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From: classcom [classcom@telkomsa.net]
Sent: Sunday, April 23, 2006 2:04 PM
To: Banking Enquiry
Cc: jvermaak1@fnb.co.za
Subject: bank charges and the current banking system in South Africa

To whom it may concern.

Firstly, thank you for being a part of this fantastic and necessary initiative. Hopefully Telkom as a monopoly will be next...

I have a few pertinent comments and will try to be brief as I'm sure you will receive thousands of responses.

Banks are allowed to change the conditions of the "contract" they have with their customers without consultation. In all other contract situations I am aware of this is highly illegal. I exempt the national interest rate related changes from this. The banks have all our contact details, particularly since the anti-terrorism etc rules came into place recently (fica?), and it would be pretty easy for them to at least advise us on changes so that we can choose to change our banking habits accordingly.

I took a student loan with Standard about a decade ago because I shopped around and they had the best offer at the time. One year later the fees and charges levied were unilaterally changed. I wrote a lengthy essay to them concerning the difference between a customer and an indentured servant / slave, and changed my bank. I never received a response from them. Unfortunately there is not much choice in terms of competition, and hopefully your inquiry will address this.

Unlike the situation where the oil refineries messed up the fuel supply chain around the beginning of this year, where recompense to individual consumers would be extremely hard to calculate, the banks maintain detailed records of all transactions. As such, it would be relatively simple for them to reverse unwarranted historical charges as determined by your commission, in an accurate manner, as far back as is decided upon. In this case a fine to the government would not help millions of individuals struggling to rise out of poverty. I really hope that your commission does include something like this in your findings as it would help many millions of people immediately.

There are thousands of people "storing" coins of our currency because the banks will no longer count them and have decided to charge 20% (varies, but all are high) on deposits in coins. In the eighties when I was young there were simple machines which 1. sorted and 2. counted coins much more efficiently - where have they gone? If I have to count all the coins before depositing them, and all the teller does is weigh the bags, how can the bank justify such a high charge? The poorer a person is the more serious this is.

The penalty fees charged for defaults in ie debit order payments is grossly out of proportion. Once again this affects more the poorer people who cannot afford a penalty of over R100, often on transactions of smaller value. Often these penalties place accounts in debt, with the associated high interest charges. It is ironic that the payment is refused because of insufficient funds, yet the banks have no qualms about creating an often unauthorised overdraft for their own penalty charge.

It takes 7 days to clear certain deposits such as cheques, and during this time the deposited amount is not available. Default payments and charges often occur in this window period. The banks should be able to clear many of these deposits much faster. This feels as if they are making a lot of money from having the extra few days with these funds available for them to invest with.

On numerous occasions I have complained to FNB that their "available balance" on an ATM or statement does not include the "accumulated bank charges" for the current month, and if one tries to draw ie R50 from a R55 balance, the transaction is rejected and the consumer is charged for trying to draw more than is available. As a

person in IT, the logic for calculating the available balance could easily and simply be changed to include the "shadow debt" in the system. Since this charge is small I'm sure few people complain and the bank adds another few unjustified millions to its profits each year through its own incompetence. It feels like a decision made on purpose - very insidious - particularly since I have complained about this to them in writing quite a while ago. Once again I received on response on this matter, and I try to complain constructively.

It is my opinion that the banking payment system should not be even majority owned by all four banks combined. It should be a totally independent company rendering services equally to all legitimate players in the industry.

I run my banking through a debit card as I refuse to use credit. As such I have no credit record and am discriminated against. Note I have no bad information available on my record either.

Debit cards are in some places refused while credit cards are universally accepted. This makes no sense since charges on a debit card transaction for the merchant are lower, and the money actually exists in the payer's account. The banks actively encourage us to go into debt (slavery) while actively discouraging us to save. This is not how it should be and does a huge dis-service to the economy on a long-term basis.

Credit card machines for merchants do not allow smaller traders to use them since they have to do a "minimum" amount of business on them per month. This is ridiculous. It would not be hard to design secure machines that allow ie ten merchants to share one machine, with their transactions occuring under different codes (swipe a merchant card then the customer's). This shuts many small businesses out of the loop, and often they lose potential sales because browsing customers do not carry cash due to the high costs and security risks of doing so.

Unfortunately, the banking industry forces us to "plug-in". We have no choice. Many employers will not pay employees in cash if they ask for it as the banks charge higher amounts for cash transactions, and there is also the associated security risks. The costs of cheques is also very high.

If I deposit cash at an atm and then draw it out, I have paid the bank approximately 5% of the amount (varies). What did they do to deserve this? They already invest deposited moneys and make large amounts on these investments. Members of the public who maintain positive balances should be rewarded more than they currently are for their positive monetary habits, which in affect play a role in supporting the value of our currency on the global stage.

My last comment is on service. FNB has been very good in this regard lately and deserve an honourable mention, however across the industry...

The banks' preferred clients work regularly and do not find it easy to go into the bank during their miserly opening hours. I understand tellers etc need to cash up at shift-end, but what prevents them from having shifts that better serve the public? This already happens in many developed countries across the world. As an illustration: some tellers begin at 7am and work until 2pm and cash out their desks, while others begin at 12 noon and end at 7pm. I would wager a lot (and I do not gamble) that the first bank to do this would attract many new clients immediately. In the present situation, half the staff appears to be on lunch at the busiest time of the day - lunchtime - when many clients use their legislated lunch hour to add stress to their lives by visiting their bank.

Although some of these situations described above are slowly changing, many are not, and a retroactive compensation to consumers as described above would go a long way in sending a message to all the unscrupulous businesspeople out there that such behaviour (fleecing the long-suffering public) is no longer acceptable and will not be tolerated.

I thank you for your time and attention, and hope that these suggestions and comments reach the right ears and minds. Thank you also once again for being a part of this highly commendable initiative.

yours sincerely

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7/28/2006