

Today's College Students Can Face Serious Money Issues Through Bank Products

BY ELEANOR LEE YATES

As a freshman at Clark Atlanta University, Tyler Joshua Green discovered it didn't take long to wipe out his weekly budget.

"So many costs arise when you're a college student, like eating out at different places," he says.

The religion major from Indianapolis became budget-savvy pretty quickly. Though he has a debit card, Green prefers to use cash for his walking around money. He ticks off a couple of his saving strategies: "I don't go into the grocery store when I'm hungry. I don't get a cart; I use a basket."

Though Green learned to budget early in his college career, many students have more of a challenge, in part because of easy access to banking services. The Consumer Financial Protection Bureau recently opened an investigation examining whether students genuinely benefit from some of the banking and financial services marketed to them through their colleges.

Today, many colleges and universities offer student ID cards that double as credit cards and debit cards through school-affiliated bank accounts. Some cards allow students to access scholarship and

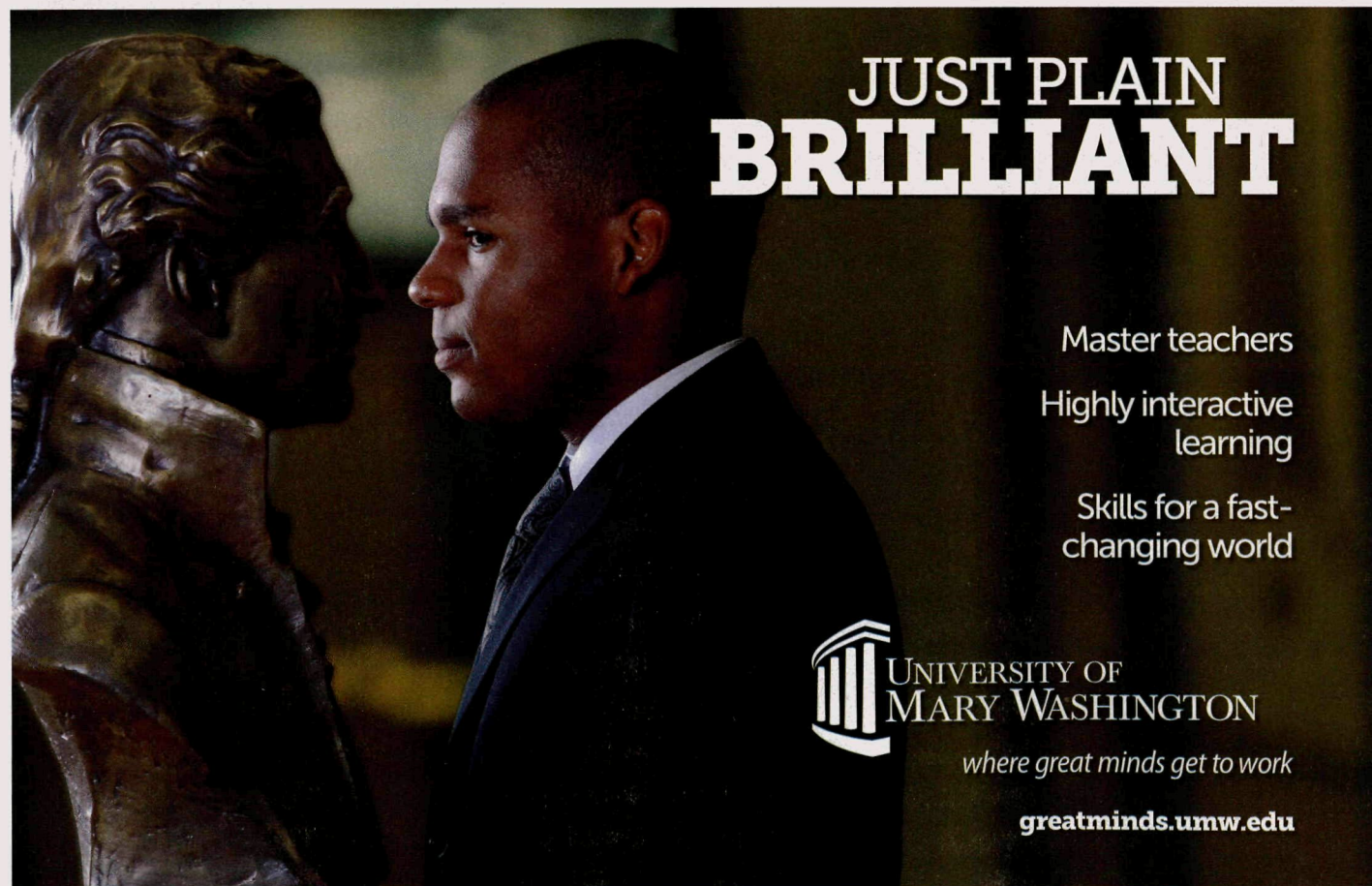
student loan money.

A report from the U.S. Public Interest Research Group Education Fund, titled *The Campus Debit Card Trap*, notes how some accounts include large fees for balance inquiries and transfers. Some students pay the fees with their federal student aid allowance.

The Federal Deposit Insurance Corporation settled last year with two banks for "unfair and deceptive practices." The banks paid the FDIC restitution of approximately \$11 million. The CFPB now suggests students use direct deposit instead of school debit cards. According to the organization, 799 higher education institutions, foundations and alumni associations collected a combined \$62,428,281 from card issuers in 2011.

Students at CAU can choose a no-fee Discover debit card that doubles as a college ID, according to Dr. Carl Jones, vice president for enrollment services and student affairs. "We've found it to be pretty efficient, and we haven't had any complaints," Jones says. Students use their ID cards in the bookstores and for meals. They cannot access their scholarship money through the debit cards.


The University of Michigan has an agreement with TCF Bank



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to support the institution's Mcard program for faculty, staff and students, says Dave Doyle, program manager of the treasurer's office. In addition to being used as an identification card, the Mcard offers borrowing privileges at the institution's libraries, access to buildings, purchase of meals in residence halls and complimentary rides on Ann Arbor's buses.

The university has had a relationship with a bank to support its Mcard program since 1995. Doyle says a number of free or low-cost banking services are also offered to university faculty, staff and students who have an Mcard. Faculty, staff and students are not required to use TCF for their personal banking. They can establish an account with TCF Bank to use the Mcard as a debit or ATM card. TCF doesn't offer credit cards to any of its customers, including University of Michigan faculty, staff and students, he says.

The Mcard is not used to disburse financial aid or student loan funds to students.

Doyle says that the University of Michigan's agreement with TCF Bank does not permit charging fees for writing checks, withdrawing

money from ATMs or for using a debit card.

According to Doyle, students participate in a financial literacy program during orientation. University staff members explain about budgeting and responsible use of credit. The university is also considering offering a freshman seminar on the topic.

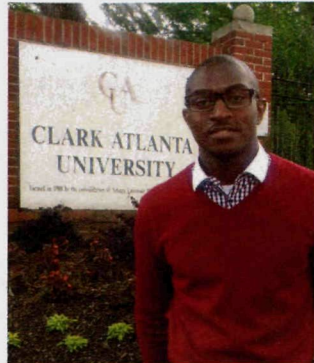
At North Carolina A&T, students have the option to use a Wells Fargo debit card through their university One Card ID. They cannot access their scholarship or loan money, according to Scott Hummel, university comptroller.

"But if students receive a credit refund from the University, or their scholarship or loan amount exceeds the tuition or fee balance, and the student has requested direct deposit to their Wells Fargo checking account, they can access those funds with the One card debit card or check."

Students choosing a debit card must open a checking account with Wells Fargo. The bank waives its minimum deposit requirement and charges no fees.

"It's a good deal," Hummel says. He says some students have had problems with credit card debt but not with the One Card. Wells Fargo conducts free money management sessions for students that cover savings tips, debt management, protecting one's credit rating and other financial skills.

Meanwhile, Green advises students to focus on what they really need to purchase, not just what they want. For the most part, he sticks to a budget, which even includes savings and tithing. ▣



Tyler Joshua Green is a budget-savvy student at Clark Atlanta.

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