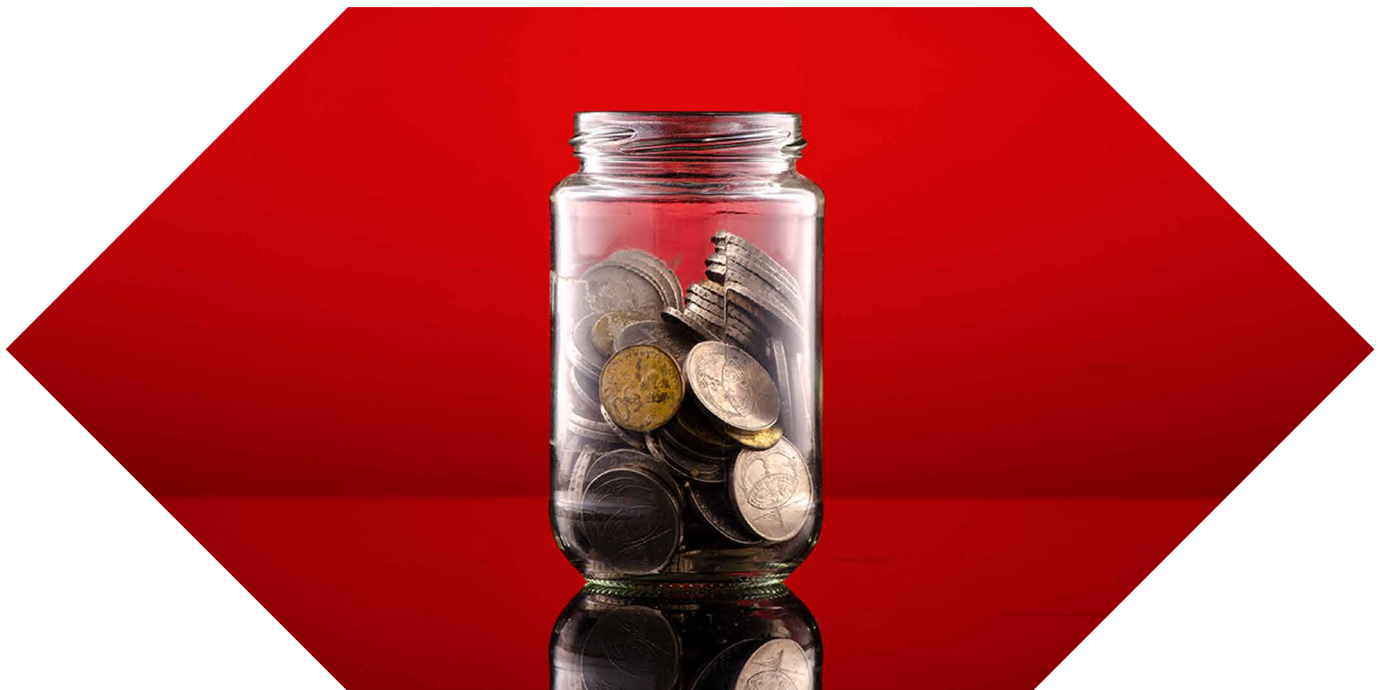


Financial education for pre-teens

Banking 101



HSBC

| Opening up a world of opportunity

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What is a bank account?

Opening a bank account is a smart move that can help you manage your money better.

It gives you a safe place to keep your money and helps you keep track of your spending and savings. Having a bank account is not just about now, but also about setting yourself up for financial independence in the future.

► Types of bank accounts

Savings accounts

The account to keep your savings. The best thing about them is that you can earn interest. Different banks offer different rates, so make sure you do your research before settling on one. Some savings accounts may require a minimum balance or have penalties for taking your money out early.



Current accounts

This is for your day-to-day spending. The account you'll typically use to pay and receive money from friends, family or anyone else.



What are the benefits of having a bank account?

From saving money to making payments, having a bank account can make your life easier in many ways.

Here are some of the key benefits:



Save your money safely

Keeping your money in a bank account reduces the risk of theft or loss compared to keeping cash at home.



Access your cash more easily

You can use your balance through various channels such as ATMs, online banking, mobile banking app, or by visiting a branch.



Manage your everyday banking needs

You can deposit money into your account through cash deposits or cheques, receive money or pay your family and friends instantly and free of charge by transfers, Faster Payment System (FPS) or PayMe etc.



Stay in control of your money

You can make use of online and mobile banking services to check your balance and monitor your usage anytime, anywhere.



Make payments easily

You can set up direct debits (autoPay) or standing instructions from your account to make regular payments. You can also use a debit card or write a cheque to pay.



Keep your money protected and secure

Bank deposits in Hong Kong are protected by the Deposit Protection Scheme (DPS) up to HKD800,000 per financial institution.

Glossary:

Banking terms you need to know

▶ **Account number**

This 10 to 12-digit number is the unique number for your account which anyone paying money to you will need to know.

▶ **APR**

Annual percentage rate, or the amount of interest and fees chargeable in a 12-month period for a debt/loan.

▶ **ATM**

Automated teller machine, also known as a cash machine, which allows you to withdraw cash, among other banking services.

▶ **ATM card**

A card which allows you to withdraw money from your bank account through an Automated teller machine (ATM).

▶ **Available balance**

The amount in your bank account that is available for you to spend. This takes into account any recent transactions that are yet to clear, such as debit card spending.

▶ **Balance (ledger balance)**

The actual total amount held in your bank account at that time. There may be transactions that have not yet cleared, so it is also important to check the available balance.

▶ **Bank charge**

Fees made by banks to their customers for various service and transactions. Common fees include card replacement, wire transfer and issuing a cashier's order or gift cheque.

▶ **Budget**

A way of planning for the money you have coming in and going out.

▶ **CCY**

Abbreviation for 'Currency' on a bank statement.

▶ CHQ

Abbreviation for 'Cheque' on a bank statement.

▶ CR

Abbreviation for 'Credit' on a bank statement.

▶ Credit card

A card that lets you borrow money up to a certain limit (ie credit) from a bank to pay for goods or services.

▶ Current account

The most common type of bank account which allows you to manage your everyday money and expenses, such as making payments by cheques. But it does not pay interest.

▶ Closing balance

This is how much money you had in your account at the end of the statement period.

▶ Debit card

A card that lets you pay for purchases by deducting money from your bank account.

▶ DR

Abbreviation for 'Debit' on a bank statement.

▶ Direct debit

Authorises a merchant or organisation to collect money from your account, usually on a specific date, allowing you to automate paying bills (such as utility bills or a gym membership). In Hong Kong, it's known as a type of 'Autopay' services.

▶ Insurance

A way to protect yourself against the financial loss of something going wrong. Insurance provides a guarantee of compensation for specified loss, damage, illness, or death, in return for payment of a specified premium.

▶ Interest

The reward paid for saving money, and the 'cost' of borrowing money.

▶ Internet banking

A method of banking which allows you to access your bank accounts online. You are able to make payments, transfer money and apply for certain financial products.

▶ Joint account

A bank account shared by more than one person with equal rights in how it is used.

▶ Mortgage

A financial product that enables many people to borrow the money needed to buy their own home.

▶ Opening balance

This is how much money you had in your account at the start of the statement period.

▶ Payments in

'Credits' on a bank statement. The total amount paid in over the statement period – this might include your salary or benefits.

▶ Payments out

'Debits' on a bank statement. The total amount you've paid out over the statement period – this could include things like shopping, money withdrawn at ATMs and regular direct debits or standing instructions.

▶ PIN

Your personal identification number, normally it is a four or six-digit security number that allows you to use chip and pin cards. Always keep your PIN safe, and never share PINs or passwords with anyone.

▶ Standing instruction

An instruction to pay a specific amount from your bank account to another person's account regularly.

▶ Statement

A document received from your bank showing all of the transactions on your account for that month.

▶ SWIFT code

It is used to identify a specific bank during an international transaction, consisting of 8 to 11 characters.

▶ Two-factor authentication

Where two forms of identification are required to access mobile banking eg password and biometric password (eg Face ID, voice ID).