

Coast Capital ends haggling for higher deposit rates: Less than half of Canadians aware they could negotiate higher rates

Vancouver Sun
Tuesday, January 10, 2006
Page: D3
Section: BusinessBC
Byline: Michael Kane

Most Canadians don't realize they can haggle for higher rates on term deposits in the same way that they can dicker for lower rates on mortgages, polling shows.

And most, particularly women, dislike negotiating for products and services in general.

With those Ipsos Reid findings in mind, Coast Capital Savings announced Monday that it is eliminating all haggling in favour of offering consumers its best rates up front.

For term deposits, the promise is that everyone gets the Surrey-based credit union's best rates. You don't have to ask for it, and it is not dependent on your powers of negotiation or how much you are investing.

While that's reassuring for smaller investors, people should still shop around for the best rates in today's highly competitive market, said **Diane McCurdy**, of Vancouver's McCurdy Financial Planning.

Customers with large term deposit amounts have traditionally been able to negotiate preferential rates, although McCurdy noted in an interview that most limit themselves to no more than \$100,000 in any one account, because that's the maximum protected by government deposit insurance if the institution goes belly up.

For mortgages, Coast Capital's promise is "everyone gets the best rate possible." This means that each applicant will get the best rate that their credit background allows, the credit union said in a release.

"A customer with fair credit will get the same rate as another customer with fair credit, while two customers with a great credit background can also expect the same rate. Again, people will not need to haggle for the best rate possible; all customers with a similar credit picture will be guaranteed the same rate -- our best possible rate -- at all times."

Mortgage broker John Ribalkin of North Vancouver's Verico Nova Financial Services suggests borrowers continue to monitor newspapers for the best available rates and then ask their lender to match them.

"Seven or eight times out of 10, their financial institution will match, but there will always be exceptions because not everybody has a triple-A credit rating," he said in an interview. "Your relationship with your lender also matters. Sometimes, if the relationship is good, you will get a better rate than your financial situation may warrant."

Relationship marketing has become crucial to attracting and retaining customers in today's economy, said Lindsay Meredith, Simon Fraser University marketing professor.

"Eliminating tedious and stressful negotiation for good value products or services is certainly one way to ensure a better relationship with customers and this move by Coast Capital Savings will no doubt resonate with many," Meredith said in a release.

Last year, Coast Capital became the first and only full-service financial institution to offer a free chequing account.

Lloyd Craig, president and CEO, said the "haggle-free guarantee" is in response to a recent Ipsos Reid study commissioned by the credit union which found that 58 per cent of Canadians (61 per cent of women versus 55 per cent of men) dislike negotiating in general.

The December poll also found:

- Only 45 per cent of Canadians are aware consumers can negotiate higher rates on term deposits, compared to 70 per cent who know they can dicker for lower rates on mortgages.
- Younger and less well-off Canadians are significantly less aware of the opportunity to negotiate term deposit rates.
- Sixty per cent say they would be more likely to do business with a financial institution offering everyone the same rate for all terms deposits and one that eliminated the negotiating process.
- Sixty-one per cent feel that preferential term deposit rates for those investing more is unfair.

The survey has a margin of error of plus or minus 2.7 percentage points, 19 times out of 20.

mkane@png.canwest.com

No-Haggle Rates Vs. the Rest

How posted term-deposit rates offered by major financial

institutions compare*:

Coast Capital RBC TD Canada Trust Bank of Montreal CIBC Scotiabank

1-year 3.50% 2.15 1.90 2.15 2.15 2.15

2-year 3.60% 2.35 2.10 2.35 2.35 2.35

3-year 3.65% 2.45 2.20 2.45 2.45 2.45

4-year 3.75% 2.60 2.35 2.60 2.60 2.60

5-year 4.0% 2.90 2.65 2.90 2.90 2.90

* effective Jan. 9. All rates subject to change.