

Activity 1: Payments Group Case Study (Chequing & Savings Accounts)

Solve the case studies below using the following product tables. These banks aren't real - but their offers mirror real Canadian banks.

Youth chequing	Monthly fee	Monthly transactions	Monthly Interac e-transfers
Cowabunga Credit	None	30	2 free, \$0.50 each after
Sochway Bank	None	Unlimited	Unlimited
Westwood Online	None	Unlimited	Unlimited

*Online banks do not offer special products for youth / students - but you can open their regular accounts without age restriction.

Student chequing	Monthly fee	Monthly transactions	Monthly Interac e-transfers
Cowabunga Credit	None	30	Unlimited
Sochway Bank	None	Unlimited	Unlimited
Westwood Online	None	Unlimited	Unlimited

*Online banks do not offer special products for youth / students - but you can open their regular accounts without age restriction.

Regular chequing	Monthly fee	Monthly transactions	Monthly Interac e-transfers	Balance to waive fee
Cowabunga Credit	\$13.95	30	Unlimited	\$2000.00
Sochway Bank	\$12.95	Unlimited	Unlimited	\$3000.00
Westwood Online	None	Unlimited	Unlimited	N/A

Savings accounts	Interest rate	Free monthly transactions
Anonymous Associates	2.80%	Unlimited transfers, 2 Interac
Rufford and Sons	2.70%	2 free transfers, \$0.50 per Interac
B.A.C.	2.10%	Unlimited transfers, 2 Interac
Sochway Bank	2.00%	Unlimited transfers, 2 Interac*

*Unlimited if both chequing and savings accounts are at the same bank.

Case 1

Jerry is 16 and has never had a bank account in his life. His parents give him an allowance and, every week, he spends it all on lunches at Pizza Palace. What account(s), if any, does Jerry need and why? Which bank(s) should he choose for each product?

Case 2

Christine is 17. She has a youth chequing account at Sochway Bank - and loves how it works for her. She has a part time job and is trying to save as much as possible for dance lessons. She doesn't know what e-transfers are and has never used them. What account(s), if any, does Christine need and why? Which one(s) should she choose?

Case 3

Sam is turning 18 soon. She has a youth chequing account at Cowabunga Credit and opened a savings account at Sochway because they had a much higher interest rate. She makes frequent deposits and e-transfers between her accounts, and always runs out of both. She envies her friends who have unlimited transfers and e-transfers. What changes, if any, should Sam make to her payment set-up? Justify your answer.

Case 4

Mark is turning 18 soon. He has a youth chequing account at Cowabunga Credit and a savings account at B.A.C. Mark rarely withdraws money from his savings account - he's saving to buy a gaming PC and only makes deposits. Assuming he wants to save as much as possible and avoid paying unnecessary fees, what changes, if any, should Mark make to his payment set-up? Justify your answer.

Activity Answer Key

Case 1 (Jerry)

- Any youth chequing account or an online-bank chequing account.
- Jerry needs to decide whether he prefers an online bank, like Westwood, or a traditional one, like Sochway or Cowabunga. Online banks don't offer youth accounts - but their offers are often better than conventional youth accounts. Some people prefer traditional banks with branches they can visit - instead of an online bank's 24h hotline.
- Online chequing accounts don't convert, they're for all ages.
- Jerry has no need for a savings account right now due to negligible savings and no income aside from an allowance. He should consider putting some of his allowance aside every week, into a high-interest savings account.

Case 2 (Christine)

- If Christine really likes her Sochway youth account and it works for her, she should keep it. Youth accounts are not that different from each other. Keep in mind that, if she stays with Sochway, a traditional bank, her account will convert to their regular account when she turns 18.
- If Christine didn't like her youth account, or the regular account it would convert to, she could open an account at Westwood Online - they have a better offer (no minimum balance required to waive the monthly fee) - and Christine wouldn't have to worry about her account converting.
- Christine's trying to save as much as possible. She's not going to be making a ton of e-transfers and will mostly make deposits to her savings account (from her part-time job earnings). She doesn't need unlimited e-transfers, so there's not much to gain by opening a savings account at the same bank as her chequing account. Instead, she should find a savings account with the highest possible interest rate, like Anonymous Associates, and link it to her chequing account.

Case 3 (Sam)

- Sam wants unlimited transactions and e-transfers. She needs to close her youth chequing account at Cowabunga and open one at the same bank as her savings account, Sochway.
- If she opens a youth chequing account at Sochway, it will convert to their regular account when she turns 18, and the bank will charge her a monthly fee if she doesn't meet the minimum balance requirement.
- If Sam's willing to give up unlimited e-transfers between her chequing and savings account, she could open an online chequing account at Westwood and a higher interest savings account at Anonymous Associates. Once she links the new accounts, she'll still have unlimited transfers, but only 2 free e-transfers per month.
- Unlike Sochway, Westwood Online's chequing account won't convert when she turns 18 and doesn't require a minimum balance to waive the monthly fee.

Case 4 (Mark)

- Mark is turning 18 - he shouldn't let his chequing account convert to Cowabunga's regular account (because the bank will charge him a monthly fee if he doesn't meet the minimum balance requirement). Instead, he should open a no-fee online account at Westwood with unlimited transactions (this allows him to easily withdraw funds from his chequing account and add them to his savings).
- If Mark prefers a traditional bank, he could go to a local Sochway branch and ask them if they could open a regular chequing account for him, even though he's not 18. They probably will, because he's turning 18 soon. Remember, Sochway has a minimum balance requirement to waive the monthly fee.
- Mark should close his savings account at B.A.C. and open one with a higher interest rate, like Anonymous Associates, then link it to his chequing account.
- Mark doesn't need unlimited e-transfers between his accounts - he's a saver, not a spender.



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