



Prohibited Conduct Rules for Banks - What You Need to Know

Why Did We Create This Document?

The Canadian Federal *Bank Act* requires banks to inform customers and the public that a bank may not:

- Take advantage of a person;
- Impose undue pressure on a person or coerce a person, for any purpose; or
- Engage in coercive tied selling.

To comply with the law, the Fifth Third Bank, Canada Branch is providing this information explaining its commitment to these important principles.

Undue Pressure and Coercion

The Fifth Third Bank, Canada Branch will not use undue pressure or coercion.

What is Undue Pressure?

Undue pressure means any pressure that a reasonable person might consider excessive or persistent in the circumstances. An example of undue pressure might include a sales representative being excessively persistent in trying to sell a product to a customer.

What is Coercion?

Coercion occurs where some form of threat, including a threat of physical harm, is used to try to persuade a customer to purchase a product or to take some other type of action.

What is Coercive Tied-selling?

A bank cannot unduly pressure or coerce a person to obtain a product or service from the bank or one of its affiliates, in order for the bank to agree to provide another bank product or service to such person.

The following example will help to explain tied selling and what is not allowed:

Your bank's customer service officer assists you with opening a commercial banking account, but then tells you that you must also purchase an overdraft protection plan for the account. The officer assures you that you can cancel the plan at any time, and even offers to waive the plan fees for the first few months. However, you don't foresee going into overdraft and you do not want to purchase the plan.

The above practice is against the law. If you qualify for a product, a banking representative is not permitted to excessively or unduly pressure you to buy another unwanted product or service as a condition of obtaining the product you want.

What is NOT Coercive Tied Selling?

Most businesses, including the Fifth Third Bank, Canada Branch, 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 favourable terms. These practices should not be confused with coercive tied selling, as defined by the *Bank Act*. Many of these practices will be familiar from 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 preferential pricing – a higher interest rate on investments, a lower interest rate on loans or lower fees – if more of its products or services are used.



The following example will help explain preferential pricing in banks:

After approving you for a commercial bank account, you are offered lower banking fees if you also sign up for an electronic funds transfer service.

The above practice is acceptable. The approval of the commercial bank account is not conditional on taking another bank product or service. Rather the preferential pricing is offered to encourage giving the bank more business.

What is Bundling of Products and Services?

Products or services are often combined to give consumers better prices or more favourable 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 on its own. 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 to explain the bundling of bank products and services:

You plan to open a commercial bank account that charges you for individual transactions. The banking representative offers you a package of services that includes a comparable bank account, a commercial credit card with no annual fee and a discount on the use of 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 choice of buying 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 banks to impose certain requirements on borrowers as a condition for granting a loan - but only to the extent necessary for banks to manage our risk.

The following example will help to 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 for 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.

What is Our Commitment to You?

We expect all employees at Fifth Third Bank to comply with the law and not engage in any type of prohibited conduct, including any conduct that imposes undue pressure, coerces or takes advantage of another person. Our employees are provided with information and training on acceptable sales practices. We urge you to let us know if you believe that you have experienced any misconduct in your dealings with us. You can find out how to contact us at the end of this notice.

How Can You Contact Us?

Please let us know if you have any questions, complaints or concerns about your dealings with the Fifth Third Bank, Canada Branch. Complaints regarding products and services offered by Fifth Third Bank, Canada Branch can be made by contacting their Relationship Manager directly by mail, fax or e-mail at:

Fifth Third Bank, Canada Branch
222 Bay Street, Suite 2720
Toronto Ontario, Canada M5K 1J3
E-mail: CanadaBranch.Bancorp@53.com



If the problem cannot be resolved, then the Relationship Manager should contact the Bank's Complaints and Compliance Liaison designated below. Such complaints will be replied to in a timely manner.

John Basaraba
Managing Director and Principal Officer
Fifth Third Bank, Canada Branch
222 Bay Street, Suite 2720
Toronto Ontario, Canada M5K 1J3
Phone: 416-645-8366
E-mail: John.Basaraba@53.com

Alternatively, if the problem still cannot be resolved, customers may contact the Fifth Third Bank, Canada Branch Second Level Reportable Complaints and Compliance Liaison:

Albert Dell'Apa
Canadian Chief Compliance Officer and Canadian Chief Privacy Officer
Fifth Third Bank, Canada Branch
222 Bay Street, Suite 2720
Toronto Ontario, Canada M5K 1J3
Phone: 416-645-8363
E-mail: Albert.DellApa@53.com

Fifth Third Bank, Canada Branch is a member of the Ombudsman for Banking Services and Investments ("OBSI"), a Third Party Complaints Body, as required under the Bank Act. Customers who wish to contact OBSI directly can do so by mail, telephone, fax or e-mail at:

Ombudsman for Banking Services and Investments (OBSI)
20 Queen Street West, Suite 2400
P.O. Box 8
Toronto, Ontario, M5H 3R3
Phone (Toll-Free): 1-888-451-4519; (Greater Toronto Area) 416-287-2877
Phone (Toll-Free TTY): 1-844-358-3442
Fax (Toll-Free): 1-888-422-2865; (Greater Toronto Area) 416-225-4722
E-mail: ombudsman@obsi.ca

Finally, a complainant may contact the Financial Consumer Agency of Canada ("FCAC") directly at:

427 Laurier Avenue West, 5th Floor
Ottawa, Ontario, K1R 1B9
Phone: 1-866-461-FCAC (3222) for service in English
Phone: 1-866-461-ACFC (2232) for service in French
Phone: 1-613-960-4666 (for calls from outside Canada)
Phone (Toll-Free TTY): 1-866-914-6097/1-613-947-7771
<http://www.fcac-acfc.gc.ca>