

## Banking Services

It was easy for Rio to choose which bank he was going to use. Each sector of The City had its own bank, and because he lived in the Northwest, his bank would be MetroBank2. It wasn't that he couldn't use one of the other banks, or even a credit union, for that matter. MB1, MB3 and MB4 all had terminals in his sector, and so did CityCredit Union. They just didn't have nearly as many terminals as MB2.

In reality, though, it was because MetroBank2 had a terminal in the hallway of Rio's building, and because he saw it every day, it was the one he thought of first. No brainer. Quick sign-up, a few forms, sign here, sign there, thank you very much, sir, and he'd set up an account. Debits, instant downloads, convenient transactions at the flick of his wrist pod. So he took care of business – lots of business – on the way to work.

"Your call is important to us. Please stay on the line..."

With a curse, Rio slammed down the phone.

"What's got you all cranked up?" asked Gaia.

"My bank blew it! I just checked my wrist pod balance, and there's fifteen bucks less than there should be."

"What makes you so sure it's *the bank's* mistake?"

"Cause I just opened the account this morning, and I know how much I put in it. And I know what I bought. Besides, it's all right here on my wrist pod. See? A dollar and a half for a coffee, two bucks for a sports news update, five dollars for music downloads..."

"Let's see." Gaia grabbed his arm and scrolled through the transaction record on his wrist pod. Yeah, all those purchases were there, plus debits for a sandwich... sunglasses... his MetroLink bill... a virtual game...

She dropped his arm. Rio started dialing again.

"I'd hold off reporting the bank to CitySecure, mister financial genius," she said.

"Whaddaya mean?"

"I mean that the mysterious case of the missing money has been solved. You paid \$15 in service charges – for \$35 worth of stuff."

"What!" Rio scanned his record, and there it was: in small type, after every transaction, a bank service fee. "They're ripping me off!"

"Feels like it, but it's all perfectly legal. After all, the banks have to pay for the services they provide – and make up for deadbeats who skip out on their loans."

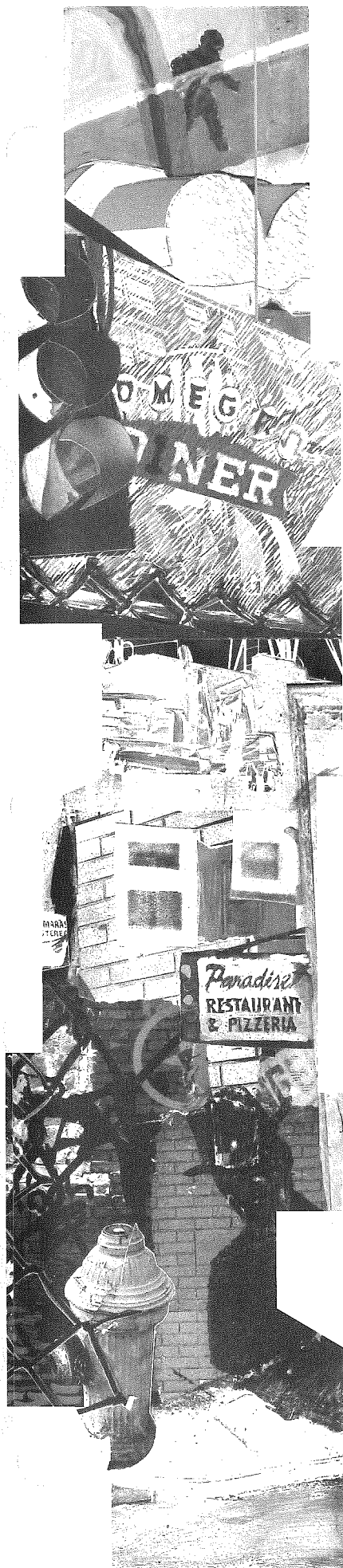
"You mean every time I make a transaction they get a cut?"

"Ding!" Gaia said, holding up a finger. "Right answer!"

"Why didn't they tell me that?" Rio blustered.

"It was in the contract you signed." Pause. "You *did* read the contract, didn't you?"

No answer.



Story 9-1 (continued)

## Banking Services

"Rio?"

"It was too long – and full of legal crap!"

"Well, that legal crap gave them the right to charge you so much for every debit you make. And they probably charge you more if you do the transaction at another bank's terminal."

"What!" Rio said, outraged. He scrolled madly through his wrist pod. "I don't believe it! MetroBank2 charged me a dollar and half for a lousy debit. That stinks!"

"Welcome to the wonderful world of service fees."

Rio glared at her. "Isn't there anything I can do about it?"

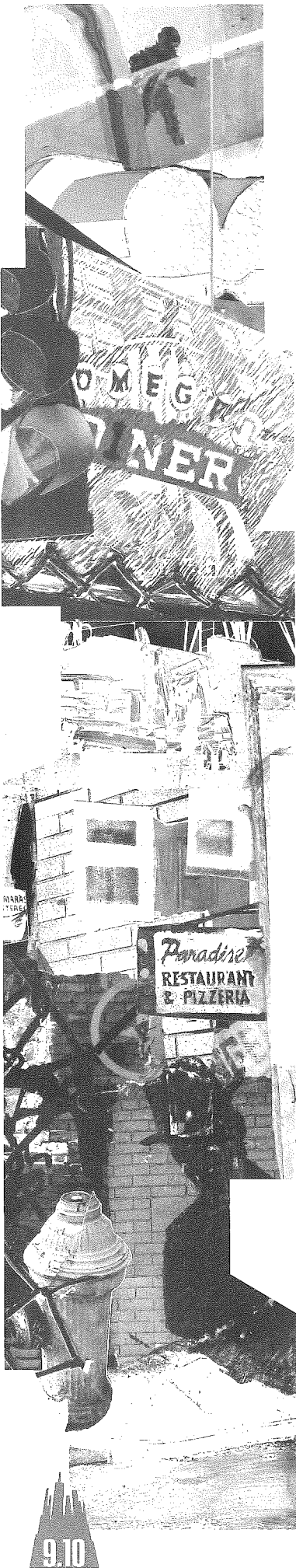
"What am I, your financial adviser? You gotta look at the options and choose the account that's best for you. Some institutions charge a fee for each transaction, some charge a one-time monthly fee, and some accounts don't charge debit fees at all. But then, if you don't pay fees, you might have to keep a minimum balance in your account. Go talk to your bank and figure it out."

"I will!" Rio said angrily. He started untying his apron.

"Hey," Gaia said.

"What?"

"After work."





Handout 9-1

# Your Guide to Banking Services

Name

Class/Block

Date

## What are financial institutions?

In Canada you can use **banks**, **credit unions** and **trust companies** for banking services. Each of them offers a range of services, and the fees they charge vary from one to another. They compete for customers, so if you don't like the service that one institution offers, look for another one you like better.

Financial institutions run as businesses to make profits for their owners. They make money by taking deposits, and lending or investing the deposits in other profit-making activities. They pay interest to depositors for the right to hold and use the depositors' money.

The services and fees that institutions offer vary because each has its own approach to business. Credit unions are owned by their members and provide services their members need. Some institutions can pay higher interest rates, or charge lower fees, because they offer fewer services or have more efficient operations. Some offer lower fees in order to attract customers. Some can pay more interest because they restrict withdrawals from accounts.

## What's deposit insurance?

Most financial institutions in Canada are members of the Canada Deposit Insurance Corporation, or CDIC. The CDIC currently insures **deposits** up to \$60,000 per depositor (but not other investments that the institution may hold). That means the CDIC will pay you back your money (up to \$60,000) if your financial institution is a member and it goes bankrupt. The CDIC hasn't had to make a payment since 1996. In BC, the Credit Union Deposit Insurance Corporation (CUDIC) provides similar insurance for accounts in credit unions, currently to a maximum of \$100,000 per depositor.

## Want to know more?

For information about financial services in Canada and the cost of banking, visit the Financial Consumer Agency of Canada's website ([www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)). Regulatory agencies also keep reliable and independent information about financial institutions on their websites:

- Financial Institutions Commission of BC ([www.fic.gov.bc.ca](http://www.fic.gov.bc.ca))
- Office of the Superintendent of Financial Institutions ([www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca))
- Financial Services OmbudsNetwork ([www.cfson-crcsf.ca](http://www.cfson-crcsf.ca))

# Your Guide to Banking Services

Services a financial institution may offer

Services	Features
Chequing account, savings account or chequing/savings account	<ul style="list-style-type: none"> <li>a savings account usually pays more interest than a chequing account, but has fewer features and different fees</li> <li>a savings account may not allow cheques and may limit withdrawals</li> <li>a chequing/savings account offers features of both</li> </ul>
Debit card	<ul style="list-style-type: none"> <li>allows you to pay for purchases with money in your account</li> <li>there may be charges for each transaction, plus annual or monthly fees</li> </ul>
Credit card	<ul style="list-style-type: none"> <li>allows you to pay for purchases with borrowed money</li> <li>charges interest on amounts unpaid after a short grace period</li> <li>there may be annual fees</li> </ul>
Telephone and online banking	<ul style="list-style-type: none"> <li>allows you to transfer money, pay bills and do other business without visiting a branch</li> <li>there may be extra fees for telephone/online service</li> </ul>
Automated teller machines (ATMs)	<ul style="list-style-type: none"> <li>convenient access for deposits, withdrawals and other transactions</li> <li>there may be extra fees, especially to use machines from other institutions</li> </ul>
Automatic deposits and payments	<ul style="list-style-type: none"> <li>no need to visit the branch or remember to make payments</li> <li>you must be sure your balance will cover automatic payments</li> </ul>
Account transfers	<ul style="list-style-type: none"> <li>may be by ATM, phone, online or in person</li> <li>you may be able to transfer money to accounts in the same institution or at a different one</li> </ul>
Overdraft protection	<ul style="list-style-type: none"> <li>will cover cheques you write or withdrawals you make even if there's not enough money in your account</li> <li>interest charges and monthly fees will apply</li> </ul>
Line of credit	<ul style="list-style-type: none"> <li>you can borrow money as you need it, up to a pre-approved limit</li> <li>usually charges a lower interest rate than credit cards</li> </ul>
Loans	<ul style="list-style-type: none"> <li>you can borrow money through student loans, car loans, mortgages, etc.</li> </ul>
Other services	<ul style="list-style-type: none"> <li>may include traveller's cheques, money orders, safety deposit boxes, US-dollar accounts, foreign exchange, etc.</li> </ul>

# Your Guide to Banking Services

## How do you choose a financial institution?

- Does the institution provide the services you need?
- How often do you use the services?
- Are the interest rates and fees competitive?
- Are deposits insured?
- Are the location, hours and ATM access convenient?

1) Which services could you use now? How could you use them?

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2) Which services could help you when you leave high school? How could you use them?

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3) Discuss with your parents or another adult which services could help you when you leave high school. Write a summary of your discussion.

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Handout 9-2

## Banking Checklist for Youth

Name

Class/Block

Date

Choose a financial institution in your community. Research the services you could use when you leave high school, like student loans or student accounts. Use the internet or printed brochures from the institution, or talk to the staff to gather the information listed below. Prepare a class presentation, using graphics or other aids you need.

Name of financial institution: \_\_\_\_\_

Number of local branches: \_\_\_\_\_ Number of local ATMs: \_\_\_\_\_

Number of branches in other locations \_\_\_\_\_

Address of local branch: \_\_\_\_\_

Hours of local branch: \_\_\_\_\_

Are deposits insured by CDIC/CUDIC? \_\_\_\_\_

Special services for students and youth:

☐ Fees waived ☐ Parent signature needed ☐ Student loans available ☐ Other credit services for youth

**Accounts available for students and youth:**

Type of account: \_\_\_\_\_

Transaction limits: \_\_\_\_\_

Interest rate: \_\_\_\_\_% Calculated: daily/monthly on minimum/average balance?

Monthly fee: \$ \_\_\_\_\_ ☐ Fee waived if balance of \$ \_\_\_\_\_

Telephone/online banking: ☐ Included Fee: \$ \_\_\_\_\_

☐ Transaction history available online for previous \_\_\_\_\_ months

☐ Transfers to other accounts

☐ Transfers to other institutions

☐ Electronic funds deposit

☐ Pre-authorized bill payment

Debit/ATM card: ☐ included

Fee: \$ \_\_\_\_\_

Other network fees: \$ \_\_\_\_\_

International network fees: \$ \_\_\_\_\_

Chequing: ☐ included

Fee: \$ \_\_\_\_\_

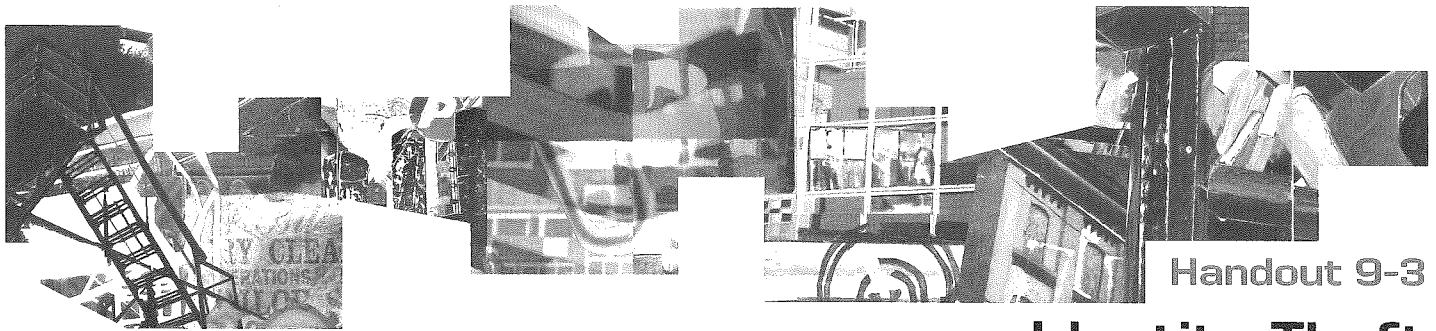
Printing cheques: \$ \_\_\_\_\_

NSF charge: \$ \_\_\_\_\_

Other charges: ☐ Balance enquiries

☐ Bill payments \_\_\_\_\_

Other: \_\_\_\_\_



Handout 9-3

## Identity Theft

Name

Class/Block

Date

When Peter lost his wallet, he thought it was a pain. He had over \$20 in it, and his driver's licence and bank card. He retraced his steps, but couldn't find it. The next day he called the bank to replace the card and applied for a new driver's license.

A few months later, at a roadside driving check, the police asked him to step out of his car and placed him under arrest. That's when he found out that someone had been using his identity to buy expensive jewellery and sound equipment. One store charged him with forgery, and the police became involved.

It took months of letter-writing, phone calls and explanations to convince the police, his bank, the collection agencies and credit bureaus that someone else using his ID was responsible for the crime and the debts.

Sharon first noticed her magazine subscription was late. Then she noticed she wasn't getting her mail. She contacted Canada Post to ask what happened. She found out that someone had asked Canada Post to divert her mail. Soon after, she found out that someone had received a credit card in her name. Bills addressed to her were mounting up, but they weren't being paid.

Sharon was lucky – she was able to pay her own bills before her electricity or cellphone were cut off. But she also had to convince the credit card company that she wasn't responsible for the bills in her name.

**Identity theft** is a new type of crime, but it's growing fast. It happens when someone uses your identity to make purchases and commit crimes. Police say Canada had over 20,000 new cases of identity theft in 2002, and the number is growing.

Identity thieves slowly build up a profile using pieces of information, such as a social insurance number and a date of birth. With two pieces of ID, they can apply for banking services or change the address on existing accounts. When they build up an identity, they can take over accounts, transfer bank balances, apply for loans and credit cards, and purchase items.

New computers and photocopying machines make it easier for thieves to copy or modify documents and create identities. Scam artists can also look through your garbage or recycling box for bank cheques, insurance forms, pre-approved credit card applications, tax forms and other bits of personal information.

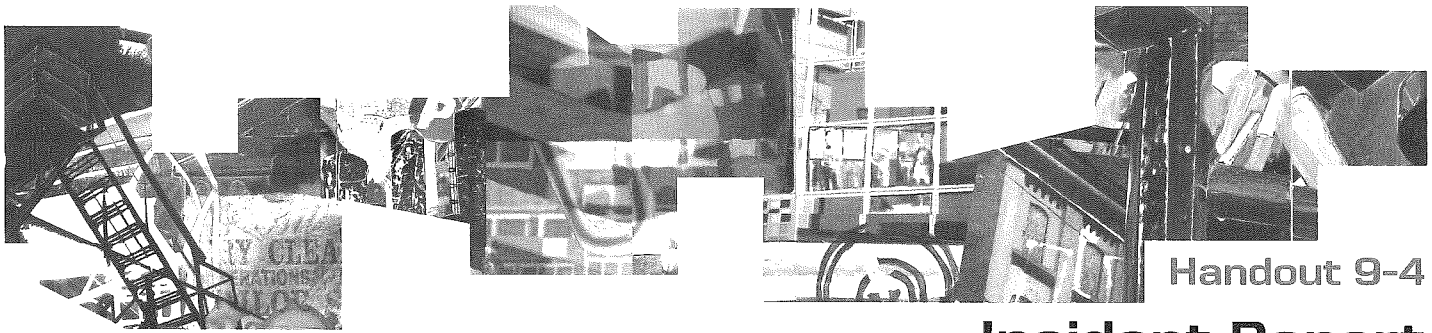
Some scammers post ads for jobs, asking people to apply for jobs and send copies of documents like social insurance cards, birth certificates and driver's licences. Others use phoney websites that ask for personal information to establish an account, or to "verify" an existing account.

# Identity Theft

## What Can You Do to Avoid Identity Theft?

- Don't carry more ID than you need and don't leave ID in your car.
- Don't give out your social insurance number, birth date or other personal data except to a reputable agency.
- Don't give out personal information over the phone or internet.
- Don't write down PINs and passwords. Choose difficult passwords.
- Don't throw any identifying information, like bank statements or credit card offers, in the garbage or recycling box. Shred or cut them up.
- Never leave receipts at bank machines, bank wickets, trash cans or gasoline pumps.
- Pick up your mail as soon as possible.
- Watch for late bills and mistakes in your monthly statements.
- Review your account statements to make sure that all the transactions are yours.
- Report lost or stolen identification and debit or credit cards to the card issuer and Canada's credit bureaus (Equifax Canada at [www.equifax.ca](http://www.equifax.ca) and TransUnion Canada at [www.tuc.com](http://www.tuc.com)).
- Report identity theft to the police as soon as you're aware of it.





Handout 9-4

## Incident Report

Name

Class/Block

Date

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

Peter blew it by: \_\_\_\_\_

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Smarten Up! To avoid future incidents, Peter should: \_\_\_\_\_

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

Sharon blew it by: \_\_\_\_\_

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Smarten Up! To avoid future incidents, Sharon should: \_\_\_\_\_

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