

- You plan to open a bank account that charges you for individual transactions. The banking representative offers you a package of services that includes a comparable bank account, a credit card with no annual fee and a discount on purchasing traveller's cheques. The total price for the package is less than if you purchased each part of the package separately.

Bundling products in this way is permitted because you have the option to buy the items individually or in a package.

How do we manage our credit risk?

To ensure the safety of their depositors, creditors and shareholders, banks must carefully manage the risk on the loans and credit cards they approve. Therefore, the law allows us to impose certain requirements on borrowers as a condition of granting a loan — but only to the extent necessary for us to manage our risk.

The following example will help explain how banks manage such risk.

You apply for an operating loan for your business. To manage the risk associated with the loan, your bank requires your business to have an operating account with the bank as a condition of obtaining the loan.

The above example is legal and appropriate. Having your business' operating account at the bank allows your bank to assess possible risks associated with your business' cash flow and manage the risk associated with the loan.

At Shinhan Bank Canada, our requirements for borrowers will be reasonable and consistent with our level of risk.

How can you contact us?

Please let us know if you have any questions, complaints or concerns about your dealings with us. Shinhan Bank Canada always encourages customers to immediately contact us so we can deliver an appropriate solution. You can contact our customer service representatives (CSR) by phone, email, or a visit to the nearest branch.

Our contact information is as follows:
Telephone: 416-250-3500
E-mail: customercare.ca@shinhan.com

If you are not satisfied with the response from our CSR(s), you may ask to speak to the customer care officer or branch general manager. They have the authority to solve most problems right away. If you're still not satisfied, please refer to Shinhan Bank Canada's complaint resolution process for more information. Full details on the bank's complaint resolution process can be found in our banking agreements or brochure available at all Shinhan Bank Canada branches.

The Financial Consumer Agency of Canada

The Financial Consumer Agency of Canada (FCAC) supervises all federally regulated financial institutions to ensure that they comply with federal consumer protection provisions. It also educates consumers and monitors industry codes of conduct and public commitments designed to protect consumer interests.

The FCAC can provide you with information and a further review of your complaint. For more information on regulatory issues governed by the FCAC, please call 1-866-461-3222 or visit www.fcac-acfc.gc.ca.

If you have a complaint about a potential violation of a consumer protection law, you may contact the FCAC in writing at:

Financial Consumer Agency of Canada
427 Laurier Avenue West, 6th Floor
Ottawa, ON K1R 1B9

What you need to know about Coercive Tied Selling



Shinhan Bank Canada

Why did we create this booklet?

The Bank Act requires banks to inform customers in plain language that coercive tied selling is illegal. To comply with the law, Shinhan Bank Canada has created this booklet explaining:

- what coercive tied selling is,
- what coercive tied selling is not, and
- how to contact us if you have any questions, complaints or concerns.

What is “coercive tied selling”?

Section 459.1 of the Bank Act prohibits banks from practicing coercive tied selling. More specifically, it is against the law for a bank to “impose undue pressure on, or coerce, a person to obtain a product or service from a particular person, including the bank and any of its affiliates, as a condition for obtaining another product or service from the bank.” You cannot be unduly pressured to buy a product or service that you don’t want, from a bank or one of its affiliates, to obtain another bank product or service. Also, it is prohibited for your bank to take advantage of you.

The following two examples will help explain coercive tied selling.

- Your bank’s mortgage specialist tells you that you qualify for a home mortgage. However, you are also told that the bank will approve your mortgage only if you transfer your investments to the bank or its affiliates. You want the mortgage, but you do not want to move your investments.
- Your bank’s credit officer tells you that you qualify for a registered retirement savings plan (RRSP) loan. However, you are also told that the bank will approve the loan only if you use the money to buy the bank’s mutual funds. You want the loan, but you want to invest the money somewhere else.

Both of the above practices are against the law. If you qualify for a product, a banking representative is not allowed to unduly pressure you to buy another unwanted product or service as a condition of obtaining the product you want.

What is our commitment to you?

We expect all employees at Shinhan Bank Canada to comply with the law by not practicing coercive tied selling. We provide our employees with information and training programs on acceptable sales practices. We urge you to let us know if you believe that you have experienced coercive tied selling in any dealings with us. You can find out how to contact us at the end of this brochure.

What is not coercive tied selling?

Most businesses, including Shinhan Bank Canada, look for tangible ways to show their interest in your business and appreciation for your loyalty. Sales practices, such as preferential pricing and bundling of products and services, offer potential and existing customers better prices or more favorable terms. These practices should not be confused with coercive tied selling, as defined by the Bank Act. Many of these practices will be familiar to you in your dealings with other businesses.

What is “preferential pricing”?

Preferential pricing means offering customers a better price or rate on all or part of their business. For example, a printer offers a lower price for each business card if you buy a thousand cards instead of a hundred. A shoe store offers a second pair of shoes at half price.

Similarly, a bank may be able to offer you preferential pricing — a higher interest rate on investments or a

lower interest rate on loans — if you use more of its products or services. The following two examples will help explain preferential pricing in banks.

- After approving your application for a home mortgage from the bank, your bank’s mortgage specialist tells you that this mortgage would be available at a lower interest rate if you transferred your investments to the bank or its affiliates.
- After approving your application for an RRSP loan, your bank’s credit officer offers you a lower interest rate if you use the loan to buy the bank’s mutual funds.

The above practices are acceptable. The approval of your mortgage and RRSP loan is not conditional on your taking another bank product or service. Rather, you are offered preferential pricing to encourage you to use more bank products and services.

What is bundling of products and services?

Products or services are often combined to give consumers better prices, incentives or more favorable terms. By linking or bundling their products or services, businesses are often able to offer them to you at a lower combined price than if you bought each product separately. For example, a fast-food chain advertises a meal combination that includes a hamburger, fries and a drink. The overall price is lower than if you bought the three items separately.

Similarly, banks may offer you bundled financial services or products so that you can take advantage of package prices that are less than the sum of the individual items.

The following example will help explain the bundling of bank products and services.