

**From:** Alan Trotter [info@touchdown.co.za]  
**Sent:** Wednesday, April 26, 2006 7:31 AM  
**To:** Keith Weeks  
**Subject:** FW: Review of SA Banks - your report

Hi Keith

One further thought - it may be that the S.A.Bank's recoup bad debt losses, etc, not from increased fees or interest "CHARGED" to customers, BUT RATHER from decreased interest paid to deposit holders - the effect is the same as to what I allege! Perhaps bear that alternative in mind during your investigations

Keith, can you be so kind as to "reply" to this email so that -

1. I know that you received it OK; and
2. So that you can give me your work contact phone/fax numbers, as I have misplaced them after recoding them from last Friday afternoon's telephone call with you, i.e. when we first spoke

Regards, and good luck with your on-going investigations - they are vital for the South African public that you ultimately serve!

Alan Trotter (LLB - Victoria University, Wellington, NZ, 1972)

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**From:** Alan Trotter [mailto:info@touchdown.co.za]  
**Sent:** 21 April 2006 04:30 PM  
**To:** 'keithw@compcom.co.za'  
**Subject:** Review of SA Banks - your report

Attention - Keith Weeks

Hi Keith

Thanks for calling me back this afternoon

As I stated, I have experience in NZ Banking, having been a Barrister and Solicitor who acted for + 20 years for The National Bank of NZ until I retired in 1992 from Law practise.

I'm concerned about some Bank practises that I detect here relating to -

1. Non-recoverable Debt;
2. Heists; and
3. Sponsorship outlay

I'll deal primarily with "1" above - the other 2 factors follow similarly in my view.

When a bank encounters non-recoverable Bad debt from Customers - from bankruptcy/winding up with short-fall of Customer Clients, and just pure bad debt, non-recoverable, that is off-set in normal Western Banking circles, as I have always understood, by provision for Bad Debt - i.e. a "budgetary" item, nominated as such. However, what happens in South Africa, as has happened all too often, when that bad debt EXCEEDS the provision for bad debt? I have asked this regularly, and no one associated with SA banking has given a satisfactory answer - perhaps it's because that short-fall is covered from either an increase in Bank Fees (or more likely) and upward adjustment of the interest rate across all other loans of that Bank. It doesn't take too much imagination to understand how effective a 0.1% (or more) interest increase "across the board" would reap a lot of additional money - thereby recovering a shortfall (similarly recovery for an outlay of sponsorship; or a non-recoverable heist from insurance cover). I've never identified a SA Bank in an annual report referring to excess bad debt impacting on bottom line profitability - but some of them have had HUGE non-recoverable bad debt to cope with in recent years. Then there are the politically inspired programmes that lead to non-recoverable monies - large sums - which must have a bottom line impact. Somehow the SA Banks, seemingly almost uniquely in a Worldwide sense, to be able to absorb such shortfall as there is never any adverse comment about such shortfalls when comment upon profit performance. How is that so, one may ask? I say it's because the seeming "cartel" - and the SA Banks are a cartel in deed, if not in fact - is able to manipulate the public it is meant to serve by simply increasing fees and/or upwardly adjusting interest rates to cover short-fall.

PLEASE prove me wrong!

I shall read your report over the weekend and if needs be comment further to you.

I believe that the SA Banks need in depth forensic audit in respect to the allegations I make above - which may reveal much.

Question - why have interest rates on overdue credit card amounts not reduced over the years as other interest rates have reduced? Why is the Bank's lending rate at least 2.5% above the Repo rate of the Reserve Bank? This is out of sync with Banking climates off-shore.

As a separate topic, the method of Banks making Forward Exchange contracts available here is singularly unique, as no one can get a favourable, i.e. lesser cost, forward exchange result, simply because the way forward exchange is handled here. If one takes a fwd exchange contract, on the day of the deal made, the bank simply borrows the money, charges interest thereon for the period in question, and the forward exchange maturity figure is established - always higher than what is the rate on the day that the contract was taken out - i.e. no regard for the likes of the commodities markets which may foresee an exchange rate improvement for the period of exchange cover in question. How can that be so unique here, and yet so available elsewhere in the Western banking World. SA Banks here take no risk whatsoever - and the customer pays always more than the present rate - which is not the case elsewhere overseas where an exchange rate improvement is sometimes foreseen and reflected to the Customer. It is never foreseen here by the Banks

Thanks you for your