

Itumeleng Lesofe

From: Wild Wings Safaris [onne@wild-wings.co.za]
Sent: Friday, April 21, 2006 7:37 PM
To: Banking Enquiry
Subject: bank charges

Dear Sir or Madam,

Having held bank accounts in various different countries as well as South Africa, I have no hesitation in stating that South Africa's bank charges are ridiculously high. It is not uncommon for someone with an average income of R5000 per month to spend at least R150-R200 or more per month on bank charges, while interest in credit balances is extremely low or non-existent. In my opinion it should become law that all credit balances on all accounts should earn at least the repo rate in interest.

I have heard banks make the excuse that the South African environment of poverty and high risk customers necessitate higher charges than those in Europe, for example, but those same banks turn such high risk customers away when applying for bank accounts or any form of credit. So that argument holds no water.

Even when compared to other developing countries with similar socio-economic conditions, South Africa's bank charges are far more expensive. With ABSA's R4 billion+ profit declared last year, it is clear that there is much room for improved service and lower rates.

One particular complaint I have is the warped practice of charging higher annual bank card charges the better your risk profile is. If I qualify for Silver status, for example, my credit card might cost me R140 per year annual fee (not counting transaction fees). If my profile improves to Gold status, I am considered a lower risk customer and I am likely to spend more on my card and therefore generate more commission on transactions. Yet my annual card fee goes up instead of down.

Cash is the most expensive type of transaction, allegedly because of high crime risk. Yet cheque fraud is rampant and cheque deposits cost very little. The ridiculously high cash deposit fees work unfairly against the poor, who are more likely to use cash. Any business that uses or receives cash is also highly disadvantaged, and the high cash deposit fees discourage saving. If I have R500 to save, it is ridiculous but true that I will have more money if I leave it under my pillow than if I deposit it in a bank account. This is outrageous.

I would fully support a full review and corrective action against South Africa's greedy banks. They are meant to be an integral SERVICE supporting South Africa's economy, not money-making corporate monsters that prey on poor South Africans.

Thank you for allowing public participation in this enquiry.

Kind regards,

Onne Vegter
First National Bank customer