

FDIC



Financial  
Education Curriculum



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## Checking In

### Welcome

Welcome to the *Banking Services Available for a Small Business*. By taking this class, you are taking an important step toward building a better financial future for your business. This guide accompanies the *Banking Services Available for a Small Business PowerPoint Presentation*.

### Learning Objectives

**After completing this module, you will be able to:**

- Identify the banking services commonly available to a small business and explain how these services work.
- Identify the advantages and disadvantages of each of the banking services.
- Explain how small business owners decide which banking services are best for your business.
- Define several forms of deposit insurance.
- Describe some benefits of building effective long-term relationships with a banker or lender.
- Describe the role of a personal credit score in the lending process.
- Explain the benefits of separating business and personal bank transactions.

## What Do You Know?

### Banking Services Available for a Small Business

Instructor: \_\_\_\_\_ Date: \_\_\_\_\_

This form will allow you and your instructors to see what you know about business banking services both before and after the training. Read each statement below. Please circle the number that shows how much you agree with each statement.

	Before Training				After Training			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. I can identify the banking services that are commonly available to a small business.	1	2	3	4	1	2	3	4
2. I can explain how these banking services work.	1	2	3	4	1	2	3	4
3. I can identify the advantages and disadvantages of each of the banking services.	1	2	3	4	1	2	3	4
4. I can explain how small business owners decide which banking services are best for their business.	1	2	3	4	1	2	3	4
5. I can explain several forms of deposit insurance.	1	2	3	4	1	2	3	4
6. I can describe some benefits of building effective long-term relationships with a banker or lender.	1	2	3	4	1	2	3	4
7. I can describe the role of a personal credit score in the lending process.	1	2	3	4	1	2	3	4
8. I can explain the benefits of separating business and personal bank transactions.	1	2	3	4	1	2	3	4

## Pre-Test

**Test your knowledge of banking services before you go through the training.**

- 1. Which of the following are the basic business checking account types? Select all that apply.**
  - a. Small business account
  - b. Savings account
  - c. Commercial account
  - d. Investment account
  
- 2. Which of the following best characterizes a “zero balance account”?**
  - a. Account is maintained with no funds until checks are written
  - b. A new account
  - c. A closed account
  - d. Account with funds that are withdrawn until no funds remain
  
- 3. Purchases and receipts for your business should be kept separate from your personal ones.**
  - a. True
  - b. False
  
- 4. Which of the following is true about a Certificate of Deposit (CD)?**
  - a. Typically it pays a higher interest rate than a savings account.
  - b. A one-time withdrawal is allowed on a penalty-free CD.
  - c. Account maturity term is usually 72 months.
  - d. Both a. and b.
  - e. All three: a., b., and c.
  
- 5. CDs are sometimes used as loan collateral.**
  - a. True
  - b. False
  
- 6. Which of the following is a common advantage of online banking?**
  - a. Normally information is updated frequently so activity is viewable within minutes.
  - b. Check images may be available for viewing.
  - c. Eliminates research charges for check copies and past statements.
  - d. Both b. and c.
  - e. All three: a., b., and c.
  
- 7. If a business becomes a victim of online theft, there is a chance that the money may not be recoverable and the bank may not be responsible for the loss.**
  - a. True
  - b. False

- 8. Deposit accounts should be reconciled at least \_\_\_\_\_.**
- a. Daily
  - b. Weekly
  - c. Monthly
  - d. Yearly
- 9. Only an account *signer* is authorized to conduct transactions with a debit card.**
- a. True
  - b. False
- 10. With a term loan, the purpose of the loan will typically determine the length of the financing.**
- a. True
  - b. False

## Business Banking Fundamentals

There are many banking services available to the consumer and small business owner. With technological advances, these services are constantly changing.

### What Are Your Needs?

To help with the process of identifying your banking needs, consider the following questions:

- Do I need to regularly pay employees or vendors?
- Do my customers generally pay me via check, credit card, electronic transfer, or in cash?
- Do I want to be able to download statements and transactions into a software program?
- Will I need to make deposits after banking hours? If so, do I need a night depository bag with locks or a remote deposit scanner?
- What are my cash needs?
- Does my business need a lot of change or small bills? What are the fees to buy cash from the bank?
- What are my loan needs?
- Do I need start-up funds, an SBA loan guarantee, a line of credit, or a minimum business loan to build credit?
- How helpful would it be to have a banker who understands any unique aspects of my industry or profession?

### Discussion Point #1: Banking Services

The purpose of this question is to discuss some of your expectations for what banking services you need.

#### What are some of the services you try to find in a bank?

### Choosing the Right Bank

Consider your unique needs and preferences when choosing the right bank and account at that bank. Most banks will list their core products and minimum balance requirements on their websites. Call your bank or a few in your area and ask for an appointment to meet with the branch manager, a bank officer, or a commercial lender. Discuss the needs of your business and request their input. The bank staff can direct you to the right services to meet your needs. Here are a few factors to consider as you choose what is best for your needs.

**How is the bank's customer service?**

Perhaps you already have a relationship with this bank or know someone who is pleased with the bank's customer service. A good relationship with a key person at your bank can help you establish or increase credit, save you money in fees, and enhance your business opportunities through taking advantage of the banker's contacts. Establish a list of key people with whom you can discuss banking services such as deposit, loan, online, and investment services. Ask if the institution has a track record of catering to small businesses and how many small firms it serves. Find out if it has a special unit dedicated exclusively to small business needs. Ask yourself if the representative who meets with you seems genuinely interested in your business and the market you serve. Ask other small business owners about institutions they recommend.

**How accessible is the bank you plan to visit?**

Businesses spend hours or days going to the bank each year so choose a bank that is accessible for you. Consider whether the bank needs to be within walking distance. If you'll be driving to the bank from a home-based business, determine whether parking is plentiful. If you plan to use the drive-through, ask the bank if there are any restrictions on transactions that can be made at the drive-through window.

**Do the banking services meet my needs and what are the costs?**

Evaluate the services of each bank you are considering by reviewing the bank's product brochures, funds availability disclosures, and fee sheets. Compare these to your business needs. Find out how you may be able to get fees waived, perhaps such as by consolidating maintaining multiple accounts at the bank.

You should also find out how long it will take before you can access your deposited funds because waiting for checks to clear may impede your cash flow. Writing a check when you do not have funds available to cover the deposit will likely lead to costly charges.

**Is the bank FDIC-insured?**

Depositors should understand their coverage limits and confirm that a financial institution is FDIC-insured.

FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. Since the Federal Deposit Insurance Corporation (FDIC) was established in 1933, no depositor has ever lost a single penny of FDIC-insured funds.

Money that your business has on deposit with a bank is insured separately from your personal accounts at the same institution if the funds are in an account opened in the name of a corporation, partnership or other legal entity. But if you operate your business as a sole proprietorship, your business' funds are insured together with your personal deposits at that same institution in the "single account" category (those in your name alone and not including certain Individual Retirement Accounts), rather than being insured separately. However, if a sole proprietorship uses an account owned by two people — typically a husband and wife — the FDIC would insure their business accounts under the 'joint account' category along with any other funds they own together at the same bank that are joint accounts.



There is no need for depositors to apply for FDIC insurance or even to request it; coverage is automatic, up to the insurance limits described above, whenever a deposit account is opened at an FDIC-insured bank or savings association. For more details on deposit insurance, access the FDIC resources on deposit insurance at [www.fdic.gov/deposit/deposits](http://www.fdic.gov/deposit/deposits) or call toll-free 1-877-ASK-FDIC, which is 1-877-275-3342.

The National Credit Union Administration (NCUA) protects any deposits you may have in a federally insured credit union just as the FDIC protects your insured deposits in a bank deposit account.

## Deposit Accounts

### Checking Accounts

Banks may have different names for their checking accounts and the checking account products offered and their features differ. Ask your bank representative to explain the account types to be certain you select the proper checking account product(s) to meet the needs of your business.

#### Small Business Checking Account

A small business checking account will generally allow fewer fee-free transactions, including deposits and checks, on a monthly basis. This account usually has a lower minimum balance requirement than other business checking accounts.

#### Commercial Checking Account

A commercial checking account is geared for a higher volume of transactions and has a larger minimum balance requirement. To assess fees, commercial checking accounts are often set on an analysis schedule. Each month the system monitors the account for balances and transactions. The bank assesses charges at the end of the statement cycle based on the number of checks, deposits, number of checks in the deposits, cash purchased from the bank, remote capture scanner rent, and other fees listed on the bank's fee schedule. Also at the end of the statement cycle, the bank may pay you interest or give you an earnings credit to offset fees. Compare the checking account packages offered by different banks to find what's best for you.

#### Protect Your Checks

Once you open up your checking account, know the rules governing checks, as they depend largely on the law of your state. For example, many states have adopted the Uniform Commercial Code, which generally holds the bank — not the account owner — liable if someone forges a signature on a check. But that doesn't mean you could never be liable for losses. In general, you can protect yourself from liability by securing your checks, thinking carefully about who in your business has access to blank checks, reviewing your statements when they arrive (or more frequently via online access), and reporting any problems to your bank immediately. Your deposit account agreement may include more information about your liability for forged checks, so read it closely. And for legal advice, ask an attorney.

#### Do Not Mix Business and Personal Transactions

Keep your business and personal transactions in separate accounts. In other words, do not use personal accounts to hold business funds. Keeping separate savings, checking, and credit card accounts is necessary for accurate record keeping, will help you at tax time and may even be required depending on your corporate structure. It is very difficult to separate transactions for bookkeeping purposes. In addition, checks made payable to your business cannot be deposited into your personal checking account. If you need to transfer funds from your personal accounts into your business accounts, or from your business accounts into your personal accounts, transferring is an easy process with online banking and it generates a record of the activity, which is required for accurate bookkeeping. Finally, banks monitor account activity for protection

and reporting purposes, so you may be asked to move the funds into a business product if you use the same account for business and personal transactions. If you need to transfer funds to your personal account, the check should be payable to you or a transfer request should be made to your bank. This generates a record of the activity.

### **Payroll Services**

Bank payroll services can help cut down on the number of checks issued and the potential for fraudulent or forged payroll checks. These services permit entry of payroll, retirement, and worker's compensation insurance payments, as well as federal and state taxes. Numerous reports can be generated for your records. The reports can include summaries for each employee, the entire payroll, or a history with date ranges and data filters.

Payroll can be direct-deposited to the employee's account. If your business has employees who do not have a bank checking or savings account, talk to your bank. Many banks will be happy to work with you to provide direct deposit for these employees. For example, they may be willing to meet with your employees to open free or low-cost checking accounts. Many banks have products to meet the needs of those who need a second chance checking account. These accounts are opened for individuals whose names appear on a check reporting agency report for a former problem account.

### **Cash Management**

Many businesses find it helpful to have an operating account and a payroll account. To ease the burden of conducting transfers to a payroll account, most banks can set up a sweep feature on your operating account that links to your payroll account. This is known as a "zero balance" feature. With this feature, you only make deposits to your operating account and you only write payroll checks out of the payroll account. As each paycheck is presented to the bank, the system totals the checks and moves exactly that amount to the payroll account from the operating account. This helps to prevent fraud. By monitoring the sweeps, you would quickly know if amounts were greater than your payroll. This could be an indication of an error or highlight an altered or forged check. Remember, the payroll account will remain at zero at the end of each day's processing. Be sure to ask your bank representative if an account with a "zero balance" feature will be charged fees. If you prefer to make transfers to payroll yourself, consider establishing online access.

A sweep investment account is used to earn interest on larger balances. The agreement sets up two accounts, with a required minimum balance in the primary account. This balance is determined by the bank, based on reserves. All funds are deposited into the main account, but amounts over the minimum are swept daily into the overnight investment of securities. These investment securities are not covered by FDIC insurance. Checking accounts may be coded to sweep funds from a line of credit or to make payments to the line or business loan.

For more information, ask your bank for a list of its cash management services and related fees.

## Savings Accounts and Certificates of Deposit

Having a savings account helps to build a cushion for unexpected needs. Setting aside money also shows your lender that you are reserving cash.

### Savings Accounts

Savings accounts have limitations on the number of withdrawals permitted each month. Ask the bank representative to explain the available types of savings accounts, any fees, and the rules that apply to how you can use the account. For example, repeatedly exceeding the maximum number of withdrawals during a monthly cycle may require the bank to close the account or necessitate moving the funds to another type of account.

### Certificates of Deposit

With the traditional FDIC-insured certificate of deposit (CD), you agree to keep the money in an account for a few weeks to several years. In return, the bank agrees to pay you a higher interest rate than you would receive from a checking or savings account. If you need to withdraw the money before the CD matures, you would pay a penalty. However, the traditional CD now is only one of the choices. Now you may be able to add money to the CD, switch to a higher interest rate or withdraw money early without a penalty. Most banks will require you to deposit at least \$500 into a new CD, but some will allow you to open one with a smaller deposit. CDs are sometimes used as loan collateral or held for bank-issued letters of credit: if you need to build a credit history for your business, check with your bank to find out if a CD-secured loan is an option.

### **The rates, terms, and features may vary significantly from bank to bank. When shopping around, ask:**

- What is the interest rate, expressed as the Annual Percentage Yield or APY? Can the interest rate go up in the future? Ask about any features that may allow you to earn a higher rate if market rates go up in the future. But also remember that a CD with more flexible terms than a traditional, fixed-rate CD may be offered at a lower interest rate.
- When does the CD mature? Account term lengths normally range from 7 days to 60 months for maturity. Are there options for early access without a penalty? If not, what is the penalty? Think about how long you are willing to leave funds in a CD but also ask what would happen if you needed money back sooner than expected.
- Will the CD automatically renew at maturity if I don't withdraw the money? If that's the case, find out if the automatic renewal will be at the "old" interest rate or the current rate at the time of the renewal. If market rates have increased, it is not to your benefit to renew at the old rate.

## Deposit Insurance In-Depth

Here are some details of the FDIC deposit insurance coverage that may pertain to your business.

### Basic Insurance Principals:

Deposit insurance coverage is per depositor. A depositor may be:

- Any person (does not have to be a citizen or even a resident of the United States).
- Any entity (Businesses, Organizations, Governmental entities).

Deposits maintained in separate FDIC-insured banks are separately insured. Deposits maintained in separate branches of the same FDIC-insured bank are NOT separately insured.

The FDIC covers: Checking accounts, Negotiable Order of Withdrawal (NOW) accounts, Savings accounts, Money Market Deposit Accounts (MMDAs), Time deposits such as certificates of deposit (CDs), Cashier's checks, money orders, and other official items issued by a bank.

### Deposit Insurance for different business organizations:

#### Organized as a sole proprietorship:

A sole proprietorship account includes funds collected by an individual conducting business using a business name. As an example, "John Smith (the owner of the account) Doing Business As (often abbreviated as "DBA") John's Fishing Bait." An account opened in the name of a **sole proprietorship** is insured by the FDIC under the Single account ownership category. The Single account ownership category includes accounts titled under an individual's name with no beneficiaries designated on the account.

In the unlikely event of your bank's failure, the FDIC would add together the funds in your sole proprietorship deposit account with any other Single accounts owned by you at the same bank and insure the combined total balance for up to \$250,000. If the business account is owned by two persons where each owner has equal withdrawal rights to the funds in the account, then the account would be insured under the Joint Account category and insured for up to \$500,000.

#### Organized as a corporation, partnership, or unincorporated association:

Deposits owned by **corporations, partnerships, and unincorporated associations, including for-profit and not-for-profit organizations**, are insured under the same ownership category. These are considered a separate legal entity from the owner, and they are insured separately from the owner's personal deposits. All deposits owned by the same corporation, partnership, or unincorporated association at the same bank are combined and insured up to \$250,000.

To qualify for insurance coverage under this ownership category, a corporation, partnership, or unincorporated association must be engaged in an "independent activity," meaning that the entity is operated primarily for some purpose other than to increase deposit insurance coverage.

## Deposit Insurance for Fiduciary Accounts

If you are a business that handles other people's money, either as a broker, agent, realtor, firm, or other business transactions, then you are acting with **fiduciary** powers.

Fiduciary Accounts, in their simplest form, are bank deposit accounts in which the funds are owned by one individual or entity or group of individuals or entities and managed by a fiduciary. The most common Fiduciary Accounts for small businesses include:

- Escrow Accounts (real estate transaction accounts)
- Agency Accounts (broker accounts, business or personal trusts)
- Property Management Accounts (rent, security deposits)
- IOLTAs or similar (court settlements, estates)

When funds are deposited by a fiduciary or custodian on behalf of one or more actual owners of the funds, the FDIC will insure the funds as if the actual owners had established the deposit in the bank themselves. FDIC describes this as "pass-through" deposit insurance coverage.

The key to establishing pass-through deposit insurance coverage is the clear indication that funds are being held in an agency, custodial or fiduciary capacity. It is important to use language such as but not limited to "FBO" (For the benefit of others), "As agent for others," or "As custodian for others."

A fiduciary or custodian should not mix deposit funds into accounts that may hold your corporate owned funds. To establish the existence of pass-through insurance coverage, either the bank records or the fiduciary's records need to be able to provide the FDIC with each principal owner's name as well as their ownership interest in the deposit account. Typically it is the fiduciary who maintains such specific information. It is also important that the deposit terms (i.e. the interest rate and maturity date) for accounts opened at the bank match the terms the fiduciary agent promised to the customer. If they do not match, then the fiduciary agent might be deemed to be the legal owner of the funds.

## Retirement Accounts and other Employee Benefit Accounts

At some point during your small business activities you may want to establish retirement account options for yourself and/or your employees.

Employee benefit accounts established for employees include Individual Retirement Accounts (IRAs), defined benefit pension plans, profit sharing plans, Health Savings Accounts, 401K plans, and cafeteria plans. These plans will almost always be insured separately from the accounts that belong to the business itself.

## Account Access

Online banking allows businesses to conduct nearly every facet of their banking business without entering the bank. However, authorization, viewing, and transaction limitations apply. Banks set up access and issue keys for logins after the completion of authorization forms. The authorization process may vary slightly between banks. You may want to set up levels of access for your employees to view or transact business, if you decide to allow your employees to use online banking.

One advantage of banking online is that information is normally updated throughout the day, so you can view account activity within minutes of the activity. Another advantage is that the front and back images of checks, and previous statements are often available. This eliminates charges for services to provide copies of lost checks and past statements.

When banking online, you want to take steps to avoid fraud. If your business becomes a victim of online theft, there is a chance that the money may not be recoverable and the bank may not be responsible for the loss. You should partner with your bank to create and maintain secure banking practices.

### **Direct Deposit, ACH debit and credit processing, and wire transfers**

Direct deposit, Automated Clearing House (ACH) debit and credit processing, and wire transfers provide for quick online transfer of funds. You can originate these from your office for purchases, transfers to other businesses, and to pay employees.

### **Lockbox Services**

Lockbox services permit you to focus on doing business while payments customers mail to you are processed by the bank. Your customers will send checks or other payments to a special address that the bank assigns to your business. The bank will process and credit them to your account and provide a record to you.

### **Remote Deposit Capture**

Don't feel like walking or driving to your bank to deposit a check? Rather not spend the time and the money to mail it in? You may have a relatively new option at some banks — the ability to "deposit" paper checks electronically over the Internet. What you need is a scanner (to capture an image of the check) and a personal computer (to securely transmit the image online), or a cell phone equipped with a digital camera that can do similar duty. Banks may also issue a scanner based on the volume of checks the business deposits. High speed scanners help to process large numbers of checks, but for businesses processing twenty checks a day, the slower model may be more appropriate.

Known in the banking and technology industries as "remote deposit capture" or RDC, this service is mostly marketed to small businesses that typically are paid by check and want to be able to quickly deposit those payments. RDC can save consumers time and money because you don't have to bring or mail your checks to deposit them. In addition, RDC allows you quicker access to the funds because checks deposited over the Internet are generally available in one or two business days as opposed to five business days for regular paper checks.

Banks require that customers complete an application and approval process for this. Some banks will only consider a request to make deposits remotely if the customer has an existing relationship with the bank that is at least six months old.

Although a scanning system will recognize a check that has been previously scanned, errors can occur. Set aside a quiet time and secure place to perform the check scanning process. You will be required to endorse the checks prior to scanning and retain the checks in a safe place for a minimal number of days. Retaining the checks allows time to resolve disputes, overdrafts, or stop-payment returns. Part of your agreement with bank will stipulate that your business properly dispose of documents to protect privacy and guard against identity theft.

Ask your bank how to properly transmit the check images and how to safeguard your equipment and the original paper checks. Talk with your bank about the access, authority, and overrides you may want to put in place to control the scanning process. You may want an employee to scan the deposit and present the batch to you for review and final approval.

## Additional Banking Services

### Business Debit Cards

The business debit card allows your business to make online purchases or point of sale purchases without the use of credit. This card also allows for cash withdrawals at ATMs.

Debit cards are most often issued in the name of the owner of the business. Only an account signer is authorized to conduct debit transactions on the account. As the owner, you may have additional signers on the account and want these people to have a card. Perhaps your employees are going to travel or have a need to purchase office supplies. Discuss the card and its intended use with a bank representative to determine if your plan is feasible. The bank may suggest an alternative, such as a preloaded card from its credit card processor.

If you decide to have a card issued, be aware of the risks. Using caution with debit cards will protect you from fraud and losses. A dishonest employee could use the card for personal purchases or obtain the maximum allowable amount of cash each day through an ATM. Even greater losses could take place over a weekend. If an employee leaves your employment, it is up to you to get the card back or cancel it. Federal law provides many protections to consumer holders of debit cards — such as limitations on liability if the card is lost or stolen — but not to business accountholders. While business credit cards can have some of these protections, business debit cards have none. Because federal law doesn't protect business debit cards, it's very important to understand the terms of your bank account agreement regarding liability for unauthorized transactions. State laws regarding commercial transactions may provide some protections, so consider asking an attorney for further information.

Bank debit cards have a daily limit set for Point of Sale purchases, cash withdrawals, and an overall limit. These amounts may be adjusted by the bank, but only to a degree. The card processing company has limits that cannot be changed by the business owner.

Most banks will assist you in making a larger purchase, by raising the limit for the time needed to make the purchase. You will need to contact the bank to request this and allow time for the system change. The time required to complete this varies from bank to bank. Some banks consider higher long-term limits for well-established account holders.

You should handle your business debit card with care and protect it. If you lose or misplace the card, notify your bank immediately. And, review your account statement as soon as it arrives and immediately report to the bank any possible errors or fraudulent activity.

### Merchant Processing Services

Your sales could increase by accepting consumer credit cards and many banks offer merchant processing services that allow your business to accept credit and debit cards. These services may include point-of-sale card reader terminals, marketing support, online tools, and gift or prepaid cards that can be loaded at your locations. Gift or prepaid cards function like electronic gift certificates that can provide advance sales and generate income during the holidays and on special occasions. If you are providing wholesale products, then merchant services may be able to establish an online system to receive payments from buyers, which can decrease the time from billing to receipt and improve cash flow.

## Discussion Point #2: Banking Service Needs

In the first column, list the banking services you need now. List banking services you anticipate in the next six months to a year in the second column. In the third column, list banking services you plan to obtain in the next two years or services that might meet future needs of your business. Assign a date to each service representing when you need to have the banking service in place or when you will need to re-evaluate the service.

<b>Banking Services</b>					
<b>You need NOW</b>	In place or re-evaluate DATE	<b>You anticipate in 6 MOS. – 1 YEAR</b>	In place or re-evaluate DATE	<b>You plan in 2 YEARS</b>	In place or re-evaluate DATE

### How will your banking service needs change over the next two years?

## Reconciling Accounts

Deposit accounts should be reconciled when you receive your monthly statement, but with online access you may want to review your account activity even more frequently – perhaps daily.

Your bank statement should contain directions on reconciling the account. If you are having difficulty balancing the statement to your records or find discrepancies, contact your bank. If you find an error in your bank statement, contact the bank as soon as possible.

### Here are a few tips for reconciling your accounts:

- The amount encoded on the bottom right of a check should be the amount for which the check was written.
- Retain remote scanner software reports.
- Reconcile the interest on your business loan accounting records to the applied rate each month to save time at year end. Check principal balances as well.



In order to protect your business from potential losses, remain vigilant by reviewing your accounts regularly to identify possible erroneous transactions and fraud. Reconciling your accounts may mean investing time each month but is worthwhile to avoid the frustration caused by errors, fraud, or the need for research months later.

## Avoiding Fraud

Even if you do not plan to use online banking, you need to be vigilant to avoid fraud and scams. Unlike consumer electronic payments that are generally protected by federal consumer protection laws, the liability for business electronic payments are governed by contract and state law, which could leave your business liable for online theft. One very important step you can take to protect your business is to regularly monitor your account to look out for suspicious transactions. Report any questionable transactions to your bank as soon as possible. The faster a fraudulent transaction is identified, the better the chance that the any lost funds can be recovered.

**Here are several other basic practices that can help protect your business.**

- **Be on guard against inside jobs.** This includes employee theft or misuse of cash, merchandise or equipment as well as fraud. Minimize risks through steps such as pre-employment background checks, automated inventory tracking systems, audits, and clearly outlined policies for personal use of computers and other business equipment. Also, carefully select who handles revenue from customers, pays the bills and reviews account statements. Ensure that there are procedures in place to detect and deter fraud.
- **Watch out for fraudulent transactions and bills.** Scams can range from consumer payments with a worthless check or a fake credit or debit card to fraudulent returns of merchandise. Be sure you have insurance to protect against risks. Also ignore offers to buy lists of federal grant programs.
- Electronic frauds by third parties can be very costly to businesses, so take them seriously. By sending fake e-mails and using fake Web sites to deliver malicious software, such as keystroke loggers, fraudsters may be able to obtain the IDs and passwords for online bank accounts and then make withdrawals from accounts. Because businesses are generally not covered by federal consumer protections against unauthorized electronic fund transfers, a bank likely will not be responsible for reimbursing losses associated with the theft from the account if it says that negligence on the part of the business, such as falling for a common scam, was a factor. Equip your computers with up-to-date anti-virus software and firewalls (to block unwanted access). Make backup copies of critical business data on every computer. And, don't click on links in or attachments to an unsolicited e-mail that asks for confidential information, even if it appears to be from a company you do business with or the government. Legitimate organizations won't request that kind of information in an e-mail. When in doubt, go to another source to find the organization's contact information so you can independently confirm the validity of the request.

### Positive Pay and Debit Block Services

Positive pay services, available at many banks, help protect your account from being subject to ACH and check fraud. You provide the bank with a list of expected ACH transactions and checks, along with the expected amounts and dates. Then, as items are processed they are matched to the list. Mismatches will generate a notice to your office for payment approval. A debit block is another service offered by many banks that allow you to control whether or not an ACH debit transaction may be made against your business account. If your business plans to use your account primarily for paying employees or vendors (credits), and writing checks, there may be no need to allow business debits to your account through the ACH system.

## Commercial Lending

Small business owners typically need to borrow money to buy equipment, pay suppliers and employees, and otherwise finance their operations.

Understand the different types of financing. For most small businesses, operations can be financed in three key ways (not including investments or loans from family and friends):

- *Personal lines of credit*, such as credit cards (either an owner's personal card or a business card guaranteed by the owner) or home equity lines of credit (the small business owner's home serves as the collateral) are commonly used, but they have disadvantages. Small business owners willing to put their personal credit record on the line may find a credit card convenient, but it can be an expensive financing tool. Owners using a credit card also can quickly find themselves taking on debt that cannot reasonably be supported by projected revenues from the business. The significant problem with home equity lines is the potential to lose your home if you are unable to repay funds as agreed.
- *Business lines of credit* permit a business to borrow up to a certain dollar amount and repay it in installments with interest over several years. Lines of credit may be a flexible way to build credit. Business owners should think carefully before borrowing on a line of credit. Consider how and when the business will generate revenue to repay the loan, and make sure you are not using a short-term financing tool to finance costly, long-term investments. Rates may also adjust. Know the index to which the rate is tied and the maximum and minimum to which the rate can adjust.
- *Business term loans*, which establish a set dollar amount to be repaid in installments over three or more years, are commonly recommended for purposes such as financing the purchase of equipment or a vehicle. These loans often are secured by the asset that is purchased. Term loans mean predictable payments for businesses, but unlike lines of credit, a business may have to make a new application if it needs to borrow additional funds. The purposes for the loan will generally determine the length of financing. For example, term mortgages will normally be financed longer than a term loan for equipment.

Depending on your type of business or situation, consider asking about these types of commercial financing:

- Agricultural loans
- Manufacturing loans
- Veteran and military member programs
- Exporter loans
- Distressed area loans

The financing of equipment, inventory, plant, and machinery will be recorded by the bank to protect its interests. A deed of trust is the normal instrument recorded for real estate. Uniform Commercial Code financing statements are a tool used to give public notice of the bank's interest in other property. In some financing agreements, the bank may require that a Deed of Trust be filed on your personal residence.

## Financing Receivables or Inventory

The financing of receivables and purchased inventory is repaid through cash receipts, but is evaluated on your ability to collect the receivables and on your business credit. Financing receivables and inventory helps with cash needs due to seasonal fluctuations. In general, the amount loaned on receivables and inventory will not be 100 percent. Allowances are made for accounts not collectible and for inventory that may be discounted or damaged. Your bank can tell you the maximum they will loan for this type of financing. This asset-based lending will require collateral control or bank access, in the event there is a need to liquidate.

## Business Credit Cards

Credit cards are a convenient option because they allow you to defer payment — that is, you will be using the card issuer's money, not your own, until you pay off the balance. Choose a credit card after carefully evaluating the interest rate, fees and terms. Depending on the card, it may also offer rewards. Pay your credit card bill on time to build your company's credit record—and avoiding paying interest on purchases.

Additional cards can be issued for other users. These people are called “authorized users,” but they are not responsible for making credit card payments. This process may present a business risk. So before requesting a card, read the contract, and speak with the bank about your responsibilities. If you have an account that you are not using, cards should either be cancelled and destroyed, or stored in a secure place.

There may be alternatives to issuing a business credit card to your employees. Talk with your bank about employee cash and travel needs. Some solutions could be automated clearing house (ACH) credits (electronic funds transfers) to their account to cover expenses, or a card preloaded with a specific amount.

Be aware that your liability for unauthorized use of credit cards by a thief can be greater for business credit cards than for consumer credit cards. Under federal regulations implementing the Truth in Lending Act, there are strict limits on a consumer's liability for unauthorized transactions, generally no more than \$50. By contrast, if a card issuer provides ten or more credit cards to a company for employee use, it may require the business to assume unlimited liability for unauthorized transactions. And if fewer than ten credit cards are issued to the company, the \$50 limit will generally apply for unauthorized use by someone other than an employee. Review the terms of your credit card agreement to understand whether the credit card company agrees to cover any fraudulent activity on your business credit card even though it is not required to do so by the federal Truth in Lending Act.

## SBA-Guaranteed Lending Programs

If you need to borrow money, your best option may be a bank loan guaranteed by the U.S. SBA. The loan is not made by the U.S. SBA, but the U.S. SBA backs a certain portion of loans to help borrowers qualify for attractive interest rates and financing. If you need a loan for less than the lender's minimum amount, ask your bank for a referral to a lender participating in the SBA's microloan program, which combines business coaching and technical assistance with access to loans up to \$50,000 (although the average loan amount is about \$13,000). Also be aware that certain borrowers, such as veterans or victims of disasters, may be eligible for special loan programs.

## Improve Your Chances of Getting a Loan

A bank has two types of customers. Savers deposit money with a bank or lender and earn interest on their savings. Borrowers take money out in the form of loans and repay the loans with principal and interest payments. Essentially the bank lends money deposited by the savers to the borrowers. As such, the bank has a fiduciary responsibility to the savers to minimize risk and to ensure that borrowers pay back their loans in full.

To minimize risk and ensure full repayment of loans, banks and other lending institutions use the five C's of credit to evaluate your ability and willingness to pay back the loan.

### The Five C's of Credit

1. **Capacity** to repay a loan is the most critical of the five factors. The lender will want to know exactly how you intend to repay the loan. Do you have enough free cash flow in your business to repay the loan? Does your start-up project forecast ample free cash flow to repay the loan?
2. **Capital** is the money you personally invest in the business. This is an indication of how much you have at risk should the business fail. Banks will require you to have contributed capital (cash) from your personal assets. If you are not willing to risk or invest your own capital, why should the bank?
3. **Collateral** is a form of security you provide to the bank. Giving a bank collateral means that you pledge an asset you own – such as your home – to the bank with the agreement that it will be the repayment source in case you cannot repay the loan.
4. **Conditions** has two meanings. The first refers to the conditions or the intended purpose of the loan. How will you be using the bank's money? Will it be used to expand or to purchase equipment or inventory? Conditions also refer to economic conditions, locally and within your industry, which could affect your business and ability to repay the loan. Is your business in a prosperous area in a growing industry or in a depressed area in a slow or flat industry? Lenders carefully evaluate these conditions as indicators of your ability to repay the loan.
5. **Character** refers to your willingness to pay back the loan. Your business may be profitable and have excess cash flow to pay back the loan but will you pay back the loan? The best way to demonstrate that you are a person of character who is ready to pay back a loan is to develop a relationship with the lender before, during, and after the lending process.

Remember, a lender must evaluate your ability to repay a loan based on projected cash flows (your revenues), not on the value of your collateral. It helps to prepare a comprehensive business plan showing exactly how loaned money will be repaid. The business plan should also include an overview of your company, an explanation of its products or services, an explanation of your operations, a marketing plan, and the reasons your company or concept differs from the competition. If you have already been in business for a while, attach accurate financial statements, including a balance sheet, an income statement and a cash flow statement. Make sure your business plan is professional, detailed, accurate, and attractive. Highlight your managerial experience. Lenders want to know that you not only have a great idea, but that you know how to execute it. If you don't have management experience, consider finding a partner or employee who does.

For more information about business plans, consider attending the *Money Smart for Small Business* class: *Planning for a Healthy Business*.

**Consider asking the bank about the following items before or at the start of the loan process:**

- Loan fees
- Processing time
- Interest rate spreads for different types of loans
- Maximum term for financing
- Balloon payments or call provisions
- Interest-only payments during start-up
- Types of collateral or additional personal guarantee requirements
- Liens on a personal residence
- Methods for disbursing the funds

## Build Long-Term Relationships with Your Banker

Building a long-term working relationship with a banker is good business. Some small business owners assume the lending process is impersonal. This assumption is a myth: lending is highly personal. Banking is a person-to-person process. It is vital to represent yourself as a person of character and integrity with your banker. Having integrity means being honest and adhering to strong moral principles. It means doing the right thing at all times and circumstances, whether or not anyone is watching. The best way to demonstrate that you are a person of integrity is to develop a relationship with your banker well before you need a loan or other banking product or service. Here are some ideas for building long-term and mutually beneficial relationships:

- Select a banker who has solid experience and who can truly connect with you and your business ideas. Bankers play two roles: they represent the interests of the bank, and they advocate for business owners.
- Know your business. You need to clearly understand your business model, market trends, and the conditions affecting your business. If you do not know your business, a banker will be uncomfortable being your advocate.
- Know your numbers. A lack of understanding about business finances can be a red flag. Accounting and bookkeeping may seem intimidating, but they are relatively easy to learn. Both require simple math: addition, subtraction, multiplication, and percentages. An online or in-person class can help you grasp the basics. Accounting software packages also help.
- Once you have a firm understanding of your business model and numbers, you are ready to build a relationship with a banker.
- Introduce yourself to bankers and ask about the services their banks offer. This is an easy way to start conversations that can lead to relationships. Bankers constantly network to find new clients and to stay connected with existing ones. They have a vested interest in meeting you as well.
- Join business-networking groups. Local bank officers frequently join these groups because they genuinely care about the communities and the business owners they serve.
- Well before you need a loan, set up an appointment with a bank officer to ask about the loan application process. Use this meeting to share your business idea and begin the conversation.

## The Role of Personal Credit

When making a decision to approve a loan or extend credit, bankers need to seriously consider your personal credit score. There are many different credit score models. Most lending institutions use FICO scores that calculate your payment history, debt burden, length of credit history, types of credit, and recent credit searches. FICO scores range between 300 and 850, with 300 being the lowest and 850 being the highest possible score.

### Bankers use your personal credit score to:

- Decide whether to extend credit
- Determine how much credit to extend
- Determine the interest rate they will charge for a loan

Your personal credit score will strongly influence the decision to lend or not lend to you. Lenders will evaluate your business and personal credit scores with your loan application. Often, there is more information in a personal score than a business score. Many businesses have no credit score at all. It is therefore common for banks and other lenders to give greater weight to the personal credit score.

Your personal credit score reflects how well you manage money. A low score may indicate that you lack the money management skills necessary for managing a business and paying back loans. If you have a low credit score, there are steps you can take. For information on approved credit counseling information, visit the Department of Justice's website: [www.justice.gov/ust/credit-counseling-debtor-education-information](http://www.justice.gov/ust/credit-counseling-debtor-education-information).

If you have poor credit, you may still be eligible for a loan from a local not-for-profit community based micro-lender, community development center (CDC), or economic development agency. Many of these organizations provide loans to small business owners. To find a local community-based lender, visit your local small business development center and speak with a business counselor. For more information, go to [www.sba.gov/tools/local-assistance/sbdc](http://www.sba.gov/tools/local-assistance/sbdc). The *For More Information* section at the back of this guide lists several resources.

## Wealth Management and Retirement Planning

Starting a retirement savings plan can be easier than most business owners think. By starting a retirement savings plan, you will help your employees save for the future. What's more, retirement programs can provide tax advantages to both employers and employees. You can establish a plan even if you are self-employed. Banks provide a number of ways to provide for retirement and it is important to speak with a financial advisor to determine the best plan or combination for you and your business.

People tend to think of an IRA as something that individuals establish on their own, but an employer can help its employees set up and fund their IRAs. With an IRA, the amount that an individual receives at retirement depends on the funding of the IRA and the earnings (or losses) on those funds. The plans are relatively easy to establish--your financial institution handles most of the details.

**There are three key types of IRA-based options:**

- **Simplified Employee Pension Plan (SEP):** Simplified Employee Pension (SEP) plans are available for any size business. Only the employer contributes to the retirement plan—the employer can contribute up to 25 percent of each employee’s pay. The contributions are made to a traditional IRA. Contributions to a SEP are tax deductible and your business pays no taxes on the earnings on the investments. You may be eligible for a tax credit of up to \$500 per year for each of the first 3 years for the cost of starting the plan.
- **SIMPLE (Savings Incentive Match Plan for Employees) Individual Retirement Account Plan:** A SIMPLE IRA plan allows a business that has 100 or fewer employees to help employees save for retirement. Employees can contribute to the IRA, on a tax-deferred basis, through payroll deductions. As the business owner, you can choose either to match the employee’s contributions or to contribute a fixed percentage of all eligible employees’ pay. You may be eligible for a tax credit of up to \$500 per year for each of the first 3 years for the cost of starting a SIMPLE IRA plan.
- **Payroll Deduction IRAs:** Even if an employer does not want to adopt a retirement plan, it can allow its employees to contribute to an IRA through payroll deductions. The employer sets up the payroll deduction IRA program with a bank, insurance company or other financial institution, and then the employees choose whether and how much they want deducted from their paychecks and deposited into the IRA. Employees may also have a choice of investments depending on the IRA provider. The employee makes all of the contributions. There are no employer contributions.

Under Federal law, individuals saving in a traditional IRA may be able to receive some tax advantages on the money they save, up to a certain amount, and the investments can grow tax-deferred. If the individual selects a Roth IRA, the employee’s contributions are after-tax and the investments grow tax-free. A Roth IRA, like the Traditional IRA, provides for retirement withdrawals after the age of 59 ½ (within the guidelines). However, the tax benefit is opposite from the Traditional IRA. Whereas the Traditional IRA allows for a tax deduction in the year for which the deposit was made, the Roth does not. The benefit of the Roth IRA is that no tax is levied on the interest income after you retire.

Another retirement plan option is **defined contribution** plans, such as a 401(k) plan or a profit-sharing plan. These employer-established plans also do not promise a specific amount of benefit at retirement. Instead, employees or their employer (or both) contribute to employees’ individual accounts under the plan, sometimes at a set rate (such as 5 percent of salary annually). At retirement, an employee receives the accumulated contributions plus earnings (or minus losses) on the invested contributions. **Defined benefit** plans, on the other hand, promise a specified benefit at retirement, for example, \$1,000 a month at retirement.

A common defined contribution plan option is the **401(k) Plan**. A 401(k) plan allows participants to decide how much to contribute to their accounts, and employers are entitled to a tax deduction for any contributions they make to employees’ accounts. The money contributed may grow through investments in stocks, bonds, mutual funds, money market funds, savings accounts, and other investment vehicles. Contributions and earnings generally are not taxed by the Federal Government or by most State governments until they are distributed. 401(k) plans can vary significantly in their complexity. However, many financial institutions and other organizations offer prototype 401(k) plans, which can greatly lessen the administrative burden on individual employers or self-employed individuals of establishing and maintaining these plans. Banks that provide 401(k) retirement savings products will generally assist you in setting them up with your employees and even provide education for your employees on important features of the plan.

## Health Savings Accounts

Health Savings Accounts (HSAs) enable individuals covered by high-deductible health insurance plans to receive tax-preferred treatment of money saved for medical expenses. In other words, you can claim a tax deduction for contributions you, or someone other than your employer, make to your HSA even if you do not itemize your deductions.

## After You Select a Bank

Building a banking relationship is just like any other relationship. It doesn't happen in one day. Once you select the bank that will handle your banking needs, take time to develop a relationship with your banker—the loan officer or manager who handles your account. A good relationship with a key person at your bank can help you establish or increase credit, save you money in fees, and enhance your business opportunities through taking advantage of the banker's extensive personal contacts. Clear, frequent, open lines of communication are a necessary component of a strong owner-banker relationship. Talk to your banker at least quarterly, but be sure to talk to your banker when something important occurs, such as winning a major account or gaining a major competitor.

If you have a start-up, spend time educating that person about your business. If you've got an on-going enterprise, invite the lender to your company for a tour. Give that person a chance to become interested in your business and your prospects.

## Key Points to Remember

1. Choose the right bank for your financial needs. The products and services that banks offer, and the fees that may be charged for those services, can vary between banks. It pays to compare what your bank offers to what several other banks serving your community offer.
2. Banks offer a wide range of loan and deposit products and services to meet your needs. For example, you may be able to deposit checks into your account from your office without visiting the bank. If you need to borrow money, consider SBA-guaranteed loan programs.
3. Banks can help your business run more smoothly with merchant, payroll, retirement and online services.
4. Keep your business and personal accounts separate.
5. Take precautions to avoid fraud or other preventable losses.
6. Establish a cushion for unexpected expenses, perhaps in a savings account.
7. Know your personal credit score. If it is low, take steps now to increase it.
8. To improve your chances of getting a loan, develop the five C's of credit.
9. Build a strong relationship with a lender before, during, and after the loan process.



## For More Information

### BusinessUSA

[www.business.usa.gov](http://www.business.usa.gov)

This official portal of the United States government provides guides and resources that help businesses comply with business laws and regulations. It provides self-paced courses on how to apply for financing such as microloans, how to write a business plan, how to register and run a business, and more.

### U.S. Small Business Administration (SBA)

[www.sba.gov](http://www.sba.gov); [www.sba.gov/tools](http://www.sba.gov/tools); [www.sba.gov/tool/sba-learning-center](http://www.sba.gov/tool/sba-learning-center)

SBA Answer Desk: 1-800-827-5722

The U.S. Small Business Administration (SBA) website provides resources, answers to frequently asked questions, and other information for small business owners. They provide free online tools and resources at [www.sba.gov/tools](http://www.sba.gov/tools). The site provides self-paced information on how to write business and strategic plans, how to buy or sell a business, how to compete for government contracts, how to conduct market research, basics of accounting, and more. Also check out the Learning Center: [www.sba.gov/tools/sba-learning-center](http://www.sba.gov/tools/sba-learning-center) offers a long list of online courses on topics such as attracting investors, cybersecurity, fundamentals of crowdfunding, customer service, and more.

### SCORE

[www.score.org](http://www.score.org).

SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow, and achieve their goals through education and mentorship. SCORE provides a variety of free online resources for start-up small businesses including a gallery of templates for business, finance, and marketing plans. They provide how-to guides and self-paced modules on financing, how to secure contracts, cash flow management, and more. For more information go to [www.score.org/startup](http://www.score.org/startup).

### America Small Business Development Center Network

<http://americassbdc.org>.

The American Small Business Development Center (SBDC) network provides free consulting to small business owners at all stages of development. This excellent resource provides a variety of feedback and planning assistance to small business owners. Their advisors can help connect you to regional and local business resources and lending institutions.

### Women's Business Center (WBC)

[www.sba.gov/tools/local-assistance/wbc](http://www.sba.gov/tools/local-assistance/wbc)

Women's Business Centers (WBCs) is a national network of education centers throughout the United States designed to assist women in starting and growing small businesses. WBCs seek to "level the playing field" for women entrepreneurs who still face unique obstacles in the business world. The network provides comprehensive training and counseling on a variety of topics in several languages.

**U.S. Financial Literacy and Education Commission**

[www.mymoney.gov](http://www.mymoney.gov).

1-888-My-Money (696-6639)

MyMoney.gov is the federal government's one-stop website that provides financial education resources from more than 20 federal agencies.

**Federal Deposit Insurance Corporation (FDIC)**

[www.fdic.gov](http://www.fdic.gov).

The FDIC preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000; by identifying, monitoring, and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails.

The FDIC encourages bank lending to creditworthy small businesses. The FDIC encourages small business owners with inquiries or concerns about the availability of credit to contact the FDIC Small Business Hotline at 1-855-FDIC-BIZ or [www.fdic.gov/smallbusiness](http://www.fdic.gov/smallbusiness). Another FDIC website, [www.fdic.gov/buying/goods](http://www.fdic.gov/buying/goods) provides resources to small business owners who want to conduct business with the FDIC.

For more information about the Money Smart for Small Business Curriculum see [www.fdic.gov/consumers/consumer/moneysmart](http://www.fdic.gov/consumers/consumer/moneysmart).

**Local Resources**

## Post-Test

Now that you've gone through the course, see what you've learned.

1. Which of the following is NOT a banking service? Select all that apply.
  - a. Business checking
  - b. Business debit card
  - c. Business credit card
  - d. Real estate sales
  - e. Financing receivables
  - f. Line of credit
  - g. Term loan
  - h. Cash management
  - i. Merchant services
  - j. Payroll processing
  - k. Financing fixed assets
  - l. Wealth management (SIMPLE IRA, 401(k), SEP)
  
2. Fundamentally, how many basic types of business checking accounts are there?
  - a. Two—small business and commercial
  - b. Three—small business, commercial, and investment
  - c. Four—small business, commercial, investment, and savings
  - d. More than four
  
3. To help protect against fraud, most banks can set up a sweep on an operating account that links to a payroll account. The payroll account will have what's known as a \_\_\_\_\_.
  - a. Bond protection feature
  - b. Zero balance feature
  - c. Call provision feature
  - d. Checking account reconciliation feature
  
4. Which of the following is typically the minimum requirement to open a CD with a bank?
  - a. \$100 to \$200
  - b. \$500 to \$1,000
  - c. \$2,000 to \$4,500
  - d. \$5,000 to \$10,000
  
5. Most banks will not permit a business payroll to be direct deposited.
  - a. True
  - b. False

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- 6. Which of the following is a cash management service a bank might provide? Select all that apply.**
- a. Online banking
  - b. Sweep account
  - c. Remote deposit scanner
  - d. Lockbox service
  - e. ACH debit processing
- 7. Which of the following best describes a lockbox service?**
- a. A service that maintains records with regard to paying employees
  - b. A service whereby payments to a business are mailed to and processed by a bank
  - c. A service for accepting and processing online payments
  - d. A service that provides a secure place for business valuables, such as ownership documents
- 8. Which of the following best describes the term “loan guarantee”?**
- a. A promise that a bank makes to keep interest rates at a certain level over a contracted period of time
  - b. A promise to allow a borrower to “back out” of a loan if it does not suit the borrower’s needs
  - c. A promise that a borrower makes to receive a loan
  - d. A promise made by an agency to repay a loan if the borrower does not repay the loan
- 9. Checking accounts can be designed to sweep funds *from* or *to* a line of credit.**
- a. True
  - b. False
- 10. Direct deposit, ACH debit and credit processing, and wire transfers all provide a quick means to transfer funds online.**
- a. True
  - b. False

# Evaluation Form

Your feedback is important. Please fill out this evaluation of the *Banking Services Available for a Small Business* training.

## Training Rating

1. Overall, I felt the module was (check one):

- Excellent
- Very Good
- Good
- Fair
- Poor

Please indicate the degree to which you agree by circling a number.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2. I achieved the training objectives.	1	2	3	4	5
3. The instructions were clear and easy to follow.	1	2	3	4	5
4. The PowerPoint slides were clear.	1	2	3	4	5
5. The PowerPoint slides enhanced my learning.	1	2	3	4	5
6. The time allocation was correct for this module.	1	2	3	4	5
7. The instructor was knowledgeable and well-prepared.	1	2	3	4	5
8. The participants had ample opportunity to exchange experiences and ideas.	1	2	3	4	5

Please indicate the degree of knowledge/skill by circling a number.

	None		Advanced		
9. My knowledge/skill level of the subject matter <b>before taking the training</b> .	1	2	3	4	5
10. My knowledge/skill level of the subject matter <b>upon completion of the training</b> .	1	2	3	4	5

## Instructor Rating

11. Instructor Name:

	Poor	Fair	Good	Very Good	Excellent
12. Made the subject understandable.	1	2	3	4	5
13. Encouraged questions.	1	2	3	4	5
14. Provided technical knowledge.	1	2	3	4	5

Please use the response scale to rate your instructor by circling a number.

15. What was the most useful part of the training?

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16. What was the least useful part of the training and how could it be improved?

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