FDIC

Consumer Resource Center

Deposit Accounts

[Savings Are Great for Short-Term Goals Too (https://www.fdic.gov/consumers/consumer/news/september2018.html)](https://www.fdic.gov/consumers/consumer/news/september2018.html)

Opening a deposit account at an FDIC-insured financial institution can be one of the most important steps you take toward achieving your financial goals.

One of the primary benefits of opening an account at an insured bank is deposit insurance. The standard FDIC insurance amount is $250,000 per depositor, per insured bank, for each account ownership category. However, depositors benefit from other consumer protections as well.

Below is some information about the most common deposit accounts, the consumer protections provided for those accounts, and other information.

- Deposit Account Basics
- Other Services Deposit Accounts May Offer
- Consumer Protections on Deposit Accounts
- Billing Error and Resolution Basics
- Additional Resources

Deposit Account Basics

Deposit products include savings accounts, checking accounts, certificates of deposit (CDs), and money market accounts.

A **checking account** is a transactional account. It is designed for individuals to deposit money into it and take money out of it frequently. People usually use checking accounts to keep their money available for paying bills and withdrawing money for regular use. Money in a checking account may earn interest.

A **savings account** is used to set aside money for the future. People usually use savings accounts to deposit money they do not expect to need or use on a regular basis.

A **CD** is another type of account consumers can use to set aside money for the future. Unlike a savings account, you cannot withdraw funds from a CD whenever you like. Typically, you must keep money in a CD for a certain period of time or you will likely have to pay a penalty or lose some or all of the interest you earned. The required period of time could be three months to five years or more. In addition, there may be a required minimum deposit. CDs typically offer a higher rate of interest than regular savings accounts.

Some financial institutions offer **money market accounts** (also known as money market deposit accounts or money market savings accounts) to consumers. These accounts usually pay a higher rate of interest and require a higher minimum balance than some other account options. Unlike CDs, there is no requirement that you keep your money in the account for a designated period of time.

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Other Services Deposit Accounts May Offer

Typically, banks offer a number of services with their deposit accounts. Depending on the institution, these may include:

Check cashing – This is converting a check to cash. You will generally not have to pay a fee to cash a check at a financial institution where you have an account.

Direct deposit - With both checking and savings accounts, direct deposit allows your money to be safely and securely electronically deposited into your account.

Money orders – Money orders can be used to send money to individuals or businesses. With a money order, you provide the amount of money you want to pay plus a fee to a bank, store, or the U.S. Postal Service. They then give you a piece of paper (the money order) that may look like a check that you can use to send the money. You do not need an account at a financial institution to purchase a money order. Some businesses require consumers to pay with a money orders because it is consider a safer form of payment than a personal check because the funds have already been provided in order to purchase the money order. There's no chance of a money order "bouncing". Using a money order also keeps a consumer from having to worry about overdraft or non-sufficient funds (NSF) fees. In addition, money orders are usually easy to replace if they're lost or stolen.

Cashier’s checks – These are checks that are guaranteed by a financial institution. When you purchase a cashier’s check, the bank takes the money from your checking or savings account and puts it in its own account. The bank then writes out a check to the person or business you need to pay.

Like a money order, a cashier’s check is considered a safer form of payment than a personal check -- in this case, because the check is guaranteed by the financial institution. Again, the check is guaranteed not to bounce. And, again, a cashier’s check can be replaced if it is lost or stolen.

Prepaid cards – With prepaid cards, you are spending funds that have been deposited onto them. They usually aren’t linked to your checking or savings account. Instead, funds are loaded onto a card you can use to make purchases and get cash. Each time the card is used, the balance on the card is reduced by the amount spent. Sometimes there are fees associated with using a prepaid card.

Debit cards – With debit cards, you are spending funds that are in your checking or savings account. Each time you use the card, the balance in your account is reduced by the amount spent, as well as any associated fees. Debit cards can be used at automated teller machines (ATMs). They can also be used for purchases, both online and at “point of purchase” (e.g., stores, restaurants, or gas stations).

Automated teller machines (ATMs) – These machines can process a variety of banking transactions, including accepting deposits and loan payments, providing cash for withdrawals, and transferring money between accounts.

ATM cards – ATM cards allow you to use an ATM for various account transactions. Certain ATM cards can also be used to make purchases.

Online or mobile banking, including bill-paying services – This refers to managing your accounts using the internet on a computer or mobile device. Depending on the bank, there may be a number of services accessible online or through an app:

- View up-to-date information on your account balance to help reconcile your accounts on a more frequent basis.

- Set up automatic payments from your account to pay your bills.
- Receive alerts when you have a new bill to pay from some companies, such as utilities.
- Deposit checks remotely, in some cases, by taking a picture of the front and back of the check you want to deposit.

"Person-to-person" payments (P2P) – This refers to mobile apps or other web-based services that allow person-to-person money transfers. Typically, users link the mobile payment system to their bank accounts or credit card accounts and initiate transfers of funds to others who are also users of the same app or web-based service.

- There are several mobile person-to-person payment apps and they differ in how they work. One may let you transfer money after logging into a website. Another may let you transfer money by physically touching your phone to another person's phone.

Remittance transfers – These transfers are used to move money to a person or business in another country. They may also be referred to as “international wires,” “international money transfers,” or “remittances.”

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