Lesson 2: Bank Account Choices - Online Assignment

Last week you looked at the features of bank accounts. Comparison shopping is important whenever it comes to purchasing a product. A bank account should be treated the same way. Different banks offer different services and options for customers. Some of the services are free while others come with a price attached.

1. Case Study: Banking Service Fees Add Up
   a) Go to the link above and read the case study. Read the "lessons Daniel learned" and click on the "next" button. What are the common fees a financial institution might charge you for?

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   b) What is the advantage of a monthly fee?

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*You can stay on the same web page for the next question or click the link below.*

2. There are tools you can use to compare services provided by banks. Click the "account comparison tool" link on the web page or go to [https://itools-ioutils.fcac-acfc.gc.ca/ACT-OCC/SearchFilter-eng.aspx?lang=eng](https://itools-ioutils.fcac-acfc.gc.ca/ACT-OCC/SearchFilter-eng.aspx?lang=eng)
• Fill out the search filters keeping in mind the income you have available (ex: some bank accounts have a monthly fee because they offer more to a customer - can you afford to pay a monthly fee? Would it be worth it to pay a monthly fee?).
• Make sure to click on “show more optional filters” and fill out the remainder of the options.

a) Choose a minimum of 3 banking institutions to compare. Notice that the list is not exhaustive.
   • Here are some bank branches on the list that exist in PG
     i. Royal Bank of Canada
     ii. CIBC
     iii. TD Canada Trust
     iv. HSBC Bank Canada
     v. Manulife Bank: Canadian Western Bank, Integris Credit Union, Spruce Credit Union
     vi. Scotiabank

* Tangerine Bank is owned by Scotiabank. It is an online bank but account holders can use Scotiabank ATM’s with no fee.

b) After comparing at least 3 banks, decide which bank and which bank account you would sign up for.

Bank: __________________________________________

Bank account: ________________________________________

c) Explain why you chose this account over other options.

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3. There are 3 different combinations of identification that you need in order to open up a bank account. Go to https://www.canada.ca/en/financial-consumer-agency/services/banking/opening-bank-account.html#toc2 to see these options.

   a) Option 1: you would need 2 pieces of ID from LIST A. What are the pieces of ID that you currently own from LIST A?

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   b) Option 2: you could show one piece of ID from LIST A and one piece of ID from LIST B.

   Do you own any pieces of ID from LIST B? circle: yes / no

   c) Option 3: you could show one piece of ID from LIST A and provide another form of identification.

   What is the other form of identification you can use?

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   ______________________________________________________

   d) When opening up a bank account, why might a bank ask to see your Social Insurance Number?

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4. Bank accounts usually pay interest on the money you deposit. This means that the bank pays you a percentage for placing your money (investing your money) in that bank. This is money you earn. Some accounts pay simple interest while others pay compound interest. Go to https://itools-ioutils.fcac-acfc.gc.ca/yft-vof/eng/banking-2-4.aspx and read about the difference between simple interest and compound interest.

a) Explain the difference between
   i. simple interest:

   ii. compound interest:

b) What is the standard for savings accounts, simple interest or compound interest? ________________________________

c) Compare savings account #1 (simple interest) and savings account #2 (compound interest).
   i. With an initial deposit of $10 000, how much would you earn in interest after 10 years for

      savings account #1 ____________  savings account #2 ____________

d) Compare savings account #2 (compound interest of 1.5% per year) and savings account #3 (compound interest of 2.0% per year).
i. With an initial deposit of $10 000, how much would you earn in interest after 10 years for
savings account #2 _____________ savings account #3 _____________
e) Try the interest calculator to see how much you could make on a savings account.