

Itumeleng Lesofe

From: Tina Singewald [tina@singewald.co.za]
Sent: Thursday, May 04, 2006 10:36 PM
To: Banking Enquiry
Subject: Complaint banking charges

To whom it may concern,

we as a small business are very upset about the South African bank charges. As we originally come from overseas, we know about service and charges in Europe and see how everybody is ripped-off by the banks here in South Africa.

One great achievement by the banks and its main purpose is that one can go to a bank counter and pay another person by means of a bank transfer, especially important for ordinary people who do not qualify for a cheque account and cannot give somebody a cheque as payment.

In Europe for example, all the cash what one brings to his bank is free of charge. Even if one goes to the counter and withdraws cash, it's free. Here in South Africa it was the same, since the cash deposit fee was introduced approx. 3 years ago.

This has thrown the service delivery of banks back in time by 50 years!

CASH DEPOSIT FEE

The biggest ripp-off is the cash deposit fee, which was introduced to my records 3 years ago and all major banks have joined forces to charge for cash deposits and cash withdrawels each 1% at least!

Secret contract

In my opinion all the major banks in South Africa have agreed in a secret contract in respect of the cash deposit fee because:

1. The cash deposit fee was introduced by **ALL** major South African banks at the same time*
2. All the banks charge at least 1% for cash deposits and 1% for cash withdrawels regardless how much money is involved.
3. The cash deposit fee is **NOT** negotiable at all regardless how much money is involved or if one is a good client

* all the banks which offer cheque account service and credita card facility

The Ripp-Off

Wheras before introduction of the cash deposit fee all the banks had different payment options as: cash deposit, bank transfer at the branch, internet bank transfer, cheque payment, the payment options have reduced drastically to the major disadvantage of the normal client:

A.) It is NOT possible any more to make an ordinary bank transfer at the branch!

To make everybody understand, why this is a major setback for service delivery at the bank I give here the following scenario:

A worker is divorced and has 3 children with his former wife. She lives in Carltonville with the children and has her savings account at Bank"A". The worker works on construction in Pretoria. His salary of R3,000.00 is transfered every month into his savings account at Bank"B". At the end of each month he has to pay R750.00 maintenance to his former wife. Whereas before the cash deposit fee was introduced he made an ordinary bank transfer which costed him R 3.00 and which took 1/2 hour of his time, he now is 3 hours on the run to get the money into her bank account.

1. He goes to his bank, Bank"B" right after work: 15min
2. He has to queue 40min at his bank (because all the South African banks are overloaded at the end of the month) to cashwithdraw the R750.00 at the counter
2. His bank is charging him R7.50
3. Then he has to take transport to get to Bank"A" (her bank), which takes him another 45min

4. He has to wait another 45min in the queue
5. He has to make a cash deposit into her bank account
6. Bank"A" is charging his former wife as well R7.50
7. He has to get home

Conclusion:

Whereas previously people had the convenience to go to the branch and make a bank transfer, one now has been thrown 50 years back in time and has to spend a lot of time to get the bills paid at the end of the month. This is especially not understandable as internet banking could easily be installed at all the bank counters, electronically payments could be done in every bank. Payments are today easier processed than in the past. The banks offer less service (no bank transfer-no cash transports) but charge more (1% on deposit and 1% on withdrawel). They leave it to the people to get the money into another's bank account. This means as well that 2% of money transfered from one person to the other by means of cash withdrawel and deposit are lost in the banks, whereas a bank transfer cost a fixed charge and only one side has to pay!

B.) Bank account holders have no control over charges

Small business and private people have to suffer especially as they have no control over payments done into their accounts: Whereas most of South Africans are scared to use internet banking and have no computer at home or are even not computer literate, most of all payments these day are done by cash deposit as the banks do not offer any more any kind of bank transfer. Here is a scenario:

Company"A" has sold a vehicle for R40,000.00 to a private person. The private person is scared to use internet banking and has to make a cash deposit. Company"A" is at Bank"C" and the private person is as well at Bank"C". The person goes to the counter and makes a cash withdrawel, which costs him R400.00. Then he deposits the money into Company"A"s bank acocunt at the sames branch and this costs the company as well R400.00. The bank has nothing done, not even counted the money but earned R800.00 ---> **this is the ripp-off!** Company"A" had no control over the charge of R400.00. It was not possible to say: "No, pay me by collecting the vehicle", it could not avoid being charged that much.

This situation is paradox:

Payment by cash withdrawel and cash deposit: bank's gain: R800.00

Payment by internet banking: R4.50 and that is it.

Again: most of South Africans are scared to use internt banking and especially elder people rather stand in the queue and loose more money, because they do not know about the advantages of internet banking and they are scared they could do something wrong.

The banks have these days in their branches at least 2 computer terminals standing that one can do internet banking, but only a few people are using it and the chairs are mostly empty. My question is: why can't the bank clerks do the electronic transfers and take the burden from people who are not that educated to learn how to use a computer?

C.) Small business suffer the most

Small business which earn most of their money by sellling goods or manufacture for private people and small companies suffer the most, because lots of businesses need a deposit or the whole payment before they start manufacturing or delivering. Therefore a cash deposit payment is the only way possible since three years.

D.) The banks promote under their employees to apply cash deposits whereas other payments would have been possible as well

Here a case which really happened to my friend:

My friend wanted to import goods from overseas and the bank recommended to open a call account where R150,000.00 were deposited. The deal went saur and she wanted to have her money bach into her bank account. She went to the bank and closed the call account. The clerk at the branch wanted to deposit the R150,000.00 by means of cash deposit. That would have cost my friend R1,500.00! Only to get the money back, not even counting of bank notes involved!!! Only when she complained and shouted at the clerk, a cheque deposit by means of bank guaranteed cheque was done.

Isn't this ridiculous and pathetic? How far can the banks go? Somebody must stop them from this incredible ripp-

off!!! It is not understandable that the bank gets always 1% of monies. This might not be much by small amounts, but for small business it is painful, as the 1% is taken from the turnover, it is much more from the profit they make on the goods. The worst is the steel business whereas sometimes the material price is 80% to 90% from the turnover made.

I sincerely hope that the commission is seriously reading my email and looking as well if the banks break any laws in respect of secret contract (monopoly behaviour) and the imbalance of cash payment charges and internet banking charges (see **B.**)

With Kind Regards