

Manage your Money with a Basic Bank Account

your
guide

- free
- independent
- confidential



mabs

Money Advice & Budgeting Service

What is MABS?

The Money Advice and Budgeting Service (MABS) is:

- Free
- Independent
- Confidential
- Non-judgmental.

MABS provides advice to people who are having difficulties with managing their money or are in debt.

We have over 60 offices around the country. We also operate a National Helpline, (Monday to Friday, 9.00 a.m. to 8.00 pm, on **0761 07 2000**).

Our website, **www.mabs.ie** also provides information and advice on money management and dealing with debt.

Please note

MABS does not give out any money, nor do we give financial advice to our clients on investments or specific financial products.

Our role is to help you draw up a realistic budget which will allow you to deal with your debts. Where possible, we will help you to maximise your income. For example, we can help you to claim all your entitlements and tax credits.

Disclaimer

Every effort is made to ensure that the information in this publication is accurate. However, no responsibility is accepted by MABS National Development, its funders or the MABS for any errors, omissions or misleading statements on these pages. The information is of a condensed and general nature only and can change from time to time. Readers should, therefore, verify any information on which they rely by contacting the MABS Helpline 0761 07 2000.

Manage your Money with a Basic Bank Account

Introduction

If you've just opened a bank account for the first time, congratulations!

Having a basic bank account can make it easier to manage your money. Your money can be lodged to it and it helps you to keep track of your spending, budget for your household bills and make payments.

You can get wages, and other types of income, paid directly into your account

Money can safely be lodged directly to your account from anywhere in Ireland, Europe and many other countries by Electronic Fund Transfer (EFT). Each current account has its own IBAN number which is used in the credit transfer process. The IBAN (International Bank Account Number) is an internationally agreed system of letters and numbers which identifies every bank account separately.

You can see the IBAN for your account on your bank statement or you can get it from your bank branch.

This is an important number which you need to identify your account. It is the only number you need in order to make a payment (credit transfer) or set up a direct debit or standing order.

You will know the exact date money will be lodged to your account

If your wages, training allowance or social protection allowance/benefits are paid directly into your bank account, the payment will be set up so that it arrives in your account by a certain day or date (for instance, by Friday of every week or by

the 21st of every month). This will help you to schedule your payments out of the account shortly afterwards, knowing with certainty that the money is there to meet those payments.

If you collect a Department of Employment Affairs and Social Protection income support at the Post Office, then you can lodge the cash in your bank account in person at the bank or by using a cash lodgement machine inside the bank. You will receive a receipt for the amount lodged and the cash will be shown (credited) in your account at the end of the day.

The bank say that a;

Credit is money lodged to your account

Debit is money withdrawn from your account.

It is a safer and convenient way to receive your money

Using a bank account means that there's less chance of losing your money or having it stolen. It's better not to carry large amounts of cash on your person and by using a debit card, you can conveniently take out smaller amounts of money from an ATM or pay for purchases in stores.

You can pay for purchases in stores

After you have opened a basic bank account, you will be issued with a Debit Card. It is linked to your account and the payments you make, using the card, are automatically withdrawn from your account. It is quick and easy to use and there are no charges or fees (if you have a basic bank account).

Most debit cards now have Contactless Technology and can be used for making smaller payments under €30. This means that instead of inserting the card into the debit card machine and entering your PIN (personal identification number), you can now place the card on the machine's screen and the payment

will automatically be made ('tap and go'). You can also get cash back of up to €100 in participating stores, once you purchase something. Any payment that you make using your debit card will show on your bank statement so it's an easy way to keep track of your spending.

You can schedule payment of bills on dates that suit you

Many of the standard household bills can be paid automatically from your bank account on a date that suits you. Payments for the mortgage or rent, electricity or gas, TV licence, and many more bills can be made from your account using direct debit or a standing order. All you need to know is the bill reference and IBAN account number for the supplier you are paying.

A 'direct debit' is an instruction that you give the bank to allow an organisation (for instance, Electric Ireland) to collect **varying** amounts from your bank account on a certain date.

A 'standing order' is an instruction that you give the bank to pay a **fixed** amount to a specified person or organisation on a certain date, each week or month.

This means that you can organise payment for regular household bills on a date that suits you and each week or month these payments will be made automatically, provided there is money in your account to meet the payment.

You can get discounts on many household bills

Many suppliers offer a discount on bills if you pay by direct debit and/or sign up to e-billing (where the bill is emailed to you instead of being sent by post). For instance, if you pay your electricity bill by direct debit and sign up for e-billing then you can get a discount of up to 10% on your total bill.



You can get instant access to your bank transactions

You can view your account details and transaction history online or by mobile banking. This means that you can instantly view your account balance and see what money you have spent and where you have spent it. You must register for online banking with your bank and have access to a computer to log in.

Once you have registered for online banking, you can download the mobile banking app on your smartphone so you can access your account when you are on the go.

It may be easier to apply for a loan or other credit facility in the future

Once you have established a track record with a bank, you may be able to apply for a loan, overdraft or credit cards with the bank in the future. You may need to change the type of bank account you have in order to do this. Remember, if you do apply for

these to carefully consider if you definitely need them. Before deciding, you should check out how much they will cost you in fees and charges and if you can afford to make the regular repayments.

How to budget with your basic bank account

1. Be familiar with your account details.

Know your account IBAN, when your money will be lodged each week/month, the bills that you pay, and how you can view your account details. You should also know the charges that apply if, for instance, you do not have sufficient money in the account to meet a direct debit payment – and when that charge will be applied. Knowing this information will help you to keep track of your money and your account balance.

2. List your bills and how often they are paid.

Then decide which ones are the most important and should be paid first. Things like your rent or mortgage, electricity or gas bills, and TV licence should be your top priority because if you fall behind with these, you could end up having services disconnected, losing your home or being fined.

3. Automate your regular payments.

Set up a direct debit or a standing order to help schedule the payments of regular bills. Always time the payments to go out of your account just after you have been paid. That way you'll know there will be enough money in the account to cover them.

4. Budget for big bills.

If you need to pay a two-monthly bill like electricity, your bank account can allow you different ways to pay. Firstly, calculate the weekly contribution you need to put aside. For instance, if your two-monthly electricity bill is €150, then you need to allocate €17.31 each week towards the bill.

$$\frac{€150 \times 6 \text{ (two-monthly payments)}}{52 \text{ (weeks a year)}} = €17.31 \text{ per week}$$



Your basic bank account will offer the following options:

- Use your debit card to pay the bill in total or by instalments at PostPoint or Pay Zone in participating stores, or BillPay in the Post Office
- Use your debit card to make an online payment through the electricity supplier's website or through www.mybills.ie from An Post
- Set up a budget plan with your electricity supplier and pay monthly by direct debit

All you need is your bill reference number, the electricity supplier's IBAN and to plan for your bill payments. The electricity supplier will see any smaller regular payments you make and deduct them from your two-monthly bill. Remember to always keep track of smaller regular payments that you make before the bill date and keep receipts for all payments. When your two-monthly bill comes in, always check that all the payments you have made were recorded.

You can apply this same procedure with each of your 'big' bills, such as property tax, insurance, the TV licence and so on.

5. **Save for a 'rainy day fund' or special events** by setting up a standing order to a savings account in the credit union or Post Office. A small amount put aside each week will soon build up.

6. **Record your expenses** and note each of the payments you make either by cash, debit card, or through online banking. Keep receipts for everything and use a small notebook to create a simple budget account of all of your lodgements and payments. Always remember to note automated payments by direct debit or standing order to keep your account accurate and to ensure there is enough money in the account to cover them.
7. **Balance your budget account each day** so that you know that money in (lodgements) is always equal to or more than money out (spending). Compare it against your bank statement so that you can see where you spent cash withdrawn at ATM's or where you made debit card payments.
8. **Review your bank statements** on a regular basis. Always check that you recognise the payments made. This will help you to keep an eye on your spending habits and look out for any suspicious activity.

Pros of a basic bank account

- ✓ Money can be lodged directly to your account
- ✓ Money can be withdrawn in banks or at ATMs in Ireland and anywhere in Europe
- ✓ Payments for regular household bills can be made by using direct debit, standing order or credit transfer
- ✓ A contribution to two-monthly or big bills can be made by standing order, credit transfer or by using your debit card at a PayPoint, Pay Zone etc. (all you need to know is your bill reference and supplier account number)

-
- ✓ It is a safe and easy way to manage your money and view your transactions

 - ✓ You can get discounts on some of your household bills if you sign up to direct debits and e-billing

 - ✓ You can pay for purchases in shops and get cash back

 - ✓ If you have a basic bank account, there are no fees and transaction costs for withdrawing money at ATMs, for purchases in shops, or for setting up direct debits and standing orders

 - ✓ You can shop online (but if you're buying on credit through catalogue companies, always remember to check the cost of credit and delivery and return charges on purchases)
-

Cons of a basic bank account

- ✗ Services charges do apply to unpaid items such as direct debits or standing orders – so always make sure there is money in your account to meet planned payments

 - ✗ You cannot get an overdraft or a cheque book on this account

 - ✗ If you lodge more than €19,240 a year (the national minimum wage) to the account, the bank may look to move you to a different bank account with fees and charges.
-

Contact MABS

For further information on basic bank accounts or for money advice and debt support, contact the MABS Helpline on 0761 07 2000. This is a free and confidential service that will help you and you can speak to an adviser from 9am to 8pm, Monday to Friday.

MABS Helpline: 0761 07 2000

MABS also provides a one-to-one service in over 60 offices nationwide. It offers a free, confidential, independent, non-judgmental and non-profit-making service for people in debt or at risk of getting into debt.

To find your nearest MABS, check the list at www.mabs.ie.

Whatever way you decide to tackle your debt, MABS will be there to help you. You just have to take the first step. Don't ignore the problem – get in touch with MABS.



mabs
Money Advice & Budgeting Service



mabs

Money Advice & Budgeting Service



log on

www.mabs.ie



phone

Helpline: 0761 07 2000



drop in

We have offices nationwide.
Our website and helpline will
direct you to your local office.

The Money Advice and Budgeting Service has helpful information, budget sheets and sample letters available online at www.mabs.ie. Advice and information is also available by calling the MABS Helpline 0761 07 2000 (Monday – Friday 9.00 am to 8.00 pm.) and from over 60 offices nationwide.

Produced by MABS National Development, 2017



funded & supported by
Citizens **Information** Board
information · advice · advocacy

