



Choosing the Right Chequing Account and Banking Package

A chequing account is a good way for most people to manage their day-to-day banking needs.

Banks, credit unions, *caisses populaires* and other financial institutions offer many different kinds of chequing accounts with a range of services and fees.

What is a chequing account?

A chequing account is a deposit account offered by financial institutions for managing day-to-day financial transactions, such as paying bills, making purchases with a debit card, depositing your paycheque, and sending or receiving email money transfers.

Some chequing accounts pay interest on your deposits. However, when a chequing account pays interest, it usually pays a lower interest rate than a savings account does.

Step 1: Identify your banking habits

Before you start shopping around for a chequing account, know which features you need. Think about the types of services you will use, how you will want to access the money in your account, and how often you want to do so.

HOW YOU BANK

- If you sometimes make transactions in a bank branch, look for a financial institution that has a branch in your area and that has business hours that fit your schedule.
- If you use automated banking machines (ABMs) to get cash or make other transactions, look for a financial institution that gives you access to ABMs in places you would use them regularly.
- If you want to use online or mobile banking, find out what options are available through the financial institutions you are considering.

NUMBER OF TRANSACTIONS

How many transactions do you make in a typical month? Look over your records, and count how many times you make each of the following transactions:

- cash withdrawals
- bill payments (online, by cheque, over the phone, or in person at a branch)
- debit card purchases
- email money transfers
- pre-authorized debits
- pre-authorized transfers to a savings account, Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP).

Adding up the number of transactions of each type that you do can help you determine how many monthly transactions you need to have included with your banking package. For example, if you make only a few transactions each month, you may not need to pay more for a package that offers unlimited transactions.

ADDITIONAL SERVICES

Consider other features that may be of value to you. For example, you may be willing to pay a little more for an account that offers an online spending tracker, email alerts when money is withdrawn from your account, or waives the annual fee of a credit card.

Note how many of your transactions are done at an ABM, online or by phone and how many are done at tellers. Some financial institutions charge higher fees for transactions done at tellers.

Step 2: Shop around

FEES

Once you've identified the services you need, find out how much it will cost to get those services. Start by looking at no-fee accounts to see if they meet your needs.

Compare whether it would be less expensive for you to get an account package for a fixed fee that includes an unlimited or specific number of transactions each month, or to pay for each individual transaction.

Also, look at how often you often you need services for which you may have to pay additional fees, such as:

- personalized cheques
- overdraft protection
- safety deposit box
- money orders
- drafts.

Paying extra fees for a service you use regularly can be expensive. If there are certain products or services that you use often, such as email money transfers, look for a chequing account that includes those products or services as part of the monthly fee, or offers them to you at a discount.

Make sure you understand what is included and how much you will pay by asking:

- What is the monthly fee?
- How many transactions of each type are included in the monthly fee?
- Are there extra fees for certain types of transactions, such as transactions made at a teller?
- What fees apply to transactions over the monthly transaction limit?
- What are the fees if you go into overdraft? What are the interest rates?
- Will the financial institution reduce or waive fees if you keep a certain balance in the account?
- Are you able to get a discount on the fees if you have other products with a single financial institution?
- What are the extra fees if you use another institution's ABMs?

Use FCAC's interactive [Banking Package Selector Tool](#) at fcac.gc.ca to compare the chequing accounts that are available to suit the banking habits and needs you have identified.

SPECIAL PACKAGES

If you are a student, youth, senior or newcomer to Canada, you may be able to choose from banking packages especially designed for you. These packages usually cost less than similar accounts for other consumers, offer added benefits, or may have no monthly fees for a limited time.

LOW-COST ACCOUNTS

If you make very few monthly transactions, or have limited banking needs, consider the benefits of a low-cost account.

Under an agreement with the Government of Canada, eight banks offer low-cost accounts to consumers for a maximum of \$4 per month.

Contact your financial institution to find out whether it offers a low-cost or no-fee account package and if this type of account is right for you.

TIPS TO MINIMIZE FEES

- Maintain a minimum monthly balance. Some financial institutions will not charge you a monthly fee if you keep a certain amount in your account at all times (for example, \$2,000). Figure out how much you could keep in the account and whether you could avoid paying the monthly fee.

For example, if you pay \$12 per month in fees, and your financial institution will waive this fee if you maintain a minimum balance of \$2,000, you could save \$144 per year ($\$12 \times 12 \text{ months} = \144).

This is the same as earning a 7.2% return, after taxes, on your \$2,000 ($144 \text{ divided by } 2,000 \times 100 = 7.2\%$).

- Use electronic and self-serve transactions (online, telephone, ABMs) whenever possible. These usually cost less than in-branch transactions.
- Use the ABMs of your own financial institution, instead of those from other institutions. Many financial institutions charge a fee for withdrawals made at another financial institution's ABM.
- Minimize the number of transactions you make. If you are charged a fee for each withdrawal or have limited transactions, try withdrawing one large amount instead of several smaller ones.
- Ask for cash back from your account when making a debit card purchase in stores that allow cash back free of charge.

Step 3: Make the final decision

Make a choice based on the services that are important to you, cost, customer service and convenience.

Be sure you understand all the terms, conditions and fees of the account before signing up for it. FCAC ensures that federally regulated financial institutions comply with federal laws in place to protect the rights of consumers of financial products. Your financial institution must provide you with a copy of the account agreement, which lists the information required by law. Keep a copy for your records and ask questions about anything that you don't understand.

From time to time, re-evaluate your needs and preferences. Find out if your financial institution, or another one, offers a chequing account with similar features to your own, but with no monthly fees, or a monthly fee that is less than what you are paying now.


About Financial Consumer Agency of Canada (FCAC)

With educational materials and interactive tools, the Financial Consumer Agency of Canada (FCAC) provides objective information about financial products and services to help Canadians increase their financial knowledge and confidence in managing their personal finances. FCAC informs consumers about their rights and responsibilities when dealing with banks and federally regulated trust, loan and insurance companies. FCAC also makes sure that federally regulated financial institutions, payment card network operators and external complaints bodies comply with legislation and industry commitments intended to protect consumers.

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