

E-mail : afep@mweb.co.za
Phone : (012) 663-1811
P.O. BOX 9462,
CENTURION,
0046.
22 February 1999.

Att. Mrs.Lungi Matshikiza,
Public Hearing on Bank Charges & Interest Rates.
Parliament Towers (9 Floor)
P.O. Box 15,
Cape Town, 8000.
Fax (021) 462-2142

Dear Madam,

Re : **PUBLIC ENQUIRY INTO BANK CHARGES**

The high interest rates charged by banks, as well as their transaction fees are a great concern to me, and many South Africans.

INTEREST RATES

Homes and cars are not luxuries in South Africa, and in the light of this, the proper relief should be granted to the consumer when purchasing one of these commodities.

The gap between the repo rate and prime is too large. This gap should not be more than 1%, instead of the $\pm 4\%$ that it is currently.

HOME LOANS

Interest rates are excessively high. These should be structured on a sliding scale relating to a person's place of abode and the amount of the proposed loan. E.G. A person living in a low income area should be subsidized by a person living in a more affluent area. If a person living in a middle class area applies for a small loan, then his interest rate should be the same as a person who lives in a lower income area. However, should he require a larger loan, then his interest rate must be fixed according to the interest scale, and not the area where he lives.

An example of sliding scale are as follows:-

Up to R50,000.00	3%
R51,000.00 – R120,000.00	5%
R121,000.00 – R200,000.00	8%
R201,000.00 – R250,000.00	12%
From R251,000.00	18% to prime.

PERSONAL LOAN

Personal loans for young people starting out in life are also very high. Study loans should be at a low interest rate.

PRIME RATE

Prime is fixed too high as determined by the repo rate and should be lower.

CAR LOANS

Cars are a necessity and should be subjected to a sliding scale of interest similar to home loan suggestion.

BANK CHARGES

Bank charges for transactions are not constant. For cheque accounts, charges fluctuate depending on the amount the cheque has been made out for. This is not acceptable as the handling of a cheque of a small amount involves the same amount of work as the cheque of a large amount. Fees should be standard.

ATM charges should be low because there is little human supervision required as most of the operations are electronic.

I wish to make oral representation when the commission sits in the Pretoria/Centurion area.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'K.L. Grater', written in a cursive style with large loops.

K.L.GRATER