

THE *BLUE PAPER*

◆ August 2009 ◆

Balancing a Checkbook: Members Say It's a Major Problem

You Can Show Your Members
a 21st Century Method
That's Quicker and Easier

Route to:

- EVP
- VP Operations
- VP Finance
- VP Marketing
- VP Lending
- Newsletter Editor
- E-Coordinator
- Marketing Manager



Those who work in the Credit Union world naturally assume that balancing a checkbook each month is a simple and easy task.

“Financial counseling is no longer a luxury for Credit Unions — it’s absolutely essential.”

Question: In a study of thousands of Credit Union Members by Callahan & Associates, what was among the top four financial concerns? **Answer:** How to balance a checkbook.

Question: A study this year by the Center for Economic and Entrepreneurial Literacy showed that “an overwhelming number of Americans” cannot do what? **Answer:** Balance a checkbook.

Question: Every month your Credit Union has X number of calls, complaints, and visits primarily because your Members cannot do what? **Answer:** Properly balance a checkbook.

WHY DON'T ALL MEMBERS BALANCE THEIR CHECKBOOKS?

Those who work in the Credit Union world naturally assume that balancing a checkbook each month is simple and easy. But all one has to do is take an informal survey of friends and relatives to realize the number of people who don't (or can't) complete this task.

That's one reason why your Credit Union has so many complaints, questions, and calls each month about balances in Member accounts.

So why don't people balance their checking accounts each month? Recent studies have shown there are three reasons:

1. They don't know how.
2. They think it takes too much time.
3. They say it's too difficult.

21st CENTURY CHECKBOOK BALANCING

But there's a new 21st century method of balancing a checkbook that's both quick and easy to use.

If balancing a checkbook is a concern to such a large percentage of our Members, it bodes well to take the time and energy to help them.

According to Joe Saari, CEO of Precision Information, “Financial counseling is no longer a luxury for Credit Unions — it's absolutely essential to continue growing in a recession economy.” Financial literacy has always been a sure route to Member loyalty, and a basic skill — like balancing a checkbook — is the most fundamental place to start.

WHY TRY TO TEACH MEMBERS A NEW METHOD?

Americans have had checking accounts for more than a century — and Credit Unions (beginning with our old “share draft accounts”) for about half that long.

So why offer Members a new system now?

The answer lies in two of the reasons people don't balance their accounts monthly: too difficult and too time-consuming.

Look at the check reconciliation form on the back of your monthly statement. For most Credit Unions it's the same form banks were using in the 1930s.

We live in the modern age with instant emails, cell phones, news from around the world that's only minutes old. Today, any system has to be fast and it has to be easy.

EVEN THE INTERNET IS NO HELP HERE

Check the Internet. There are pages and pages of entries on “How to balance a checkbook” — entries that give great promises of help.

One entry explains that a Member need only follow “the 39 easy steps” listed. (*Thirty-nine* easy steps!)

Another explains that a Member needs only “these nine tools.”

The *sample* reconciliation pages on the Internet are even more foreboding — columns and columns to fill in and entry after entry to complete.

Hardly fast and easy.

A NEW SYSTEM THAT IS FAST AND EASY

Here's the 21st century method for balancing a checkbook. Some Credit Unions have already adopted it and have been using it successfully for years.

What the Member NEEDS:

1. Monthly statement (printed or from the website)
2. Checkbook register
3. A pocket calculator

The check reconciliation form on the back of your monthly statements is the same form banks were using in the 1930s.

The Internet has pages and pages of entries on “How to balance a checkbook” — each promising how easy it is.

continued on page 4

The amount on the calculator should match the balance in the check register.

Once a Member learns this new system, there's no going back to the old time-consuming, paper-oriented version.

continued from page 3

What the Member DOES:

1. The Member goes down the checkbook REGISTER and — one by one — puts a checkmark by each entry not yet accounted for — no matter if it's a debit or credit. Each time, the Member puts a similar checkmark on the STATEMENT for the same entry.
2. When that process is completed, the Member enters on the pocket calculator the balance as shown on the STATEMENT.
3. Then the Member goes down the checkbook REGISTER and *subtracts* on the CALCULATOR any debit entry that is not checked off — or *adds* any deposit that is not checked off.

That's it. The amount on the calculator should match the balance in the check register.

No forms. No listing of all checks not cleared. No adding columns of numbers. No copying down all deposits not on the statement.

It's fast. It's easy. If there is any discrepancy between the total on the calculator and the balance in the register, the Member can then look for the missed entry — just as he or she would do with the old system.

Once a Member learns this new system, there is no going back to the old time-consuming, paper-oriented version.

Credit Unions that have adopted this method did, of course, simplify or explain some of the terms in the three steps of "*What a Member Does.*" One would be surprised that many people did not know the meaning of terms like "check register" or "debit."

CONCLUSION

It's the 21st century and your Members want things that are fast and easy. This new method of balancing a checkbook is just that — fast and easy. ◆

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