing a checkbook is an important aspect of keeping track of your financial health. It's not just the checks written you want to keep track of. It's every debit and credit transaction. Although balancing a checkbook might have been more common for your grandparents, looking over your transactions and receipts are as relevant today as in decades past. Basically, it's the modern-day checkbook balancing!

## What does balancing a checkbook even mean?

Before online banking and having the ability to check your account balances on cell phones; having a checkbook register was key in [making sure one didn't overspend](#) and overdraft their checking accounts. After all, check-writing was how you accessed the money in your account and it could take days in order for that check to clear.

Balancing a checkbook [also known as bank reconciliation](#) helped check-writers not only keep track of the checks that were written but also gave you real-time information about how much money you have.

Today, balancing your checkbook or reconciling your bank account can be used as a way to match your bank statements with your record of transactions. It is also very helpful for tracking transactions like tips or service charges. Because all it takes is one error and your receipt no longer matches what was debit amount was.

In the simplest of terms, balancing your checkbook helps you keep a running list of credits and debits. It's a way to track any money in and money out of your accounts. You can also use your records to check against the bank's records of your transactions. We all know that bank's make errors too!

## Do you need to balance a checkbook?

Cell phone apps and online access make it easy to see transactions quickly. Today we have almost instant access to our banking transactions and debit card purchases clear almost instantly. However, it's important to reconcile your receipts with your bank information. For some, we may still need to write checks to businesses or companies that don't accept card transactions like paying your rent or small businesses. Keep a record of all of your transactions in a checkbook register or even a simple notebook as a transaction log.

There are times where pending transactions can skew the available balance in your checking account. Automatic withdrawals and pending transactions are another reason why it's important to log your transactions. These are two examples of transactions that can take days to clear.

## Benefits of balancing a checkbook often

Balancing your checkbook or reconciling your records with the bank's records can help you spot any financial fraud. It can also be too easy to trust financial institutions but banks can make mistakes too. Do you remember the story of the Texas woman having an unexpected deposit from a bank? Or the IRS recently depositing millions in an 18-year-old's account? Yup, it happens.

Comparing your transaction log or checkbook register makes it easier to spot errors or incorrect charges by merchants as well. It only takes a slip of a finger to enter in the incorrect dollar amount.

Looking at your bank records is also a way to keep track of those forgotten subscriptions or fees. Perhaps, the monthly fees are easy to remember but what about the annual or quarterly payments that you might have scheduled for automatic withdrawal?

One benefit of keeping a register or transaction log is that noting every withdrawal or debit transaction will make you aware of how often you stop at a coffee shop, eat out for lunch, or make other [impulse purchases](#). It's a way to face your finances in a new way.

Knowing what is going on in your bank account will help you feel peaceful and confident about your finances.

## How to balance a checkbook step by step

Once you've decided how you'll keep track of your transactions the process is the same. You might choose an app, spreadsheet, checkbook register, or a notebook and pencil. Whatever you decide to choose, make sure you are consistent.

## 1. Start with your account balance

Start by entering your current checking account balance. Anytime you use a debit card or on those rare occasions, you write a check, be sure to write it down. Include the company or store, date, description of how the money was used, and the amount.

The same goes for any deposits or automatic withdrawals. Each time you add a line item update the checking account balance.

For some, it might be easier to reconcile just once a month. In that instance, add up the deposits and withdrawals you have listed in your personal register (transaction log) for the month.

## 2. Review your transaction history

Compare the amounts listed in your personal register or transaction log against the bank statement or transaction history. Note or place a checkmark on all the checks paid and deposits credited.

It might be helpful to hold on to receipts if you can't enter it into a checkbook register or transaction log right away.

## 3. Compare your transactions to your bank statement

Whether you choose to do this weekly or monthly, compare your register to your bank account statements. You have a balanced checkbook if your amounts match. Congratulations!

### What if your checkbook does not balance?

If the amounts and balance in your register are not the same as your bank account, you will want to double-check every deposit, credit, debit, and withdrawal to confirm the amounts are the same. Using your bank records, update your check register with any transactions that you did not previously record.

- Are there any bank fees or interest charges you didn't account for?
- Do the amounts for every transaction match up to what's on the receipt?
- Notice any errors?
- Any automatic or scheduled payments you forgot to list?
- Is there any interest earned you forgot to list?

When you take the time to compare your records against the bank's records you make sure that there isn't anything you don't recognize. If there is, contact your bank immediately.

## Final Thoughts

Balancing a checkbook might look different than it did 20 years ago. We write fewer checks today than we have ever before. But balancing your checking book is still important and shouldn't be forgotten. Remember:

- Save your receipts and verify the amounts
- Keep track of upcoming automatic withdrawals and pending transactions
- Note every withdrawal and deposit
- Have access to your most recent bank statements or transactions

When you keep track of every transaction by saving the receipts and writing down all the cash that comes in and all the cash that goes out, it minimizes or even eliminates the chance your account will be overdrawn for non-sufficient funds.

Banks charge fees as high as \$35 for being overdrawn. Balancing your checkbook will help you make sure you have enough money in your account to cover all of your withdrawals and payments. It's a way to have peace of mind knowing that your check won't bounce or your debit card won't be declined next time you're at the checkout line.

Keeping a checkbook register might seem like a thing of the past, but knowing exactly where your cash is going is a timeless need. It's a great step to achieving your financial goals.

Source: <https://www.clevergirlfinance.com/blog/balancing-a-checkbook/>