

# Welcome to Banking in Canada

You may not be familiar with how banking works in Canada. The first thing you should know is that banking in Canada is safe. All Canadian banks are governed by the Bank Act of Canada, which ensures that everyone who banks in Canada receives fair service. When you deposit your Canadian-dollar funds in a Canadian bank account or Guaranteed Investment Certificates (GICs), the Canada Deposit Insurance Corporation insures up to \$100,000 in case your bank fails or goes bankrupt, subject to some restrictions. Coverage is automatic, and you don't have to pay for it.

As part of your life in Canada you'll need to open a bank account. At most banks, you can also get a credit card, rent a safety deposit box to store your valuables, and apply for financing for purchases such as a car or a home in the future.

Here are answers to questions you may have about banking in Canada.

## "What kind of account should I have?"

Most banks in Canada offer a wide range of accounts, but they basically fall into two main categories: chequing and savings.

**Chequing account.** This is your day-to-day bank account, where you'll keep money for immediate and ongoing expenses – to pay bills, shop, or withdraw cash. Fees often apply.

**Savings account.** Your savings account is for emergency funds and longer-term needs. This is the place to set aside money you don't need right away, so it can earn interest and grow. At the same time, you always have access to your money should you need it.

**Important to know.** You'll need a Social Insurance Number (SIN) to open a bank account that pays interest. That's because interest income is taxable and must be reported to the government, using your SIN as your identifier.

## "How can I get my money when I need it?"

When you open a bank account you'll receive a bank card (or "debit card"), which identifies you as a customer, and provides access to all bank services. You'll use it almost every time you want to access your account. Your card, along with your Personal Identification Number (PIN, sometimes known as a passcode), gives you secure and convenient access to your money several ways:

**In branch.** You can visit a CIBC Banking Centre for your day-to-day banking transactions, special services and access to your safety deposit box or "locker".

**Important to know.** CIBC has extended evening and weekend hours (Saturday and/or Sunday) at many of its over 1,000 banking centres across Canada.

**Online banking.** Online banking provides convenient, secure, and easy access to your accounts over the Internet. You can pay bills, transfer money, update records, open accounts and locate branches. It provides a consolidated view of all your accounts when you log on to your account.

**Automated Teller Machines (ATMs).** These may be located in a bank or in other locations, such as malls and gas stations. Using your bank card and PIN, you can withdraw cash, make deposits, check your account balance, pay bills and more. Important to know: When you use your bank card at a bank machine or a financial institution that is not affiliated with your bank, you may be charged a service fee. CIBC has one of the largest networks of ATMs across the country, with English, French, and Chinese language capabilities.

**Telephone banking.** Telephone banking is available 24 hours a day, seven days a week. In addition to basic transactions, telephone banking agents can discuss and complete transactions such as loans or purchasing investments.

**Debit payments.** At most stores and restaurants, you can pay with your bank card instead of cash. You simply insert or swipe your card through a card-reader and enter your PIN to authorize the purchase.

## "Can I keep my valuables at the bank?"

You can protect important documents, passports, and personal items of value from fire and theft, in a safety deposit box (or "locker") at a bank. Located inside the bank's vault, your box is accessible (with proper identification) during the bank's business hours. Annual fees may apply.

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# What is Credit?

Credit is a deferred payment arrangement between a borrower and a lender that facilitates access to funds for repayment at a later date.

## Why use credit?

Access to credit lessens the burden of paying cash outright for high-cost items, allowing you to spread the expense out over time. Credit is what makes purchasing major items like homes and cars possible for most Canadians, even those with substantial savings. Credit is also convenient, safe and easy to manage provided you stay on top of your monthly obligations.

## Maintaining good credit

Establishing and maintaining good credit is essential in using lending products for major purchases. Keep your credit in good standing by honouring the terms of your agreements. Missing payments, making late payments or consistently exceeding your authorized credit card limit will negatively impact your credit privileges in the future. Every form of credit you carry, regardless of the amount, is an important part of your credit history and can affect your credit rating.

## What is a credit rating?

In Canada, there are two large credit-rating agencies (Equifax Canada and TransUnion Canada) that track one's credit rating.

Your credit rating is used to create a credit-rating number, or "credit score." A high score tells potential lenders that you pay your bills (such as telephone, cable, and hydro) and repay loans on time.

Lenders check your credit rating to determine whether to give you credit, and how much. You have the right to know what information is in your credit file, and can get a free copy of it by contacting one of the two credit rating agencies listed above.

## How to establish a credit rating

As a newcomer, you have no Canadian credit rating. One of the easiest and most effective ways to build a credit history is to get a Canadian credit card.

You can start to build your credit history and pay for immediate purchases. Choose a card to fit your needs - with no income or security deposit needed just by having another CIBC product.

In addition to being a convenient way to make purchases, a credit card is:

- Useful as identification
- Interest-free, if the balance is paid in full every month on, or before, the due date
- Safer than cash
- A means of paying for items online
- The preferred means of payment for hotel bookings, car rentals, and airline tickets

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# Banking Glossary

A new country means new words, below are some more commonly used banking terms to help you on your way.

## Key Banking Terms:

In Canada, many transactions are not made with cash. Here are some of the main methods used instead of cash to complete financial transactions.

**Cheque:** A slip of paper imprinted with your account information that you can fill out, directing payment of a specified amount to a person or business.

**Debit card (or bank card):** A card used instead of cash to pay for purchases. Once you approve the transaction by entering your PIN, the amount is debited (deducted) from your account and paid to the merchant or retailer.

**Direct deposit:** An amount deposited directly into the bank account of a person or business. Many Canadian employees have their pay cheques deposited directly into their accounts.

**Email money transfer (Interac e-Transfer™):** A fast, secure way to transfer funds. You provide the recipient's email address and an email is sent to the recipient with instructions on how to complete the transfer.

**Pre-authorized payments:** Amounts authorized to be deducted from your account on a regular basis. Many people use pre-authorized payments for regular bills like their telephone or cable.

**Annual fee:** An amount charged every year for use of certain credit cards. Credit cards with an annual fee may offer enhanced features, such as a lower interest rate, travel miles, or other reward programs.

**Credit card limit:** The maximum amount of credit available on your credit card.

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