

Itumeleng Lesofe

From: Johan van Zyl [Johan.vZyl@eskom.co.za]
Sent: Monday, April 24, 2006 12:27 PM
To: Banking Enquiry
Subject: Banking Fees in South Africa

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Dear Sir,

I would like to add my support to the current initiative in South Africa regarding the high cost of banking. I operate a simple current account with a salary coming in once a month and payments made during the month, leaving the account more-or-less depleted at the end of the month. Payments are made via Internet, cheques or cash withdrawals. For this account I pay about R210 per month in various bank charges.

In comparison, if I had a "Personal Checking" account with the First Union National Bank in the USA which is a fairly large bank with 3400 own ATM's, I would be paying the following fees:

Monthly service fee = \$10 = R70

Unlimited free cheques per month (no cheque fee payable)

No transaction fees for using own ATM's = Rzero

Transaction fee for using other bank's ATM's = \$1 = R7

There is also a variation of this account where the Monthly service fee increases to \$12 = R84 and interest is paid to the client on money in the account (what a novel idea!)

This example given is not unique. There are many, many like this in the USA. There are even "free" cheque accounts such as the "Positively Free" account of the New York Community Bank where there is NO monthly service fee, no cheque charges, unlimited free cheques, no ATM charges for own ATM's and \$1.50 (or R10.50) for other bank's ATM's. (I invite you to have a look at what USA banks in general charge at URL <http://www.state.nj.us/cgi-bin/banking/bankfees/banklist.pl> - but I am sure you know that already).

The second issue I have with South African banks, is the huge disparity between interest charged and interest paid. Typically at present banks will pay a maximum of 7% interest on modest sums of money entrusted to them, but will not hesitate to charge up to double that or more on money lent out. In fact, most banks now also operate micro-lending businesses where interest rates of up to 100% interest p.a. is applicable. And this is aimed at the poorer segment of our population!

Lastly, a good indication of just how much money banks in South Africa make at the expense of their clients, is the huge amounts spent each year on sponsorship of especially sporting events. We have ABSA stadiums, Standard Bank Arena's, FNB Stadiums etc - and who pays for that? Are clients consulted whether they are happy to pay more in fees to subsidise sport in South Africa?

I trust you will be taking some of this input into account.

Regards.

Johan van Zyl

Eskom - Southern Region

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