Money Matters

Workbook 2

Banking Basics

ABC LifeLiteracyCanada

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TD READY COMMITMENT

Welcome to *Money Matters!*

What will you learn?

In today's workshop, you'll learn how to:

- Understand your bank account
- Know your rights related to bank accounts and cashing cheques
- Choose the right bank account for you
- Keep yourself and your money safe in your daily life and online

Do you know ASL?

You can watch ASL videos of the information from the workbook. The playlist of ASL videos for this workbook is at:

https://tinyurl.com/mv8ehawu

You can also find the playlist by scanning this QR code on your mobile device.

Banking Basics

The most common types of bank accounts are:

- **chequing accounts**
- **savings accounts**

A **bank** takes cash deposits, lends money, and provides other money services. You can set up a bank account at a bank.

A **bank account** is a safe place to put your money and help you save it.

Some types of bank accounts are savings accounts and chequing accounts.

A **savings account** is an account where you earn interest on the money you put into it.

A **chequing account** is an account where you can write cheques, pay bills, and do other personal money tasks. It pays little or no interest.

Getting in touch with your money

Think about your money, your life, and your family. Where do you go when you need money or have a cheque to cash?

Check the box next to the statement that sounds most like you:

- ☐ I have a bank account, and I like going to the bank.
- ☐ I would probably want a bank account if I knew more about them.
- ☐ Banks make me uncomfortable so I use a **cash store** when I need money.
- ☐ None of the above apply to me. Here's my situation:

_____

_____

_____

A **cash store**, sometimes called a payday lender, is a business that cashes cheques or lends you money for a fee.

The fee is often much more than you would pay at a bank.

The money you get from a cash store is called a **cash advance** or a payday loan.

Let’s talk about it

When you talk about money or go to a bank, do you feel uncomfortable?

- Why do you think people might feel uncomfortable when they talk about money?
- What might help people feel more comfortable?
- How do you feel when you talk about money?
- How do you feel when you visit a bank?
- How do you feel when you use online banking?

Meet Tenzin

Tenzin

- Gets a tax credit in the mail from the Government of Canada
- He's short on cash and needs money now
- There's a bank open across the street, but Tenzin doesn't think he can cash his cheque there because he doesn't have an account at that bank
- Tenzin has gone to a cash store before to get a **cash advance** and decides to visit the cash store again

Interest and percentages

When you borrow money, you have to pay back the amount you borrowed plus a little extra. The extra is called interest.

Interest is a fee someone pays to borrow money. When you get a loan or use credit, you need to pay back the amount you borrowed plus interest. The amount of interest is usually shown as a percentage of the money borrowed.

When you put money in a savings account, the bank pays you interest.

Percentages are parts of 100. Another way to say percentage is "out of 100." The symbol for percent is %.

For example:

- 10% equals 10 out of 100
- 50% equals 50 out of 100
- 89% equals 89 out of 100

Money math: interest and percentages

1. Multiply the percentage by the amount of money that you borrowed.

The percentage	500
The original amount borrowed	x $100
Total:	**= 50,000**

2. Divide the answer by 100.

   If you borrow $100 from a cash store, and the cost of the loan is 500%, you'll pay $500 in fees.

	50,000 / 100
Total:	**= $500**

3. Add the cost of the fees to the amount you borrowed. The total you pay back to the lender is all the extra fees plus the amount of money you borrowed.

The original amount borrowed	$100
Cost of fees	+ $500
Total:	**= $600**

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Money math: interest and percentages

Try this

Work with a partner. Follow the steps above to figure out how much you'll pay if the loan costs you 600%.

What's my situation?

There are no right or wrong answers. This activity is about you and your life.

My situation	Yes	No	I don't know
1. I keep money in a savings account. I add to it whenever I can	☐	☐	☐
2. I have a chequing account and I use it	☐	☐	☐
3. I understand the fees my bank charges for different things	☐	☐	☐

True or false

A Canadian bank must cash your **Government of Canada cheque** for free, even if you're not a customer.

True False

A **Government of Canada cheque** is a cheque issued to you from the federal government. Here are some examples of Government of Canada cheques:

- Employment Insurance
- Old Age Security
- GST/HST credit
- Canada Child Benefit
- Income Tax refund

Let's talk about it

- Where do you cash your Government of Canada cheques?
- Do you pay someone to cash your cheques?
- How much do you pay?

Your money rights

1. You have the right to cash your Government of Canada cheque for free.
2. You can cash a Government of Canada cheque for free at any bank, even if you don't have a bank account there.
3. You can cash your Government of Canada cheque at any bank in Canada that has a customer service representative.
4. If your Government of Canada cheque is for more than $1,500, a bank can decide not to cash it.

A **customer service representative** is a bank worker who can help you open a bank account or cash a cheque.

Two surveys asked Canadians about using cash stores. Almost a third of the people cashed Government of Canada cheques at cash stores and paid big fees. That's 1 out of every 3 people. But they could have cashed those cheques for free at any bank!

This information is from the Newcomer Finances Toolkit.

How to cash a cheque

Q: What do I need to cash my Government of Canada cheque at a bank?

A: Bring one piece of **photo identification (ID)** and the cheque to the customer service representative.

Q: What if I don't have photo ID?

A: You can still cash your Government of Canada cheque by showing two other pieces of ID.

Q: What if I don't have two other pieces of ID?

A: Someone can vouch for you by telling the bank that you are the person whose name is on the cheque. The bank needs to know this person.

Let's talk about it

- What can make it hard to get and keep some kinds of ID?
- What kinds of ID do you and your group members have? Make a list.
- Could these kinds of ID be used to cash a cheque at a bank?

Photo ID is a piece of identification that has your photo and your signature on it.

A driver's license or passport are examples of **photo ID**.

Kinds of ID

Photo ID:

- [ ] A Canadian driver's license
- [ ] A Canadian passport
- [ ] A Certificate of Indian Status card
- [ ] A Permanent Resident card

Other kinds of ID:

- [ ] A Social Insurance Number (SIN) card
- [ ] A Canadian birth certificate
- [ ] An Old Age Security card with my SIN on it
- [ ] A debit card or bank card that has my signature on it
- [ ] A Certificate of Canadian Citizenship or Certification of Naturalization
- [ ] An IRCC form IMM 1000, IM 1442, or IM 5292

Money challenge

Don't have ID?

Talk to your instructor about how you can get a piece of ID Then follow their advice to apply for it.

Getting ID can be difficult. Many cities have ID clinics to help you apply for ID. Ask someone at a local legal clinic or community centre if they know about an ID clinic that can help you. You can also try searching online for "ID clinic" and the name of your city.

Meet Riley

- Riley has two children
- She receives a monthly Canada Child Benefit cheque
- Riley wants to start a savings account for her kids
- She plans to deposit her Canada Child Benefit cheque into the savings account each month
- Riley doesn't have any extra money right now
- She thinks she has to wait to open the savings account until she has some extra money to put in it

Let's talk about it

- Does Riley need to wait until she has extra money to open a savings account?

- Imagine Riley doesn't have a job. Does that mean the bank won't let her open a savings account?

- Imagine Riley has had money struggles before, and had to declare bankruptcy. Does that mean the bank won't let her open an account now?

Your money rights

Under Canadian law, you have the right to open a bank account.

You can open an account even if:

1. You don’t have a job
2. You don’t have money to put into the account right away
3. You have declared bankruptcy before

Let's talk about it

- Is it hard to open a bank account?
- Do you have a bank account?
- How did you open your bank account?

Step by Step

What steps will Riley need to take to open up her bank account?

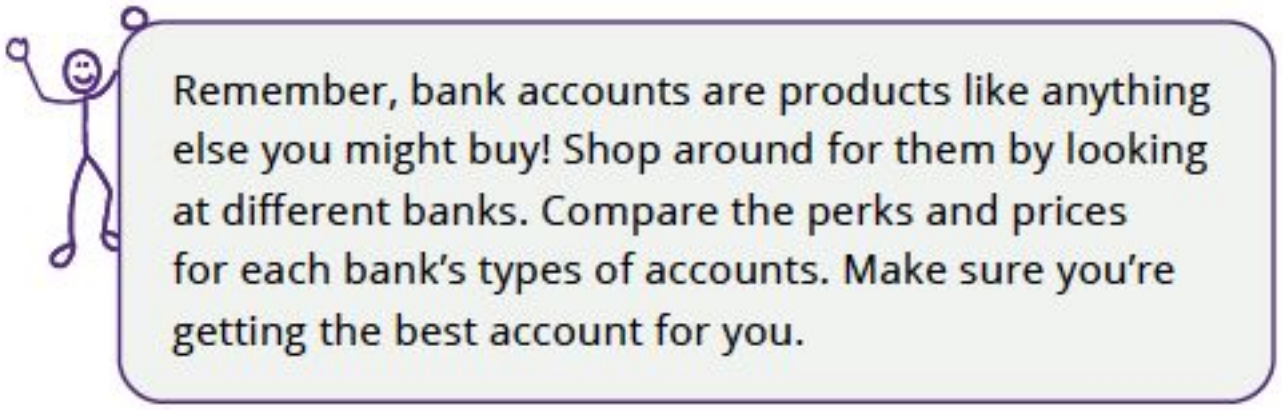
_____

_____

_____

Kinds of bank accounts

1. **A savings account**: This account helps you save money. You'll earn interest on the money you put into this kind of account.
2. **A chequing account:** This account lets you write cheques, pay bills, and do other personal money tasks. You won't earn very much (or any) interest on the money in a chequing account.



Let's talk about it

- What kind of bank account is best for you? Why?

- Do you have a bank account right now? Does it work well for you? Or would something else work better?

Low-cost bank account

What will I get with a low-cost bank account?

Many low-cost bank accounts include:

- as many free deposits as you'd like
- a **debit card**
- a book of cheques
- a statement or bank book that shows your transactions each month
- a small number of free **debit transactions** per month. Some banks include 8 to 15 free transactions, and some of them can be in person with a customer service representative

A **transaction** is when money moves into or out of your bank account.

A **debit card** is a card that lets you pay for things electronically directly from your bank account. For example, you can buy something at a store.

A **debit transaction** is any time you take money out of your account. For example, writing a cheque, using a bank machine, or paying with a debit card at a store.

What else can you do at a bank?

Account statement

Your account statement is a list of all the transactions you made in a month. It shows how much money you have, how much you deposited, and how much you spent or withdrew. It also shows any interest or fees. You can get your account statement in the mail or online.

Direct deposit

Direct deposit is when you get paid directly into your bank account instead of getting a paper cheque. For example, you could get your paycheque or your Government of Canada payments direct deposited right into your bank account.

Online banking

You can use the internet to see how much money is in your account, pay bills, and deposit cheques into your account. Sometimes you can also do this using a bank's app on your phone or tablet. We'll talk more about online banking later in this workshop.

What else can you do at a bank?

International money transfer or wire payment

A transfer or wire payment lets you send money to family and friends in other countries.

Credit cards

When you use a credit card, the bank loans you money to buy things. If you don't pay the money back in full every month, you'll pay interest on the total amount you owe. It's important to be careful not to spend more than you need to on a credit card.

Loans for cars and homes

Buying a car or a home is a big investment, and many people take out a loan from the bank to help them make these big purchases. You will usually make monthly payments until you've paid off the loan and interest.

Choosing a bank

- [ ] Does that bank have branches and bank machines near my home, school, or work?
- [ ] What are the bank's hours?
- [ ] What are the fees for the account I want?
- [ ] How much interest will I earn on my savings account?
- [ ] Can I write cheques? Do I pay a fee to write a cheque? Does it cost me money to order cheques?
- [ ] Will I pay extra if I use a different bank's machine? How much?
- [ ] Are the bank's customer service representatives friendly and willing to answer my questions?
- [ ] Can I get information about my account online?
- [ ] Is there an app for online banking?

Choosing a bank

Which three services are most important for you?

1. _____

2. _____

3. _____

Questions to ask the bank

My questions:

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

Be prepared

Q. What kind of account do you want to open?

A. _____

Q. _____

A. _____

Q. _____

A. _____

Online banking

Here are some things you can do with **online and mobile banking:**

- Check your bank account activity and balance
- Pay your bills
- Move money between your bank accounts
- Send money to other people using **e-transfers**

Online banking is when you use your bank account on a computer connected to the internet.

Mobile banking is using a tablet or smartphone to do your banking, sometimes using an app.

An **e-transfer** is when you send money to someone else over the internet using a computer, a tablet, or a smartphone.

Let's talk about it

- What are some reasons you might prefer to use online banking?
- What are some reasons you might prefer to visit the bank in person?
- Does one of these options seem better for you?

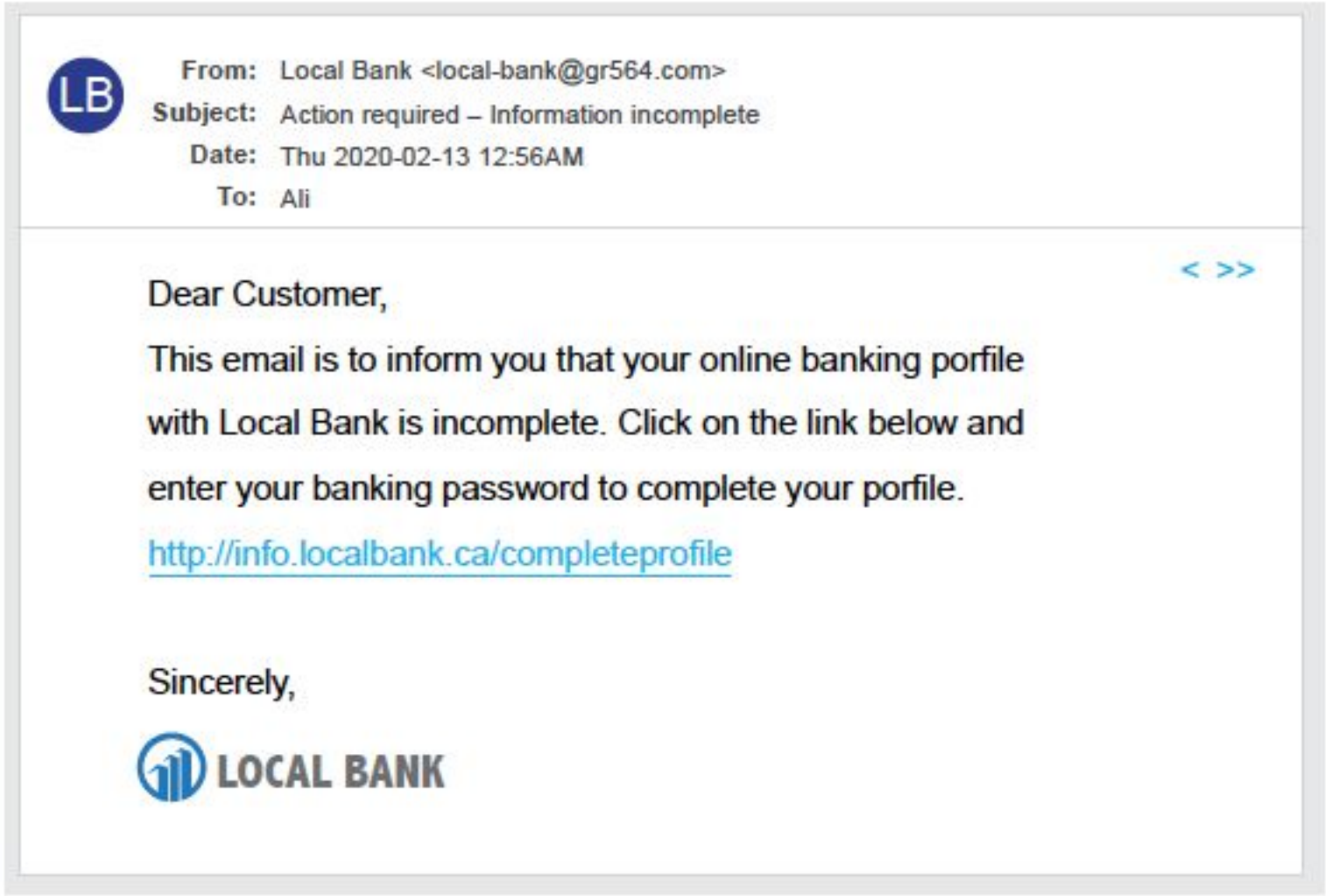
Phishing scams

A **scam** is an illegal plan to trick people and steal from them.

Phishing is a scam that uses email, phone calls, or text messages. Phishing scams try to steal personal information from you. They usually pretend to be from someone you trust, like a family member or your bank.

Phishing scams

Here's an example of a phishing email:



LB

From: Local Bank <local-bank@gr564.com>
Subject: Action required – Information incomplete
Date: Thu 2020-02-13 12:56AM
To: Ali

< >>

Dear Customer,

This email is to inform you that your online banking porfile with Local Bank is incomplete. Click on the link below and enter your banking password to complete your porfile.

http://info.localbank.ca/completeprofile

Sincerely,

LOCAL BANK

How can you tell if that the email is phishing?

1. Sometimes phishing emails don't use your name.
2. Phishing emails often have mistakes in them, like words that are spelled wrong.
3. Phishing emails usually ask you for personal information.
4. Phishing emails might send you to a website where they will steal your personal information.
5. Phishing emails try to look like they're really coming from your bank, or another trusted source.

Let's talk about it

- Can you think of any other clues that an email is phishing?

- Have you ever gotten a phishing email or call? How did you know it was phishing?

Phishing scams

CR

From: Canada Revenue Agency <tax-refund@can.gov.agancy.com>
Subject: Tax Refund
Date: Fri 2020-02-28 03:15PM
To: Tax Payer

Canada Revenue Agency

Canada

Canada Revenue Agency

< >>

Dear Tax Payer,

After a review of your 2018 tax forms, we have determined that you are eligable for a tax refund of $362.58.

To claim your refund, fill out the form on the canada revenue agency website: http://canada-rev-agency.com.

Sincerely,

Canada Revenue Agency

Phishing scams

Here's what you should do if you think an email is a phishing scam:

- Don't reply to the email
- Don't share any information with the sender
- Don't open any attachments or click on any links in the email

- Search online for the organization's phone number. Contact the organization and ask if they sent you an email
- Mark the email as spam
- Delete the email

Online banking safety

Ways to use online banking safely:

1. Only use your bank's website or app for online banking
2. Don't tell anyone your username or password
3. _____
4. _____
5. _____
6. _____

Online banking safety

Making a strong password

It's important to create a strong password when you sign up for online and mobile banking. A weak password is easy for someone else to guess. A strong password would be very hard to guess. A strong password has a mix of:

- numbers: 2, 67, 91
- small letters: c, g, k
- capital letters: F, Z, H
- symbols: !, $, #, ?

Let's talk about it

- Did you learn something new about banking that you didn't know?
- Did anything surprise you?
- Do you feel more comfortable about using a bank?
- Is there anything else you'd like to learn that would increase your confidence about banking?

Money challenge

Visit or look up a bank close to where you work, live, or go to school. Does it offer what you want in a bank? If not, try another bank until you're satisfied.

How to learn more

You can contact the Financial Consumer Agency of Canada (FCAC) when you need help and information about banking.

Toll-free telephone: 1-866-461-3222

Email: info@fcac.gc.ca

Congratulations

You've completed *the Money Matters* Banking Basics workbook.

You learned about:

- different banking options
- your rights related to bank accounts and cashing cheques
- some of the services available from banks
- how to stay safe when banking online

For the last activity, we hope you will make a **pledge**.

A **pledge** is a serious promise to yourself or to others.

The **pledge** can be personal, or you can share it with others.

My pledge

I pledge to work on learning more about banking by:

Sometimes a pledge needs an action plan: a list of steps you'll take to make your pledge happen.

My action plan

What do I need to do first?

Who will support me?

How will I overcome setbacks and obstacles?

Thank you for participating in

Money Matters!

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