

Itumeleng Lesofe

From: Gorgens Johann <jgorgens@sun.ac.za> [jgorgens@sun.ac.za]
Sent: Saturday, April 22, 2006 1:22 PM
To: Banking Enquiry
Subject: Banking fees

Dear madam/sir

I would like to mentioned the following information to the banking enquiry on banking fees in South Africa:

I have been considerably frustrated the last 4-5 years with the banking system in SA, and in particular with the exhorbitantly high fees, and am very relieved with the fact that an official enquiry is finally being launched into this matter.

I noted about 4 years ago for the first time that SA's banking fees were exceptionally high, also in comparison to Europe, where I've lived for several years. I then asked my banking contact at Absa in Plein Street, Stellenbosch, why banking fees in SA were so high, and why consumers were really being exploited. I was concerned in particular with the rapid increase in banking fees, much beyond the inflation rate, in SA since 1995.

Ms Loretta Thomas of Absa replied that the rapid increase in banking fees in recent years, which she agreed had taken place, was a deliberate effort by Absa to boost profits. According to her, Absa had done marketing research, which found that the market would be able to substantial increases in banking fees. As a result of the marketing research most of the banks proceeeded with rapid banking fee increases. According to her they were very happy with the substantial increase in profits and share price that followed, having accomplished what they set out to do.

I am honestly extremely unhappy about the biggest bank in SA openly admitting that they are purposefully undertaking completely unrealistic banking fee increase, simply because they are greedy, and not interested in provinding affordable banking. Also, I am convinced that one of the major reasons why Barclays recently bought a stake in Absa is because of the ability of Absa to earn masses of cash through banking fees.

I would be very interested to see that the current banking enquiry result in significant steps being taken to force banks to consider the needs of South Africans, and substantially decrease exhorbitant fees.

Kind regards,
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