

# Knowing Your Checking Account

EDDIE: Woah, woah.

JEN: Sorry, pal... Eddie!

EDDIE: Jen! How's it going? What you got there?

JEN: I just came from the credit union and look, they gave me this cool flipbook.

EDDIE: Uhh, Jen?

JEN: The animation is kinda lame, though.

EDDIE: I don't think that's a flipbook...

JEN: The numbers in the corner get bigger and that's pretty much it.

EDDIE: Jen, I think that's your checkbook.

JEN: Ohhhhh... that makes a lot more sense.

EDDIE: See? Here's the drawer information—that's you. The payee, or recipient of the money, goes here. And your credit union—because it's the financial institution where the check can be presented for payment—is the drawee. The dollar amount goes here, a memo goes here and this is where you sign to issue the check.

JEN: Hmm... Nice try.

EDDIE: Checks have come a long way. The very first checks were written like letters. In the 1700s, the first printed checks were on special paper that you could only get at the bank. These checks featured fancy designs that were difficult to copy and made forgeries easy to spot. That's actually where the word itself comes from: checking for forgery.

JEN: Huh. Should I be worried if my checks look kind of simple?

EDDIE: Nope! Your checks have other security features. Microprinting, check numbers, and even basic things like writing out the dollar amount help protect you from check fraud.

JEN: What about these numbers down here?

EDDIE: Those numbers identify your financial institution, your account number and your check number. They make it possible for checks to be read and sorted by machine. In the early days of checking, bank clerks would actually meet at the end of the day to exchange checks and settle the balances. These days, financial institutions send check images electronically to speed up the process.

JEN: If everything is so speedy now, how come there's a waiting period when I deposit a check?

EDDIE: The holding period is the amount of time that it takes your financial institution to clear the check, meaning they verify the amount and transfer the money. It can vary from a couple of days to a week or more, depending on the financial institution. If there are insufficient funds to complete the transfer, the check bounces. Not literally, Jen.

JEN: Eddie, do you think checks are going to be around for much longer? They seem kind of old-fashioned, especially compared to things like debit cards and automatic payments.

EDDIE: Checks aren't as popular as they once were, but they're still in use for things like payroll, rent and utility bill payments, so knowing how to write a check and understanding the holding period is still an important part of balancing a checking account.

JEN: Gotcha. Thanks Eddie.

EDDIE: You got it.

EDDIE: Seriously, you gotta stop doing that.

JEN: Awesome.