

What You Need to Know About Coercive Tied Selling

The *Bank Act* requires banks to inform customers in plain language that coercive tied selling is illegal. To comply with the law, Amex Bank of Canada is providing information explaining the following:

- 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.

What is Our Commitment to You?

We expect all employees at Amex Bank of Canada to comply with the law by not practicing coercive tied selling. 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 document.

What is NOT Coercive Tied Selling?

Most businesses, including Amex Bank of 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 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 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.

What is Bundling of Products and Services?

Products or services are often combined to give consumers better prices, incentives 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.

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 for granting a loan – but only to the extent necessary for us to manage our risk.

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

The Role of the Financial Consumer Agency of Canada

The Financial Consumer Agency of Canada (FCAC) supervises federally- regulated financial institutions, such as Amex Bank of Canada, to ensure they comply with federal consumer protection laws. The FCAC also helps educate consumers and monitors industry codes of conduct and public commitments designed to protect the interests of consumers. If you have a complaint in respect of any federal consumer provision, you may contact the FCAC at:

Financial Consumer Agency of Canada
6th Floor, Enterprise Building
427 Laurier Ave. West
Ottawa, ON K1R 1B9