

Getting Started in Canada: Banking

Banks vs. Credit Unions

Almost everyone in Canada has an account at a bank or a credit union. It allows you to transfer money from your home country, receive money (such as scholarship, pay from work), and pay for expenses securely.

Major **banks** in Canada include Bank of Montreal (BMO), Canadian Imperial Bank of Commerce (CIBC), Royal Bank of Canada (RBC), Scotiabank, and TD Canada Trust.

A **credit union** is a cooperative financial institution in which individuals pool their money to provide loans and services to other members. They are non-profit entities, and their cooperative structure is designed to ensure fair dealing. Credit Unions in Vancouver include Vancity and North Shore Credit Union.

	Banks	Credit Unions
Pros	<ul style="list-style-type: none">• More loan, investment, and account options• Better accessibility• Better online banking• More robust customer service at any time	<ul style="list-style-type: none">• Members = part owners• Higher interest rates• Fewer fees• More personal customer service
Cons	<ul style="list-style-type: none">• More maintenance fees• Commonly profit-driven	<ul style="list-style-type: none">• Small size = fewer branches and ATMs• Lower quality online banking

Types of Accounts

Chequing

- Most commonly used
- All debit transactions
- Withdraw from ATM
- Pay bills online
- Send money
- Issue cheques
- Generates no interest

Savings

- Separate account for a different purpose
- Generates interest (*if you are looking for higher interest rates, ask about other options at your bank or credit union)

US Account

- For people who do a lot of transactions in US dollars

How to Access Cash

- Automated Teller Machines (ATM)
- From your Bank / Credit Union branch
- Cashback from stores (i.e., if you were to buy an item that is \$3, you can ask that they put \$5 on your debit card and you'll get \$2 in return, in cash.)



Accessing Your Account



For almost all banks in Canada, you can access your account online or through a smart phone. Through both online and mobile banking, you can manage your accounts, pay bills, send money, check your transaction history – any day, any time



How to Pay Bills

- Online
- In person at your bank
- Mailing a cheque
- Automatic pre-authorized payments (this means that at a specified date of the month, the amount of the bill will be automatically withdrawn from your bank account, or your credit card).

Cheque Holding Policy

- For cheques, keep in mind that there is a 'holding policy' for big amounts.
- This means that when a cheque is deposited into your account, you may not always be able to access or cash the funds right away.
- This is only for a few days and will depend on the amount of the cheque.

Transferring Money to Canada

- Traveler's cheques can be purchased at most banks and come in a variety of denominations. They are secure and can be immediately cashed at any Canadian bank or currency converter. Do not forget to make photocopies of your traveler's cheques in case they get lost or stolen.
- Bank drafts from another country can take up to 8 weeks to clear in a Canadian bank and a fee will be charged for the service.
- Some banks can transfer money electronically to your Canadian account. Fees vary by institution, but costs average about \$30.
- Wire funds from your local bank to a Canadian bank. This method ensures that your money is available immediately once transferred to Canada. You will first have to open a Canadian bank account via fax, which some banks are able to do. See below for details.
- Obtain a bank draft for the amount you wish to transfer and bring it with you to Canada. It can take anywhere from 10 to 20 days for a bank draft to be processed.
- If you do not have a Canadian bank account yet, use an electronic bank card from your home bank to withdraw money at ATMs (bank machines) in Canada. You will have to pay service charges for using a bank card outside your country and exchange rates change daily, so check with your bank before choosing this option. This option can be quite expensive as additional fees will be charged on top of the currency transfer rates.

Potential Fees & Charges can occur from:

- Withdrawing cash from other banks' ATM
- Withdrawing or debiting your Savings account directly
- Non-Sufficient Funds (NSF), which means not having enough money in your account
- Going over monthly debit transactions allowed - Transaction fees and the number of transactions allowed per month vary according to the bank and type of account, so it is necessary for a person to decide what their requirements are before choosing an account.
- Paper statements* - some banks charge about \$2/month if you request paper bills. You can choose to receive online e-statements instead to avoid this charge.
- Monthly maintenance fees - Monthly fees for banking transactions will depend on the type of bank account chosen. However, some banks offer no-fee bank accounts.



Debit Card



When you open an account, the bank will issue you a Debit card (which is also your ATM card). Your Debit card can be used in bank machines around the city, and is protected with a Personal Identification Number (PIN).

You can use it to pay for items directly. Charges to debit cards are deducted from your account immediately, unlike a credit card. Keep in mind that there is a limit on how much you can spend per day or week.

Credit Card



Credit cards are a convenient method of paying. Amount spent accumulates on your account, and should be paid off once a month. Most online purchases are carried out with credit cards. Payments will affect your credit score*. You can also withdraw cash from it like a debit card, but there are high interest charges so it is not commonly done.

To apply, go to a bank with two pieces of government-issued ID. You may want to ask if they have cards with no annual fee for students

Getting a credit card can be difficult for new international students, including US citizens. The limits for international students may be very low (around \$250) for 6 months or more, or they may “lock in” an amount in an account tied to their credit card. This creates problems when making big purchases, such as buying plane tickets to go home. In this case, you can talk to your bank and they may help with individual purchases. However, if you develop good credit*, you may be eligible to raise the limit.

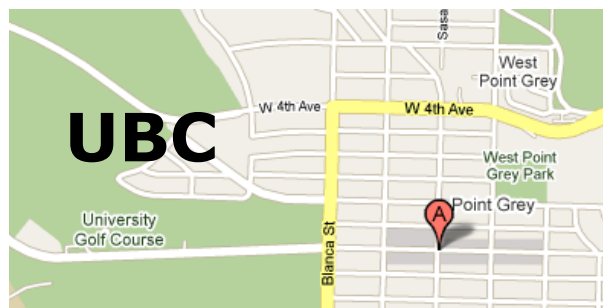
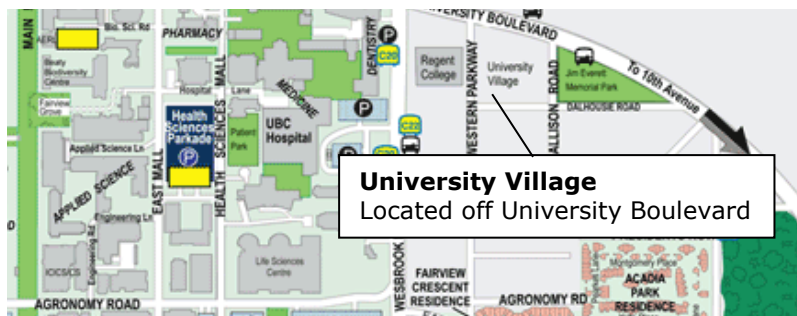
*Having a good credit score is very important in Canada. To develop good credit, you must:

- Pay bills on time, in full-balance to avoid interest charges
- Avoid credit-seeking behavior
- Not have multiple credit cards



Opening a Bank Account

To open a bank account, you will need identification, such as your UBCcard, passport, and local address. If you don't have a local address yet, you can use the International House address temporarily: 1783 West Mall, Vancouver, BC V6T 1Z2. You will also need a small amount of money to deposit into your account.



On campus, you can find some banks around **University Village** (around University Blvd and Wesbrook Mall) **Point A** shows the area around 10th and Sasamat. There are several banks in this area.



Things to Think About when Opening a Bank Account:

What are important factors to me when selecting a bank?

- Proximity of branches
- Having many Automated Teller Machines (ATM) nearby
- Having many account options to choose from
- Having low fees
- High interest rates
- Customer service at any time of day
- Quality of online banking

Do I want to be with a: Bank Credit Union

What type(s) of account do I need?

- Chequing
- Savings
- US dollar (*not every bank offers this option so be sure to inquire at the bank of your choice)

I prefer to use:

- Cash
- Debit card
- Credit card

How often would I use a debit card? (e.g., 20 transactions per month) _____

How much should my debit transaction limit per month be? _____

Do I need a credit card? Yes No

If 'Yes,' what is the maximum amount you will spend per month on the credit card? _____
(*note that credit card limits for international students can be low, around \$250 per month)

Things to Ask at the Bank / Credit Union:

- Are there student account options with no fees?
- What is the minimum monthly balance for fees to be waived?
- What is the maximum number of monthly transactions?
- What are the extra charges for:
 - Withdrawing cash from other banks' ATM
 - Withdrawing or debiting your Savings account directly
 - Non-Sufficient Funds (NSF)
 - Going over monthly debit transactions allowed
 - Paper statements
 - Monthly maintenance fees

This document has been adapted from Financial Consumer Agency of Canada's – 'Banking Package Selector Tool.' For a complete guide, go to <http://tinyurl.com/kuls9bp>

