

Grades 2-3

Lesson 2



## THE HISTORY OF BANKING AND SAVING

**Rationale:** This lesson is intended for elementary students in second through third grades during a forty minute time period. The lesson teaches students the concept of saving vs. spending and covers how to open a bank account. Each activity deals with how a savings account works. The activities rely on a variety of interactive and visual formats designed to be interesting and fun.

**Lesson Objectives:** Students will be able to:

- Outline a brief history of banking.
- Describe why it is important to save.
- Describe how to open a savings account.
- Complete a savings deposit slip.

**Materials:**

- Lollipops or pencils (at least 3/student)
- Resource Files: Savings deposit/withdrawal tickets (1 copy per student)
- Worksheet

*\*Materials not attached to this file may be found in a separate resource file.*

**Setting the Stage:**

**Background Builder #1:** Pretend you have been given some money to look after. How will you protect it? (Hand out Worksheet #1 to each student and allow students to complete it. There is no penalty for incorrect answers, but be sure to praise the correct answers. Make the point that banks are the safest place to store money.

**Background Builder #2:** Hand out one lollipop to each student. Explain that students are free to use it now or at any time during the lesson. Mention that if a student still has the lollipop in 30 minutes (mention the specific time of day that is 30 minutes later), then you will give the student(s) two more so that they will have three altogether.

The activity will later illustrate that savings accounts work much the same way. A person may withdraw his/her money at any time without penalty, but the longer it remains in the account the more interest will accrue. (Candy can be substituted, but keep in mind any food allergies among students.)

**State the Objective:** tell the students what they will be able to do upon conclusion of the lesson.

“Before the end of this lesson, you should be able to explain why how banks started, why it is important to save, and how to open a savings account.”

**The Lesson Procedure:** Tell students that you are going to talk about where you can keep your money so that it is safe.

- The First Banks
  - The first bank began in Italy between 1200 and 1600 (around the time Columbus was sailing to America).
  - The word **bank** comes from the Italian word *banco*, which means bench. Moneylenders sat on benches in the market place and waited to do business with other people.
  - Banks are places where people store their money.
  - Banks also lend money to people or businesses that need it.

**\*\*Ask students how they are doing with their lollipops.\*\***

- Opening a Bank Account
  - People apply to open a bank account with the help of a person called a “Customer Service Representative”, CSR for short. People must show identification to the CSR to prove they are whom they claim. New customers usually show a driver’s license and something else. They must fill out a special form with personal information on it for TD Bank. After the account is open, people can deposit or withdraw money from that account.
- Savings Accounts
  - Think back to the matching worksheet that we completed a few minutes ago. We learned a bank is a safe place to keep money. In fact, if a TD Bank is robbed or if it burns down, your money is protected through a type of government insurance called the FDIC that will replace up to \$100,000 of your money if something happens to it at the bank. When you visit your bank try to find the FDIC sign that tells customers how closely protected their money is.
  - Money stores its value, so it’s possible to keep it for a long time. A savings account is used to save money for expensive things people want to buy. Draw attention to the fact that if students have an important collection such as baseball cards or state quarters they probably keep it in a special place where it is protected. A savings account keeps money in one place while you are saving up over a long period of time.
  - People fill out a special form, called a savings deposit slip to put

money into their savings account. A savings deposit slip looks like this: display deposit slip on an overhead projector. I have one for each of you to fill out.

Hand out a slip to each student, but be sure to explain that you will fill out the information together. Proceed with students to fill out the slip, including:

1. Today's date
2. A pretend account number (explain that this is a special number given to each account so that if someone else shares your name, at least the money will be deposited or withdrawn from the account that has your number.)
3. Student's name

Pretend we have \$100 of birthday money we want to save. Write \$100 here where it says currency. This is another word for cash. We have no pennies, nickels, dimes, or quarters and there are no checks. Our total deposit is \$100.

Circulate and give acknowledgement to the students who have completed the form like the one on the overhead. Redirect those who need assistance.

Re-visit the lollipop Activity: Ask students if it was easy or difficult to save the lollipop, especially if others have used theirs. Give two extra lollipops to those students who saved theirs up, and make the point that saving money is hard, especially when it always seems like we need to buy something.

I gave you some extra lollipops as a reward for saving the one that you had. Banks like having your money so much that they give a thank you gift for letting them protect it for you. This is called interest.

If we earned 5% interest on our \$100 of birthday money that we deposited, at the end of one year we would have \$105. We would have earned \$5 free as a thank you from the Bank.

Just like with the lollipops, waiting and saving can bring good things.

The money that you keep in your savings account is yours, and you may take as much or as little of it as you would like, but you may not take out more than you have. When I want to take out money from my savings account, it is called a withdrawal. Show the withdrawal slip on the overhead. Ask a student to come up and fill out the sample slip on the transparency itself.

**Closing the Lesson:** Review the highlights of today's lesson. Give students the Window Worksheet and allow them to complete it. Circulate to ensure accuracy. If there is time, use one of the recommended closing activities too (Ways to End and Review Lessons).

**Optional Homework or Classwork Assignment:**

Provide students with blank deposit and withdrawal slips and allow them to complete with amounts you determine.

**National Council of Teachers of Mathematics Principles and Standards for School Mathematics, 2000.**

Problem Solving – (Students will) Build new mathematical knowledge through problem solving.

Communication – (Students will) Organize and consolidate their mathematical thinking through communication.

Connections – (Students will) Recognize and use connections among mathematical ideas.

Representation – (Students will) Create and use representations to organize, record, and communicate mathematical ideas.

## Ways to End and Review Lessons

**Quizbowl:** Separate the students into two teams and ask questions related to the lesson, i.e. What does the word “interest” mean?

**Jigsaw:** Jigsaw students into three groups and assign each a specific question from the lesson to answer together, with one person from each team acting as the spokesperson.

Sample questions:

Why is it wise to store your money with a bank?

What is normally included on a deposit slip?

How do you earn interest?

**Misinformation:** Quote information from the day’s lesson purposely erroneous. Call on various students to restate the information correctly.

**What’s left out?** Supply students with statements that have some information missing. This can be done orally or it can be done on a blackboard. Ask students to provide the missing information.

**Pair and Share:** Group students into pairs and ask each pair to exchange two or three new things learned during the day’s lesson. Call on select pairs to share with the whole class what has been learned.

Name: \_\_\_\_\_

**Directions:** You've been given some money to look after. How will you protect it? Match each option with what you think will happen as a result of your choice.

**The options**

1. carry your money in your pockets
2. give your money to a bank
3. put your money in a piggy bank
4. bury your money in the ground

**The outcome**

- A. You might forget where you hid it.
- B. You'll save money but not earn interest.
- C. You might lose it or be tempted to spend it.
- D. You'll save it and earn interest on your money.



### Directions to the “WINDOW SHEET” Exercise:

Prepared beforehand in a blackline format is a paper separated into two columns. On the right hand column are “clues” to key vocabulary from the lesson, which are also boxed off with a bold line underneath each clue. Students are to fold the paper in half from left to right. The clues will then be covered. Students will proceed to cut from the left margin to the center fold in order that the top fold becomes like flaps or windows. The bottom part of the paper, the part with the clues, does not get cut. Then students will proceed to write on the top part of the page---where the windows have been formed---the answers to the clues.

### Directions to the “WINDOW SHEET” for Students:

Fold your paper in half so that you can no longer see the clues. You can watch me for an example. Next take your scissors and cut only the left half of the page so that you are making a flap for each clue. When you are done cutting, write the answer to each clue on the blank part of the page.

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**You open this when you want to save money at the bank.**

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**When you save money at the bank, the bank gives you extra money as a thank you gift.**

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**To take out your money from the bank.**

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**To add money to your account.**

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**Name: \_\_\_\_\_**

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