

Banking Know How

Learning About Money

Where to bank?

Today there are many kinds of banks. Choose the one that suits your needs. Their **purpose** is to keep your money safe, help you save money for the future, and lend you money for purchases—like buying a home, furniture, or a car.

There are different places to bank. These include a **chartered bank**, a **credit union**, a **caisse populaire**, or a **trust company**. Each one of these companies offers a full range of banking services. These include:

- a choice of savings and chequing accounts
- a banking card for electronic banking
- internet banking
- investment advisors who can help you choose savings and investments
- personal loans and mortgages, as well as
- credit cards, such as VISA or MasterCard.



When selecting a place to do your banking consider what you need. Ask yourself questions like . . .

- Which bank has a branch, and an ATM, located near my home, work or where I shop?
- Are the hours convenient for me to go into the bank to see someone?
- How do the cost for the services I want compare?
- Is there parking or bus service available?
- Is there multi-branch banking? Will I be able to go to another branch to access my account, or use an ATM machine?
- What special programs do they offer—e.g. a senior's program, a reward program such as Air Miles or Aero Plan etc.?

There are other services that banks provide. For people who travel and need money for a trip, they can purchase **travellers' cheques** and **foreign currency** in a bank. Some banks also offer travel insurance to their customers. Also, customers can rent a **safety deposit box**, in which to keep their important papers and small valuables.

Some people purchase **investments**—such as **mutual funds** and **RRSPs—Registered Retirement Savings Plans**, from their bank. You can also purchase **bonds**, such as Canada Savings Bonds and **GICs**, known as **Guaranteed Investment Certificates**. A **bank investment advisor** is a good resource person who can help you decide which investment choices are best for your situation.

This fact sheet gives you information about how to select a bank in your community. It describes how to open an account and the kind of information you need to do this. As well, it tells you about some of the terms and services that are offered so you know what to ask. Common **banking terms are bolded** so that you can identify new words and learn their meaning.

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Making your choice

You will want to know about the *type of accounts* and *services* offered before choosing a place to do your banking. Consider the following questions. Check (✓) the things that are important for you. Make note of the number of transactions you usually make in a month so you can evaluate the services you need. Find out all the answers before you make your choice.

Kind of accounts:

- What kind of accounts are available . . .
e.g. a savings, chequing, or a combination account?

Service charges and fees:

- Do you pay a monthly service charge, or pay for each transaction? (*i.e. cheques*)
- How much are the charges for using an ATM (*Automatic Teller Machine*) or debit card?
- Is there a fee to open an account?

Interest paid:

- How much *interest* do accounts earn?
(Remember, not all accounts earn interest.)
- Is interest *calculated* daily, or on the minimum monthly balance?
- Will interest be *credited* daily, or monthly to the account?

Services:

- Do you receive *cancelled cheques* and a *statement* each month?
- Can you get *overdraft protection*?
- Can you pay utility bills?
- What *electronic banking services* are available? How do you apply for them?
- Will the customer service person show you how to use the ATM?

Opening an account

When you are ready to open an account, go to the counter. Ask the customer service person for the information you need and ask about the kinds of accounts available. Then, decide on the account you want and ask to open one. You will be asked to fill in an *application form*. It will ask for information such as the following:



- your name, address, telephone number, age, and birth date
- your next of kin—a family member
- your social insurance number
- your employer, and
- three pieces of identification such as a birth certificate, health insurance card, driver's licence, passport, or immigration papers.
Be sure one of these has picture ID.

You will be asked to sign an application form and a *signature card*. A signature card should have the same signature that you will use when signing cheques or other documents. At times, your signature may be checked with the one on this card to ensure you are the only one using your account.

To *open the account* the customer service person will ask you how much money you want to deposit. You can deposit this amount in cash or by a cheque.

You can choose from different accounts including:

- ***Savings accounts:*** If opening a *saving account*, you will be asked whether you wish to receive a *monthly statement* or keep a savings book, a *passbook*. These record all of your banking transactions.
- ***Chequing accounts:*** If opening a *chequing account* you will receive *personalized cheques*. These have a *special numbered code* that identifies your branch and account number. Your name and address will be on the cheque. You will also receive a ***Transaction Record Book*** to record your banking details. Using this book can help keep your balance up to date. (See ***Form SP 30—Recording Account Transactions*** for more information.)

Types of transactions

• Deposits:

Money may be deposited into your account in *three different ways*:

- ◇ **An in-person deposit:** To make an *in-person deposit* you will need to use your banking card at the service counter. Tell the customer service person that you want to make a deposit. Indicate how much money (cash), or cheques, and in which account you want the money deposited. If you are depositing a cheque, then you may be asked to sign the back of the cheque in front of the customer service person.
- ◇ **Using an ATM, Automatic Teller Machine:** If using an *ATM to deposit* a cheque, be sure you follow the instructions on the machine and keep the receipt. The receipt is proof that you deposited the money into your account. If you are depositing at the ATM for the first time, then you may want to have a customer service person from the bank help you. *Be careful in asking other customers for help! It is not wise to share your banking information with others in case of theft. If someone learns your PIN number etc. they could take money out of your account.*
- ◇ **By direct deposit to your account:** To set up a *direct deposit*, such as receiving your pay cheque from your employer, you give a VOID cheque to your employer. The employer uses the information from your cheque to make an electronic deposit to your account.

To do this, give the employer one of your cheques. Be sure to write the word VOID across it. This means that no one can use your cheque to take money from your account. *Do not sign this cheque.* Direct deposits may also be used by the government to make payments to you.

• Withdrawals:

You can withdraw money from your account in different ways—these include the following:

- ◇ **An in-person withdrawal:** To take money out of your account you will need to use your

banking card at the service counter. Tell the customer service person that you want to withdraw money from your account. Indicate how much cash you want, and from which account you want it taken.

- ◇ **Writing a cheque:** You can write a cheque to yourself, or to “cash”, in order to take money from your account. Be sure not to sign—**endorse**—a “cash” cheque until you are in front of the customer service person. This is because, if signed, anyone can cash this kind of cheque.
 - ◇ **Using a debit card at an ATM machine:** When using an ATM machine you can withdraw money from your account. It will often be in specific bills—such as twenties, e.g. \$40 would be two \$20 bills. If using a machine that is different from your bank, it may cost you an extra fee.
- **Writing cheques:** Today the **“chequing” account** is used for much more than writing cheques. Other banking transactions may also be done through a chequing account using your bank card.
 - ◇ **The cheque is a written receipt** to a person or business to whom you are paying an amount of money. Your bank pays this amount to the person or business from your account.
 - ◇ **The returned cheque is a receipt.** It is proof you paid for an item. This is one reason why people use cheques and have them returned each month. It gives you a receipt that is proof of a purchase, e.g. paying your rent. Be sure to record the details of every cheque you write in your transaction record book.
 - **Automatic payments:**
 - ◇ **Automatic payments** are pre-authorized to pay a bill by the bank on a certain date—e.g. the bank pays a loan payment from your account on the 15th of each month.

If using this method of payment be sure to have enough money in your account when it is needed!

Electronic banking

Banking by *telephone, on-line* or at an *ATM* are all ways to *bank electronically* and are not done at a bank in person. With these methods you can pay bills or transfer money from one account to another. At an ATM you can also deposit cash or cheques as well as withdraw money. You can review recent banking transactions. You can also get an account balance.

When banking this way keep receipts and transaction numbers. Use them to check your bank statement carefully to make sure it is correct.

Keeping a transaction record book is very important if you do your banking in different ways. Be sure to use the *codes* for each transaction. (See the Hand Poster/Overhead Master **BS 151—10** for more information.)

Using your debit card

Your *banking card* is your personal access card for a variety of banking services. It may be used in these ways:

- ***In-person banking*** at your bank, or another branch of your bank.
- ***Debit card purchases in a store.*** Many people use debit cards today because they are convenient. You do not have to carry a lot of cash on you, or write cheques, when you make a purchase. A *debit card* can be used in a variety of stores. You pay for your purchase directly from your account. Be sure to keep your receipts!

Protect your PIN when using an ATM!
Also protect your credit cards and other bank information from theft. People can steal your personal information and use it for crime.
This is called identify theft.

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Other things you should know . . .

- **N.S.F. cheques:**
 - ◇ An *N.S.F.* cheque means “*Not Sufficient Funds*” are in your account to cover a cheque you have written. Therefore it is said that the cheque has “*bounced*”. If you write an N.S.F. cheque to a store, they can charge you a fee for not being able to cash your cheque.
- **Money orders:**
 - ◇ If you do not have a chequing account but need a receipt as proof of a purchase you may get a *money order* at a postal outlet. A money order is like a cheque—it is payable to a person or company from which you are making a purchase. There is a small fee for buying a money order.
- **Deposit insurance:**
 - ◇ The *Canada Deposit Insurance Corporation, CDIC* is a federal government agency. It provides *insurance protection* on the first \$100,000 that a person has deposited in a bank or trust company. Be sure to ask if your savings will be covered by CDIC coverage. This insurance protection is there in the event the bank or trust company fails. The website for more information is www.cudgc.com
 As well, Credit Unions and Caisse Populaires are different from chartered banks and trust companies. They come under provincial law. Their deposits are protected by provinces through their deposit agencies. In Manitoba, this is the Credit Union Deposit Guarantee Corporation. Deposits and savings accounts are fully protected including interest paid. See their website at www.cdic.ca for more information.

Remember, not all savings are secured by deposit insurance. For example, mutual funds do not have coverage.

Internet: www.basicsskillsforliving.ca

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