# Making Change — The Real Costs of Switching Banks

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You've seen a promotion on a great low rate on a high-interest savings account or new credit card, but, darn, it's not from *your* bank. Should you stay put or move your assets over?

Canadians often feel loyal to their banks, says Vancouver-based Christine Williston, a money coach with Money Coaches Canada. Indeed, as a 2019 J.D. Power survey measuring customer satisfaction with Canada's large and midsize banks noted, only three per cent of those 40 and up said they had switched banks in the previous year.

"People will shop around for all manner of things and try and save a few bucks here and there but for some reason, the bank is off limits for moving," says Williston. "I think in a lot of cases, it totally pays to shop around."

When people do consider switching, says Williston, it is generally to earn more interest, to save on unnecessary bank fees, or because of a bad experience with their current institution.

If you're tempted to switch, here are a few things to consider:

**Know what you need**: If you are thinking of moving accounts from one bank to another, taking stock of your financial needs is an essential first step.

As Halifax-based money coach April Stroink says, understand your goals and spending habits and evaluate whether the product or account being offered meets your requirements.

Ask prospective new banks the best rate they can offer on short-term savings, and whether you have to keep a minimum account balance in order to get that rate. For daily banking, it is also important to fully understand the details of any new package – for example, what is the monthly fee structure, and does it match up well with how you use your money?

**Make sure you're organized**: Many view changing accounts as an onerous process, largely because of work involved with switching automatic payments. However, says Williston, with a bit of organization, moving to new chequing and savings accounts can be relatively straightforward.

Start by looking through several months of bank statements and put together a list of the bills withdrawn from the chequing account you're closing. As you change payment details, cross each item off your list. Also, move the direct deposit of your paycheque to the new account.

As Stroink notes, transferring investments may involve additional paperwork and can take time to process. Make sure you are thinking ahead so you don't run afoul of key tax deadlines, for example.

**Read the fine print**: Sometimes, a deal that leads you to switch accounts can be too good to be true.

"I've seen clients transfer a balance from one credit card to the new credit card, and then they don't realize that the minute they use that credit card, that lower interest rate that they got is gone," says Stroink.

**When to hit the brakes**: Money coaches caution that there are a couple of situations where you may want to hold off on making a switch. One, says Williston, is if you are currently applying for a mortgage or other loan.

"You might want to leave things alone because you know people are looking into your financial situation. So, don't be opening and closing accounts wildly at that time."

Another danger of frequent account moving or chasing rates is that it can create challenges for those who have trouble tracking payments.

"If it messes with your financial situation, then you're better off getting no interest at all and just staying in one place and getting all your bills paid on time," says Williston.