

**Kamogelo Seleka**

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**From:** Rob Turrell [rturrell@mweb.co.za]  
**Sent:** Sunday, November 05, 2006 9:44 AM  
**To:** Banking Enquiry  
**Subject:** Nedbank money market account charges

Dear bank charges commission,

Last week, it was reported that Nedbank became the first of the big four banks to testify in front of the Competition Commission's banking enquiry public hearings into bank fees and the national payment system (NPS).

"We are committed to bringing down banking fees," Shuter said, citing several examples where Nedbank has cut costs over the past year.

Let me cite one example where Nedbank has increased fees over the past year.

I have a Nedbank money-market investment account that I use as my ordinary transactional account. I earn interest at money market rates provided I keep R20 000 in the account. When I dip under R20 000, I earn 0% interest, and the charges for ATM and other transactions are no longer preferential.

From July 2005 to June 2006 I managed to keep bank charges down to R500 a year.

In the new charging cycle, from July 2006, while Nedbank were confirming to the public how mindless their charging policy is by listing the charges that were not increasing, the bank introduced a "maintenance fee" of R31 per month for accounts whose balances dropped below R20 000. Nedbank did not tell their customers of this increase. They certainly did not tell their staff in my branch at Constantia.

Effectively this will increase my charges to R1 000 a year for precisely the same service offered as in the previous year.

Either an actuary worked out that the interest earned by Nedbank on the R20 000 was no longer enough to cover income lost on the preferential charges or a directive was handed down that all money-market accounts should bring in to Nedbank at least R85 per month.

Accounts in credit should earn interest and be charge free. A flat fee, irrespective of transactions, should be charged on accounts in debit. The first bank that introduces such a regime will suck clients from other banks in a whirlwind.

Surely it is time that South African retail banks earned the majority of their income from investments rather than from service charges?

Rob Turrell

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