

The Intelligencer

Consumers have plenty of choice on banking fees

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Page: 6

Section: Editorial/Opinion

Column: Letters to the Editor

Re: "Banking fees gouging users" July 30, 2009.

Your column missed the mark. The reality is Canada enjoys one of the most efficient, secure and low-cost banking systems in the world.

Service fees are based on the principle that customers should pay a reasonable fee for the services they use, and customers should not subsidize services they don't use. It is a fair and transparent way to pay for banking.

Like all businesses, banks set their fees to cover their operating costs, make a reasonable profit and to attract new customers in a competitive marketplace.

Service fees account for approximately five per cent of banks' revenues, not profits as the column stated. From these revenues, banks must pay taxes and cover all the costs of operating a network of more than 6000 branches and nearly 17,000 ABMs.

And where do bank profits go? Twentyeight per cent of net income (before taxes) is reinvested in the business to make improvements for customers, 39 per cent is paid in taxes and 33 per cent is paid out to shareholders.

The majority of Canadians are bank shareholders either directly or indirectly through mutual funds and private or government pension plans. A stable and profitable banking sector is vital for the health of the Canadian economy.

But if you feel you are paying too much in service fees, shop around. The Financial Consumer Agency of Canada's Cost of Banking Guide compares over 110 different account packages at 22 financial institutions.

There is plenty of choice and, by doing a bit of research, customers can find an account that suits to their individual needs and saves them money.

In fact, 34 per cent of Canadians pay no bank service fees at all.

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