

How to Open a Bank Account

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If you want to open a bank account, there's no shortage of options out there. For many people, opening a bank account is relatively easy. Most banks and credit unions follow a straightforward process similar to the one described below. Generally, [opening an account](#) is a matter of [choosing a bank](#), providing certain details, and funding your account. Once the formalities are done, you can start using your account—potentially saving you time and money.

Of course, not everyone wants to have a bank account, or feels they could qualify for one. Around 7.1 million households in the U.S. are “unbanked,” meaning that no one in the household has a checking or savings account at a bank or credit union, according to a 2019 FDIC study.¹ The number one reason respondents gave for being unbanked? They didn't have enough money to meet the minimum balance requirements. That's a real concern, though often solutions such as check-cashing services that people without bank accounts rely on are also costly.

If you are able to qualify for a bank account and feel you want one, here's a quick and easy guide to opening an account.

Choose a Bank or Credit Union

You might already know where you want to bank even if you aren't yet sure of the steps to open an account there. If not, shop around. Start by finding the best match for your immediate need (a checking account or savings account, for example). As you compare institutions, be mindful of account usage restrictions and [fees](#), which can quickly add up.

There are three basic categories of financial institutions:

- Banks, including community banks and big banks: These might be well-known brands in your local community (or nationwide). They offer most of the basic services you need.^{2 3} Local and regional banks tend to have more friendly fee structures, but it may be possible to get fees waived at big banks.⁴
- Credit unions: A credit union is a customer-owned financial institution that provides many of the same services and products that banks provide. If you opt to join one of these not-for-profit institutions, you'll often enjoy competitive rates because they're not necessarily trying to maximize profits. But that's not always the case—so review fee schedules carefully.
- Online banks and credit unions: These institutions operate entirely online. There's no branch to visit (or pay for), and you'll handle most service requests yourself. If you have access to and are comfortable using a computer or mobile device—and performing basic

banking transactions—an online bank can help you reduce your fees, earn higher interest rates on savings accounts, and even get free checking.⁵

If you prefer, you can even pick more than one type of bank. For example, you may decide to open an online bank account and keep your brick-and-mortar bank to keep your fees low and maintain the ability to visit a bank in the event of a financial emergency.

Visit the Bank Branch or Website

If you have access to a computer or mobile device and an internet connection, you can open an account by visiting the institution's website. Search for the bank online, or visit the website listed on the bank's marketing materials.

Be careful when you type in the institution's web address—impostor sites with similar names may exist.

The advantage of opening accounts online is that you can do it at any time, from anywhere. If you'd rather open an account in person, that's usually an option, although you'll need to visit the branch during business hours. Before you go, have the following items ready:

- A government-issued ID (such as a driver's license, passport, or military ID)
- Your Social Security Number
- Your physical and mailing address
- An initial deposit (if required)⁶

Generally, banks are required to verify your identity when you open an account. If you don't have a government-issued ID, however, you may be able to use another form of ID. Ask your bank what other forms of identification it can accept.

Similarly, if you don't have a Social Security number or Individual Taxpayer Identification Number (ITIN), some financial institutions will accept a passport number from the issuing country, an alien identification card number, or another government-issued ID number.

Pick the Product You Want

Once you determine the bank where you want to open an account, you'll generally have a variety of account types and services to choose from, including:

- Checking accounts: Use these for making payments and receiving [direct deposits](#).
- Savings accounts: These accounts allow you to earn interest.⁷
- Money market accounts: These products sometimes earn slightly more interest than savings accounts (while maintaining your access to cash).
- Certificates of deposit (CDs): These products can earn much more than savings accounts but require you to [lock up your funds](#) for a certain period.⁸
- Loans: Depending on your credit score and payment history, you may be able to take out one of several types of loans (auto, home, [personal loans](#), for example).

Within one of the above categories, a bank may offer multiple products, each with a different name and level of service. Premium accounts that come with more features have correspondingly higher fees (like monthly service fees, ATM fees, and overdraft fees) and higher thresholds to avoid the service fee.⁹

A general rule of thumb is to choose an option with a mix of features and fees that meet your needs and budget. For example, if you think you won't keep a lot of money in the account, you may want to open a bank account with a low initial deposit and low or no minimum balance and fee requirements so you don't get stuck paying unnecessary fees.

If you're viewing a bank's products online, you might have to drill down to the product that is right for you. For example, you might have to click "Open an Account," and then click "Checking" and peruse the options for free checking, if that's what you're looking for. If you open your accounts in person, chat with a banker to find the best account for your needs. Generally speaking, you'll only want to bank where your money is protected by FDIC insurance (or NCUSIF coverage if you use a credit union).

Avoid accounts that require a large balance to qualify for fee waivers unless you plan to keep that amount in the account and intend to use the special account features. But bear in mind that even a "free" account might impose some fees even if it has no monthly maintenance fee.

Provide Your Information

As you open a new bank account, you'll need to provide sensitive information to the bank. To protect themselves and comply with regulations such as the Patriot Act, banks can't open an account without verifying your identity.¹⁰

You'll need to provide details like your name, birthday, and mailing address, as well as identification numbers (in the United States, this is most likely your Social Security Number, but you may be able to use an ITIN or another government-issued ID number). You'll also be asked to present a valid government ID (such as a driver's license or passport).⁶ Again, if you don't have these, ask your bank what other forms of identification it can accept.

If you're opening a bank account online, you'll type this information into a text box. If you set up your accounts in person, be prepared to hand your ID to the banker, who will probably photocopy it for the bank's records.

Your Financial History

Your financial history doesn't need to be impeccable to open a bank account, but it may play into the bank's decision to approve or deny your application. Banks often use [ChexSystem](#), a targeted consumer reporting agency that tracks checking and savings accounts, to determine

how much risk a potential customer might pose to the institution where they're applying for an account. ChexSystem is the banking equivalent of the credit reporting bureaus.

Many banks will also [check your credit](#) to see if you've had problems repaying loans in the past. These credit checks are usually "soft" pulls that do not damage your credit—but it's best to ask, if you're concerned. You don't necessarily need good credit to get a bank account, but having bad credit can sometimes lead to denials.

Consent to the Terms

You'll have to agree to abide by certain rules and accept responsibility for certain activities in your accounts. When you open an account at a bank, you form a relationship based on an important subject: your money. Therefore, you should know what you're getting into. If you open a bank account online, you'll complete this step by clicking the "I Agree" (or similar) button and moving on to the next step.¹¹ You'll likely need to sign a paper contract if you open an account in-person at a branch.

Under 18?

If you're under 18 years old, you'll need someone over age 18 to [open the account with you](#). You still might be able to use a debit card and online banking, and you can eventually get your own account.

Joint Accounts

If you're opening a [joint account](#) of any kind, you'll need the personal information for all of the account holders and a signature from each of them. If possible, it's best to get everybody together in one place to complete the application.

Although disclosures have improved over time, there are a lot of important details buried in the fine print when opening a bank account. In particular, you'll want to know about any fees applicable to your account, and when your funds will be available for withdrawal.

In addition to bank agreements, federal law dictates your rights and responsibilities as an account holder. For example, if somebody takes money out of your account fraudulently, you might be protected against losses. However, you may need to report the withdrawal quickly for full protection.¹²

Print, Sign, and Mail (If Required)

If you're opening a bank account online, you may have to print, sign, and mail a document to the bank before the account is opened. Some banks use electronic disclosure and consent to make the banking relationship legally binding—you can do everything online.¹¹ Others still require a

signed document to open an account.¹³ Until the bank receives the documents, your account is not active.

Fund Your Account

If you're opening a checking or savings account, you'll often need to make an initial deposit into the account. Sometimes, this is required as part of the opening process, and other times, you can do it after the account is up and running. There are several ways to fund your account:

- Deposit cash: It should be available for spending with your debit card or by writing a check by the next day.¹⁴
- Deposit a check or money order: The funds should be available within a few business days after you make the deposit.¹⁵
- Set up direct deposit with your employer: If your company offers this benefit, instead of getting a physical paycheck, your earnings will be sent directly to your new account.
- Transfer funds electronically: If you have one, you can move money from an external bank account to make your initial deposit.

Start Using the Account

If you followed all the steps, you should have a brand new bank account in your name. It should be ready to use within a few minutes to a few days. For checking and savings accounts, keep an eye out for a debit card (or ATM card) in the mail. You might also get a checkbook so that you can write checks. To make the most of your account, you can sign up for (usually free) account features that help you manage your money, especially if you have access to a computer or mobile device:

- Online bill pay: This feature allows you to pay bills electronically.
- Remote check deposit: Your bank's mobile app may allow you to [deposit checks remotely](#) so that you don't have to make trips to a branch or fill out deposit slips.
- Alerts: Sign up for text or email alerts so that you know when your account balance is running low (or when large withdrawals happen).

Frequently Asked Questions (FAQs)

How much money do you need to open a bank account?

Every bank has its own requirements for opening account balances. Some allow you to open a checking account with no balance, while others require a small deposit. Interest-bearing savings accounts will usually have a much larger minimum balance. Be sure to ask the bank how much money you need to deposit, what the minimum balance is, and any fees you'll have to pay if you go below that balance.

How long does it take to open a bank account?

The application process for a new bank account is fairly quick. You can usually apply online in 15 minutes or less, though it may take a bit longer in person. It may also take a few days for the bank to verify your information and allow you to begin using your account. If you order checks or a debit card, those items will typically come in the mail within seven to 10 business days.

What if I don't want a bank account?

Where you choose to keep your money depends on your financial goals. If you don't want to maintain a bank account, or if you don't want to limit yourself to just that option, you don't have to. There are plenty of other ways to access your money and send and receive payments, such as money orders, prepaid cards, peer-to-peer payment apps like Cash App and Venmo, and bill payment services like those offered by Western Union and Moneygram.

Source: <https://www.thebalance.com/how-can-i-easily-open-bank-accounts-315723>