

# THERE'S NO BUSINESS LIKE BANK BUSINESS

FEDERAL RESERVE BANK of KANSAS CITY

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## TEACHER INTRODUCTION

Learning how a bank operates will help prepare students for the future in the area of personal finance. Students need to see the relevance of banking in their lives to develop habits of saving and responsible spending. This role play introduces students to basic banking concepts in a fun and easy-to-read format. Students can discuss their own experiences with banks to apply these concepts to their everyday lives.

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## LESSON DESCRIPTION

This lesson, with the accompanying role play, introduces students to the benefits of saving money in a bank. It explains earning interest on savings, as well as paying interest for a loan. Students learn how a bank receives its money supply and how it operates as a business.

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**GRADE LEVEL:** 3-5

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**CONCEPTS:** saving, account, deposit, withdrawal, interest, loan, profit, reserves, Bureau of Engraving and Printing, Federal Reserve Bank

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## CONTENT STANDARDS

National Voluntary Economic Content Standard #10 - Students will understand that institutions evolve in market economics to help individuals or groups accomplish goals. Banks, labor unions, corporations, legal systems and not-for-profit organizations are examples of important institutions.

Benchmark - At the completion of grade 4, students will know that:

1. Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
2. Saving is the part of income not spent on taxes or consumption.

Jump\$tart Personal Finance Standard: Financial Responsibility and Decision-Making  
Standard 1: Take responsibility for personal financial decisions.

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**TIME REQUIRED:** 45-60 minutes

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## OBJECTIVES:

Students will be able to:

1. Explain the benefits of saving money in a bank.
2. Tell steps in depositing and withdrawing from a savings account.
3. Define interest and profit, discussing their importance to the bank and its customers.
4. Tell the meaning of reserves and why they are necessary at a bank.
5. Explain how banks get their currency and coin.



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### MATERIALS

- Piggy Bank or money container
  - Activity 1 (Role play script)
  - Visual 1 (Role play name tags)
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### PREPARATION

1. Make copies of Activity 1 for all students.
  2. Make copy of Visual 1 and cut out name tags for students to wear during the role play.
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### PROCEDURE

1. Hold up a piggy bank, jar or other container that could hold money. Tell students that we will be learning about banks today. Ask students the following questions:
  - What kind of a bank is this? (*piggy bank, savings bank, jar bank*)
  - What is the purpose of a bank? (*to hold money; to keep money safe; to help you save money*)
  - How could this bank help you save money? (*It holds your money so you won't spend it; it keeps your money together in one place.*)
  - Is this bank the safest place to keep your money? (*No, someone might take it; no it's not locked away.*)
  - Where would your money be safer? (*in something that locks; in a real bank*)
  - Does anyone save their money in a real bank? (*Answers will vary; some students will report that they have savings accounts at local banks.*)
2. Have students brainstorm the names of different banks in our city. Let student volunteers with accounts tell which banks they save at and how much they've saved, if they'd like.
3. Tell students that they will learn more about banks through a role play called "There's No Business Like Bank Business." Hand out the role play script for students to read silently. Ask them to think about which character they might like to be while reading the script.
4. After all the students have completed a first reading, choose volunteers to play the roles of each character. (Teacher note: Each role can be played by either boy or girl, changing first names if necessary. You may want to choose two students for the roles of Susie and Sam in Scene 1, and two different students for those roles in Scene 2, so that more can actively participate.)
5. To prepare for the role play, move two desks or tables to the front of the room for the bank scene, one for Ima Teller and one for Larry Loaner. They can be sitting at their desks "working" as the role play begins. Hand out name tags for all characters to wear for the role play. Susie and Sam should read Scene 1 at the side of the classroom (their neighborhood), then walk to the front to enter the bank lobby and meet the bank employees. Mark Manager should enter from the opposite side of the room at the appropriate time to greet students.
6. When students are ready and in position, ask them to read through the role play for the group, using good expression and strong voices. Ask the student audience to listen for the meanings of interest, profit and reserves in the script, as well as how a bank uses money in its business.



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## CLOSURE

Discuss the following questions as review:

1. What are the benefits of saving money in a bank? (*Benefits for you: Your money is in a safe place; it is earning interest; you are not tempted to spend it. Benefits for the bank: Use of your money for loans to others.*)
  2. What are the steps in making a savings deposit? (*After opening the account with a parent, a completed deposit slip and cash are given to the teller. The teller makes the deposit and a receipt is given to the depositor.*) What are the steps in making a savings withdrawal? (*The child and parent complete a savings withdrawal slip and the parent signs it. The teller makes the withdrawal and the cash is given out with a receipt.*)
  3. What is interest? (*Money paid for the use of borrowed money.*) What is profit? (*The extra money or income a business makes after it pays its costs of operating.*) Why are interest and profit important to the bank and its customers? (*The bank earns interest for the money it loans to customers, which gives the bank its profit or extra income after costs. Customers earn interest on the money they deposit, which gives them additional income.*)
  4. What are reserves? (*A part of the deposit that banks are required to keep on hand and not loan out to customers.*) Why are reserves necessary at a bank? (*So that the bank has enough money to pay out when account holders want their money back.*)
  5. How do banks get their currency and coin? (*Currency is printed at the Bureau of Engraving and Printing and coin is produced at the U.S. Mint. This money is shipped to the regional Federal Reserve Banks and many of their branches, where it is stored. The money is sent to banks when they run low on currency or coin. Banks can also send their extra money to be stored at the Fed.*)
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## ASSESSMENT

Tell the story of banking in a comic strip! Draw four or five panels (pictures) in order, showing the steps in making a deposit or withdrawal. Draw Sam, Susie or yourself as the main character. Write your conversation with the teller in word balloons for each panel. Try to use some banking words from the role play in your conversation.



## ACTIVITY 1 - "THERE'S NO BUSINESS LIKE BANK BUSINESS"

### CHARACTERS

Susie Saver, Sam Spender, Ima Teller, Larry Loaner, Mark Manager

**SETTING:** Scene 1 - Outside Susie's house, Sam walks by

**SAM:** Hey Susie! Guess what I got for a birthday present?

**SUSIE:** What did you get Sam?

**SAM:** Twenty dollars, Susie! Yeah, twenty smackers, twenty big ones!

**SUSIE:** Awesome! What are you planning to do with your cash?

**SAM:** I dunno - I can't decide. Should I spend it on a new toy or a basketball? Or maybe a bunch of candy?

**SUSIE:** Have you thought about **saving** your money?

**SAM:** Saving it? Why would I want to do that?

**SUSIE:** Because you might see something later that you really want to purchase, but by then it will be too late. You won't have the cash!

**SAM:** Yeah, but I don't really have a great place to keep my \$20 in my room. My little brother's always snooping around and he might find my stash, or I might forget where I hid it.

**SUSIE:** There's an easier way to save money. Take it to the bank and open up an account!

**SAM:** Save at a bank? Why should I give them my money?

**SUSIE:** Let's do down to Big Bucks Bank and I'll show you!



## ACTIVITY 1 - "THERE'S NO BUSINESS LIKE BANK BUSINESS"

**SETTING:** Scene 2 - Lobby of Big Bucks Bank

**SAM:** Wow! This is a big bank building. What do all the people do here?

**SUSIE:** Let's find out. Look, there's my favorite bank teller, Ima. Let's ask her our questions. She's really nice to kids!

**IMA:** Good morning! What can I do to help you two today?

**SUSIE:** Well, Same received \$20 for his birthday and he's not sure what he wants to do with this money. Can you tell him about a savings account?

**IMA:** Certainly! Sam, opening a savings account and depositing your money at a bank will keep it safe. You'll just need your parent's signature to open your account. We will also pay you **interest** on your money to thank you for banking with us!

**SAM:** Interest, like I have an interest in basketball?

**IMA:** No, Sam - this is a different kind of interest! We pay money for the use of your deposit money to make loans to other people.

**SAM:** Wait a minute! You're going to take my money and loan it to someone else? No way!

**IMA:** Yes, that's how banks operate! Let's go talk to Larry Loaner to find out more!

**SAM:** (mumbles) I don't know about this Susie!

**SUSIE:** Shush! Here comes Mr. Loaner.

**IMA:** Hi, Larry! Could you explain to Sam how our loan department works?

**LARRY:** Sure, Ima! Sam, we take the money deposited at our bank and lend it to customers who need new cars, homes, or money for college. They have to pay back the money loaned to them later, plus interest.

**SAM:** I'm already wise about interest. But customers have to pay interest back to the bank?

**LARRY:** You bet. That's how banks make their **profit**!

**SAM:** Another big word. Okay, what's profit?



## ACTIVITY 1 - "THERE'S NO BUSINESS LIKE BANK BUSINESS"

**LARRY:** Profit is the extra money or income a business makes after it pays its costs of operating. Profit is what keeps us in business!

**SAM:** I get it! I give the money to you, you pay me interest, you loan it to customers, they pay you interest, and everybody's happy.

**SUSIE:** Wait a minute! I have a question, Larry. What happens if Sam wants to withdraw his deposit and you've loaned all the money out? Is he out of luck?

**LARRY:** Are you ready for another big word? We have **reserves** to cover withdrawals. Reserves are a part of the deposits in dollars that a bank is required to keep on hand and not loan out to customers. Reserves can help us pay out deposits when account holders need their money back.

**SAM:** Speaking of needing money back, what if I deposit my \$20, then decide I need it back to buy something right away. Is it a hassle for me to withdraw it?

**IMA:** I can answer that one. All you need to do is fill out a withdrawal form and with your parent's signature, you can receive your \$20 back. Just like that!

**SAM:** Cool! It sounds like saving in a bank is the way to go. I just have one more question. Do banks print their own money?

**IMA:** Here comes Mark Manager. He'll fill you in!

**MARK:** Hi, Ima and Larry! Do we have two young customers here?

**IMA:** Mark, this is Susie and her friend, Sam. They are learning how our bank operates.

**MARK:** So, do you have any questions for me, kids?

**SAM:** Yeah, can we see where you print your money?

**MARK:** Sorry, Sam - that's not possible, because banks don't print their own money! It's printed at a place called the Bureau of Engraving and Printing, then sent to us through the Federal Reserve Bank.

**SUSIE:** Is that the place they call the Fed?



## ACTIVITY 1 - "THERE'S NO BUSINESS LIKE BANK BUSINESS"

**MARK:** Correct! The Fed is the central bank for the whole United States. It is the bank for all the other banks and also a bank for our government. The Fed examines and watches over banks to make sure the banks are safe and secure businesses.

**SAM:** So, how does the Fed help banks get their money?

**MARK:** Currency from the Bureau of Engraving and Printing and coin made at the U.S. Mint are shipped to the 12 regional Fed buildings and many of their 24 branch offices. The Fed buildings store this money until banks need it. Then it is sent to banks when they run low on currency or coin. Banks can also send their extra cash or coin to be stored at the Fed.

**SAM:** So the Fed is like a big money warehouse?

**MARK:** Kind of. The Fed is also responsible for destroying old cash by shredding it up so it can't be spent.

**SAM:** Wow! I've learned so much about money and banking today that my head hurts!

**SUSIE:** And it all started with a \$20 birthday gift!

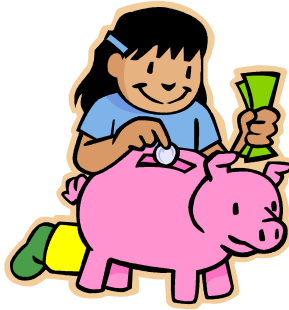
**IMA:** Let us know when you make your spending or saving decision. We'll be ready to open your account!

**SAM:** Thanks, Ima! I've got some serious thinking to do - once my heads stops hurting!

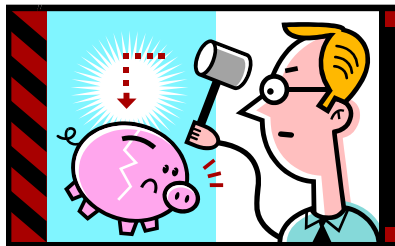


## VISUAL 1 - NAME TAGS FOR ROLE PLAY

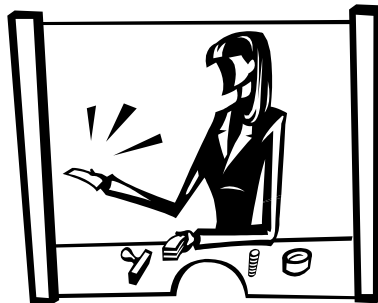
# SUSIE SAVER



# SAM SPENDER



# IMA TELLER





## VISUAL 1 - NAME TAGS FOR ROLE PLAY

# LARRY LOANER



# MARK MANAGER

