Title:
You Can Bank On It.

Word Count:
528

Summary:
Most U.S. citizens walk into, get online to, or drive up to their bank several times each week and hand over their hard earned dollars. Why do they do it? How many other strangers would they trust to hold their savings, and return the money and additional funds back to them at any point in time? What makes banks safe, and how do we know they are?

Keywords:
online banking, banking, internet banking, well fargo online banking, offshore banking

Article Body:
Most U.S. citizens walk into, get online to, or drive up to their bank several times each week and hand over their hard earned dollars. Why do they do it? How many other strangers would they trust to hold their savings, and return the money and additional funds back to them at any point in time? What makes banks safe, and how do we know they are?

Well, the first indication that you're money's in a safe place is the placard that greets you at the door - FDIC. This federal U.S. agency, the Federal Deposit Insurance Corporation, typically protects up to $100,000 of your deposited funds from loss. Established in the 1930's, the FDIC became a way to curtail the runs on banks that occurred directly after the Depression. By 1934, with the initiation and support of the FDIC legislation bank runs had been reduced by nearly 4000.

In addition to FDIC protection, banks also pay for supplemental banking insurance from private carriers. This insurance is set up to protect investors' funds from vandalism and bank robberies.

Banks offer a variety of options to their customers, many of them an evolution of the traditional checking and savings account operation. While a checking account is still the most familiar and most common banking feature, there are now a variety of checking account choices - some, known as negotiable order of withdrawal (NOW) accounts, actually pay interest on the balance. Besides the traditional savings account, banks also now offer loans, certificates of deposit, and money market accounts. Some offer IRAs and education savings accounts.

With a traditional savings account, you are able to deposit and withdraw virtually at will, with no minimum deposit or balance required. For this you earn a small interest - currently at an all time low range of .6 - 2 percent.

A money market account offers the immediacy and convenience of a traditional checking account along with the interest bearing advantage of a savings account. There are some limitations, however. Generally you can write just a few checks per month - at some banks as few as three. You are also limited to just a few more withdrawals as well. You'll also be held to a minimum running balance, although a money market account almost always pays more interest than a traditional savings account.

A certificate of deposit is a banking account purchased in a specific amount for a specified period of time. Banks traditionally offer a variety of time periods for certificate maturities - anywhere from 30 days to 15 months. The longer the time to maturation the higher the rate of interest paid. For the length of the certificate, however, you are not able to withdraw any of the funds.

Individual retirement accounts (IRAs) and education savings accounts are designed to accrue a substantial amount over a lengthy time period for a specific purpose, IRA's for retirement, education savings account for college education. They generally offer the highest rate of interest but also deliver hefty financial penalties for early withdrawal except for emergency hardship situations.

With as many options as are offered by today's banks, and the protections established by the FDIC, you can indeed bank on your local bank.