

Solidarity Bank costs Report

A comparative analysis of the costs of
personal transaction accounts
at five South African banks

October 2010

Issued by the Solidarity Research Institute



A comparative analysis of the costs of personal
transaction accounts at five South African banks

October 2010

DISCLAIMER

No part of this report is intended to give official financial advice to any particular person or group of persons. Solidarity and/or AfriForum assume no responsibility for the manner in which any part of this report may be used.

Although every effort has been made to convey information supplied by banks in their price literature and on their telephone helplines accurately, errors may have occurred in the transcription and/or interpretation of the data.

Solidarity and/or AfriForum do not guarantee the accuracy of the data and assume no responsibility for any consequences that inaccurate data may have.

1. Summary of results of the comparison of bank accounts	4
2. General observations about transferring a bank account.....	8
3. Comparison between different banks and accounts	11
3.1 <i>Capitec – general information and impressions</i>	16
3.2 <i>Absa – general information and impressions</i>	17
3.3 <i>First National Bank (FNB) – general information and impressions</i>	19
3.4 <i>Standard Bank - general information and impressions</i>	21
3.5 <i>Nedbank – general information and impressions</i>	22
4. Comparison of bank accounts according to different user profiles.....	24
4.1 User profile one – R7 500 per month.....	24
4.2 User profile two – R10 500 per month	32
4.3 User profile three – R17 500 per month.....	40
4.4 User profile four – R31 000 per month.....	48
4.5 General impressions from the cost comparison.....	56
4.5.1 <u>Costs of transmission accounts</u>	<u>56</u>
4.5.1.1 <i>Capitec.....</i>	56
4.5.1.2 <i>Absa.....</i>	56
4.5.1.3 <i>FNB.....</i>	57
4.5.1.4 <i>Standard Bank</i>	57
4.5.1.5 <i>Nedbank.....</i>	57
4.5.1.6 <i>Conclusion on transmission accounts</i>	57
4.5.2 <u>Costs of current accounts.....</u>	<u>58</u>
4.5.2.1 <i>Absa.....</i>	58
4.5.2.2 <i>FNB.....</i>	59
4.5.2.3 <i>Standard Bank</i>	59
4.5.2.4 <i>Nedbank.....</i>	60
4.5.2.5 <i>Conclusion on current accounts</i>	61
Appendix A – Complete table of costs per account	62
Appendix B – Cooperative banks.....	67

1. Summary of results of the comparison of bank accounts

This report compares the bank charges of different bank accounts held at five commercial banks in South Africa. The comparison is based on a range of user profiles, each with a different combination of monthly transactions.

Accounts were selected which are relevant to the socioeconomic characteristics of the major part of Solidarity and AfriForum's membership and support base. In most cases, this covers all the basic and intermediate transaction accounts offered by the banks in question.

The methodology followed requires that the interest on a positive balance as well as the loss of possible interest on a minimum balance that has to be maintained in order to receive a discount on bank charges must be included in total costs. Although Appendix A contains tables in which the effect of interest has been omitted, fair comparison actually demands the inclusion of interest or forgone interest.

For certain reasons, aspects such as the costs of credit cards, overdrafts, home or vehicle financing, private banking services and other matters not forming an intrinsic part of transaction accounts were not included in the analysis.

Banks' terminology and account names were in most cases left unchanged in order to prevent any confusion. Transmission accounts are italicised.

For illustrative purposes one can assume the banking habits of a fictitious person called John. John spends about R10 500 per month. He tries to use electronic banking services wherever possible, as his bank recommends. Also on his bank's advice, he tries to do only a small number of transactions each month and rather to spend larger amounts at a time. John makes one cash withdrawal of R1 000 per month and makes a payment with his debit card three times a month. He has five debit orders, four stop orders and does three internet transfers per month. On average there is one alteration to a stop order per month. John also uses his bank's SMS notification service to keep abreast of activities on his account. He makes a balance enquiry once a month and receives his monthly bank statement electronically. He manages to maintain the minimum balance required by his bank and never breaks any of his bank's rules. John's bank charges for the cheapest 20 accounts with the different banks investigated are as follows:

	John's bank charges: Bank, account and option	Average monthly costs
1	<i>Capitec – Global One (R42,73 interest)</i>	R6,77
2	<i>FNB – Smart – Unlimited</i>	R62,84
3	<i>FNB – Smart – P.a.y.u. (Fee saver) (R21,37 forgone interest)</i>	R76,02
4	FNB – Smart Cheque – Unlimited	R78,34
5	Nedbank – Savvy Electronic	R90,25
6	FNB – Silver Cheque – Unlimited	R93,35
7	<i>Nedbank – Transactor Plus – P.a.y.u.</i>	R96,75
8	FNB – Smart Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R97,61
9	FNB – Silver Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R97,61
10	Absa – Silver Package (R16,52 interest)	R98,39
11	Absa – Current – Rebate (R42,73 forgone interest)	R100,93
12	Absa – Gold Current – Rebate (R42,73 forgone interest)	R100,93
13	Standard Bank – Classic Cheque – Fixed fee	R111,95
14	Nedbank – Everyday Current	R116,25
15	<i>Standard Bank – E-Plan (R8,30 interest)</i>	R130,15
16	Standard Bank – Classic Cheque – Rebate (R42,73 forgone interest)	R130,93
17	Standard Bank – Achiever – Rebate (R42,73 forgone interest)	R130,93
18	Absa – Gold Package (R16,52 interest)	R138,39
19	<i>Absa – Flexi</i>	R143,31
20	Standard Bank – Achiever – Fixed fee	R155,95
	<i>This table represents a simplified version of part of the results of the study. For more accurate results, please study the part of the report that contains detailed tables and graphs. The fact that an account is cheaper for this profile than another account does not necessarily imply that this will also be the case for any other level of spending and spending pattern.</i>	

If an average of the basic user profiles not including penalties is taken, the cheapest 20 different bank accounts examined rank as follows:

	Bank, account and option	Average monthly costs
1	<i>Capitec – Global One (R42,73 interest)</i>	R20,76
2	<i>FNB – Smart – Unlimited</i>	R63,79
3	FNB – Smart Cheque – Unlimited	R79,29
4	Nedbank – Savvy Electronic	R89,08
5	FNB – Silver Cheque - Unlimited	R94,30
6	FNB – Smart – P.a.y.u. (Fee saver) (R21,37 forgone interest)	R104,80
7	Absa – Current – Rebate (R42,73 forgone interest)	R109,24
8	Absa – Gold Current – Rebate (R42,73 forgone interest)	R109,24
9	Nedbank – Everyday Current	R115,08
10	<i>Nedbank – Transactor Plus - P.a.y.u.</i>	R117,44
11	Absa – Silver Package (R16,52 interest)	R118,32
12	Standard Bank – Classic Cheque – Fixed fee	R120,00
13	FNB – Smart Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R126,39
14	FNB – Silver Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R126,39
15	Absa – Gold Package (R16,52 interest)	R140,82
16	Standard Bank – Achiever – Fixed fee	R164,00
17	Standard Bank – E-Plan (R8,30 interest)	R169,70
18	Absa – Platinum Package (R16,52 interest)	R170,82
19	<i>Absa – Flexi</i>	R173,92
20	Standard Bank – Classic Cheque – Rebate (R42,73 forgone interest)	R186,36
	<i>This table represents a simplified version of the results of the study. For more accurate results, please study the part of the report that contains detailed tables and graphs. The fact that an account is cheaper for this profile than another account on average does not necessarily imply that this will also be the case for any other level of spending and spending pattern.</i>	

These results are in broad agreement with those of Finweek's latest analysis of bank charges, which were obtained with a methodology that differs fairly markedly from the methodology used for the present study. In the Finweek study only the four largest banks were compared, and the finding was that at present FNB is the cheapest, followed by Nedbank, Absa and Standard Bank.

However, different bank clients have different needs and different transaction patterns which do not necessarily correspond to those of the profiles used in this study. Closer investigation is therefore needed before any decision about a specific bank account is made.

2. General observations about transferring a bank account

People who are dissatisfied with a hairdresser or grocer's prices, service or any other aspect switch to another provider of similar products or service fairly easily. Transferring a bank account, on the other hand, is regarded as difficult, cumbersome, confusing and time consuming. Consequently people are less inclined to move their banking affairs, even if their bank does something that gets their goat. The impression is gained that bank clients prefer to shut their eyes and pay the charges rather than try to find out whether they can perhaps find a cheaper service elsewhere.

The Competition Commission's comprehensive study of banks' competitiveness and the costs of transferring personal bank accounts includes a section on the costs of moving bank accounts and searching for the best new account. Unfortunately, the exact figures were rendered illegible in the report for reasons of confidentiality, but the Commission found that the costs of transferring accounts can easily exceed 5% of the total charges of an existing account for three years. This calculation takes into account only the cost of a 1-hour search for an alternative account. Bearing in mind that this report took several weeks to compile, one can agree with the commission that the assumption of one hour of searching is very conservative. It is hoped that this report will succeed in reducing the search time.

Most banks advertise that they will help new clients transfer their account to a new bank. Transferring debit orders, in particular, can be complex, and this is where banks say they offer much assistance. However, it was not possible within the scope of this report to determine whether all banks do offer such a service and how effective such services are. Another aspect that is sometimes mentioned is that banks will transfer an existing overdraft and settle the outstanding amount at the previous bank. It could not be determined whether this is indeed done in all cases and what the conditions of such an agreement are. It can be assumed that a client's credit risk is likely to be evaluated differently at the new bank.

Several banks and other advisers also indicated that that moving debit orders is the trickiest part of transferring a personal transaction account. Some service providers who are paid by means of a debit order tend to resist debit order transfers because they fear they will lose their regular payments. Complications can also arise with regard to an employer's ability to transfer the deposition of a salary to the new account in time. Where debit orders do not move to the new account on time, or where the salary deposit does not move on time, dishonour fees may be charged for rejected debit orders. Such fees can amount to several hundred rand. If a debit order is used to pay for insurance or medical cover, a rejected

transaction can also lead to the service provider suspending cover, possibly without the client's knowledge.

The advice Solidarity obtained in this regard is that the client should, if possible, keep the old account active with a balance that is sufficient to cover debit orders until it has been definitely established that all automatic deposits and payments have been moved to the new account. The new bank will often waive any penalty fees on the new account in the first month or two, but the old bank will of course not easily be so generous.

This report does not deal with savings accounts in detail, as such accounts are transferred mainly for two reasons only: the effective returns earned by the balance and the level of access to the money. This information is generally very simple and easy to get, which should enable any bank client to quickly collect the necessary information himself.

Transferring mortgage loans, vehicle financing or any other kind of loan can be difficult, time consuming and expensive. Apart from possible penalty fees for early redemption of the old loan, there are transfer fees and the new lender may charge an initiation fee. Another aspect of the matter is that the new loan may not be granted at the same or a better rate of interest than the previous loan – market and personal circumstances would probably no longer be the same as when the original loan was granted.

Business finance and business banking services do not fall within the scope of this report either, since many aspects of these again depend on specific circumstances of each business rather than on fixed factors at every bank.

Many banks also offer other services, such as credit cards, investment services, estate administration, financial advice etc. These services are also too numerous and too complex for the scope of this report. Every bank client can judge for herself which of the services the current bank offers are useful and then determine whether the new bank offers a similar service that is as good or better.

There are already tools on the internet for comparing bank charges and other financial products. Two large independent websites offering such services are www.justmoney.co.za and www.thinkmoney.co.za. However, users of these websites should always compare any results generated by the calculation tools of these websites with regard to bank charges with the official brochures and telephonic advice given by the banks, as the information on these websites is not necessarily always 100% correct or up to date. For example, the calculation tools of one of the websites makes no distinction between internal (where the beneficiary

uses the same bank) and external (where the beneficiary uses another bank) debit orders, although bank accounts often charge different fees for these two types of transactions. Nevertheless, these websites may be convenient and useful aids to facilitate the search for a new account or other financial products. Assessments of service quality and other aspects of banking services can also be found on these websites.

The websites of most banks also have tools that can be used to compare the bank's own accounts.

A last, general point to make is that it should not be unusual to have different accounts at different banks or institutions. Few people buy all their groceries and other domestic goods at only one shop -- clothes are bought at one shop while food is bought at another shop (or shops), medicine at a pharmacy and electronic equipment at yet another shop, while books are perhaps bought on the Internet. The reason is that although there are large supermarkets which stock all the different products mentioned above, the specialisation of the different shops enables them to supply services or products at better prices or of a better quality. In the same way bank clients can make use of different banks or other service providers on the basis of the prices or service quality of each provider for each different product.

3. Comparison between different banks and accounts

The purpose of this study is not to pass comment on or criticise the fact that South African banks charge certain fees or the level of the fees charged by the banks. A very comprehensive study of this issue has already been conducted by the Competition Commission, unfortunately with few concrete results. The present report is only a comparison of the different options available to South African holders of transaction accounts.

The main source of information for this comparison between different bank accounts is the banks' own websites. The banks' telephone helplines were also consulted to obtain greater certainty in cases where uncertainty existed.¹

Employees of some of the banks approached by Solidarity were also contacted in person. The information obtained in this way was not used in the general comparisons, however, because not all banks were consulted in person. Making use mainly of the banks' websites and telephone helplines is therefore actually a way of treating all banks the same way as regards the accuracy, clarity and comprehensibility of their websites and the accuracy and consistency of the information supplied on the telephone helplines. All the information used in the comparison is therefore the same information that is available to the ordinary public.

Attempts were made at all times to use the latest information and to convey it accurately. The information was collected mainly between 6 October 2010 to 12 October 2010 from the websites and by using the helplines. Any changes made after this period will not appear in this report. It is also possible that errors were made in transcribing the information, although accuracy was pursued. This information must therefore not be viewed as an exact reflection of what would appear on the statement of a bank client holding any of the respective accounts – there may have been changes after 12 October, the brochures and helplines may have been wrong and errors could have occurred in transcribing and/or interpreting correct data. In essence, this comparison is merely a way of consolidating information that is in the public domain and representing it in a simpler way.

¹ A record was not kept of the number of telephone calls made and the duration of each call, but the combined duration of the phone calls amounted to several hours. In spite of banks' ShareCall numbers, the costs associated with making phone calls of this duration would have been considerable for an ordinary bank client.

It must also be said that it was not always clear whether the consultants at the call centres understood questions correctly or gave the right answers.

The figures used in this report will definitely be out of date in a few months' time. It is important to bear this in mind and to research bank charges personally before making any decision about personal accounts.

Solidarity and/or AfriForum are not using this report to give any of our members or any other readers of this report any financial advice. No recommendations concerning any specific banking product are made by the organisation(s) in question. Neither does either of them discourage anyone officially from using any specific bank product. Readers are encouraged, however, to consult the different banks (as well as banks not dealt with in the report) and to obtain financial and advice from them after studying the report. Readers are also advised to confirm any information contained in the report with the respective banks themselves before making a decision on a specific account or option.

Only the so-called Big Four (Absa, First National Bank, Nedbank and Standard Bank) and a fast-growing, relatively new bank, Capitec, were included in the comparison. There are also several other commercial banks, co-operative banks² and non-bank financial service providers competing with the five banks compared here. Most of these institutions either have a small geographic footprint,³ offer limited services or focus on market segments that differ from those to which most of Solidarity and AfriForum's members and supporters belong. For these reasons, and also because of time constraints, only the charges of the above-mentioned five banks were investigated.

Only the charges for transaction accounts were compared. Products such as investment accounts, housing loans, vehicle financing or business accounts were not investigated, since the rates and benefits associated with transactions/accounts of this kind depend to a greater extent on personal circumstances and features and are not standardised to a high degree as in the case of charges for transaction accounts. Broadly speaking, there are two types of transaction accounts: transmission accounts without an overdraft facility and current accounts, which may offer an overdraft facility. On the face of it, transmission accounts appear to be 'cheap' and to target people with a lower income, but this is not necessarily the case, as will become apparent later. All the banks (except Capitec, which offers a transmission account only) offer both types of account.

² Refer to Appendix B for more information on co-operative banks like Oranjekas.

³ A number of smaller banks or service providers that do not have many branches of their own or other infrastructure use the established infrastructure of the large banks (like Absa). However, this arrangement does not signify ownership of the smaller banks by the large banks.

The user profiles compiled are based on monthly expenditure ranging from R7 500 to R31 000. It is important to note that in order to make provision for people who spend much less than they earn, the basis is expenditure and not income. People spending at the upper level of R31 000 per month are probably more concerned about additional benefits such as a personal relationship manager than about bank charges. Such people are also welcome to look at the general trends in this comparison, but will have to personally investigate which bank suits their needs best. People spending less than R7 500 per month will probably be interested mainly in the lowest bank charges, and this comparison clearly shows which accounts are the cheapest.

The different user profiles (transaction combinations) drawn up are broadly based on a set of principles that generally corresponds to the recommendations made by banks on how to reduce bank charges. These principles are:

- As few cash transactions as possible
- Larger amounts and fewer transactions rather than many low-value transactions
- As little personal visits to a branch as possible
- Relatively little contact with ATMs
- Use of SMS notification of activity on the bank account
- No provision for an overdrawn account
- No international transactions
- No use of cheques
- No use of a credit card
- No use of a garage card (fuel card)
- No distinction is made between a cheque card and a debit card.

The reason why overdrawn accounts and credit cards were left out is that if the large number of different options, combinations, interest-free periods and interest rates available were included they could influence the results of the comparison too much. For example, one of the Big Four banks has almost 30 different types of credit cards, each with its own interest rate and other conditions and benefits. Readers of the report are welcome to investigate all the different options available themselves. Garage cards were left out because a very large number of filling stations, if not all of them, now also accept payment by debit cards (and ordinary credit cards), which makes a garage card unnecessary.

There is a general trend among the public towards the use the various types of electronic banking services and reducing the personal contact with branches and even with ATMs.

People who still personally write out and/or receive cheques and/or regularly deposit cash at a bank will have to draw up their personal usage patterns and make their comparisons themselves to determine the best alternative. However, the cheaper option would be to make use of the new possibilities offered by the internet, telephone and cellphone banking services.

Additional advantages that differ from one account to another, such as FNB's e-Bucks, Nedbank's Affinity programme and access to VIP lounges at airports etc. are not taken into account either, as their real value is impossible to quantify. Access to a comfortable room at the airport may mean much to one person, whereas another person might never use it at all or might not mind sitting in the public waiting area.

For each user profile two alternative profiles were also drawn up. In one alternative, provision is made for one dishonoured payment fee which is charged when a debit or stop order cannot be honoured due to insufficient funds in the account.⁴ In the other alternative, one cash withdrawal is made at the ATM of another bank, with the consequent higher cost. These alternatives give an indication of how much more expensive the respective accounts can become if the rules are not observed.

For account options requiring that a set minimum interest-free balance must be kept in the account in order to get a rebate (discount) on bank charges, the interest income forgone (equal to the highest interest rate paid at present on R10 000 on a similar product, Capitec's account) was calculated and added to the total bank charges for the account. This makes the comparison fairer. For accounts where positive interest can be earned (one with Capitec, three with Absa and one with Standard Bank), the highest balance that must be maintained on another account (namely R10, 000) in order to get a rebate was used to calculate the interest that would be earned in one month. This was then deducted from the bank charges in order to make the comparison fairer.⁵ The amount of interest is shown in each case, so that readers who think they cannot maintain such a balance can see what adjustment must

⁴ Keep in mind that only one such occurrence is provided for in the alternative profiles where a dishonour fee is charged, while it is more likely that the dishonour fee will be charged for each scheduled payment and probably more than once a month for each payment. For people who cannot afford to keep a "buffer" of money in their current account, one late salary payment could result in dishonour fees amounting to hundreds or even thousands of rand being charged.

⁵ If Capitec alone is considered, this approach is, in fact, unfair towards Capitec, seeing that the bank pays interest of 7% on balances under R10 000. Therefore, someone who keeps R9 999 in a Capitec account will earn interest of R56,54 within the first month of the account being opened, whereas someone who keeps R10 000 in his account will earn interest of R42,73.

be made to the costs.⁶ In the case of the user profile where a penalty fee is taken into account, the effect of positive interest has been removed because a penalty is charged only if there is not enough money in the account, which implies that the required minimum balances to qualify for a rebate were not maintained.

A further point to note is that the costs for accounts where there is no charge for "the first" of a certain number of transactions per month are subject to adjustment depending on which transactions take place first. For example, if the first 10 transactions are free and 10 transactions are done for which the charge is R2,50 each as well as 10 for which the charge is R10 each, then the monthly charges may vary drastically depending on which transactions take place first. If the R2,50 transactions are done first (and are therefore free), all the R10 transactions must be paid for and the total cost is R100. On the other hand, if the R10 transactions are done first, then they will be free and the total cost for that month will be only the R25 for the ten R2,50 transactions. In comparison it was assumed throughout that transactions such as withdrawals and card payments take place earlier than stop orders and that stop orders take place earlier than debit orders.

A general assumption is also made that fees for the replacement of lost cards or postdated cheques that bounce will not be charged. The inclusion of such fees, for which most clients will rarely be charged, would distort the monthly cost profiles.

The user profiles are also based on relatively large amounts and relatively few transactions. In the profile where the monthly expenditure is R7 500, there are 11 transactions of R500 each and one transaction R2 000. If there were smaller amounts and more transactions, the bank charges would naturally be higher. The approach of few transactions and relatively large amounts was used to give banks the benefit of the doubt in the sense that the limits of their package options were generally adhered to. The package options are accounts where fixed monthly fees are paid in exchange for no bank charges on a certain number of allowed transactions.

⁶ It can be argued that, for purposes of comparison, income from interest on the same amount (R10 000) should be applied to other accounts where a minimum balance does not apply and that do not earn interest on positive balances as well. Someone who has an FNB Smart Cheque unlimited account, for example, but who also has R10 000 cash, could, after all, put that R10 000 in a separate savings account and earn interest on it. Readers of the report who do consider such an option to be feasible can deduct about R43 from the bank charges of every such account (where a minimum balance does not apply and that does not earn interest) to arrive at figures that can be compared with interest-bearing accounts.

It was also decided not to make extensive comparisons of accounts for teenagers or young adults, students, older people or pensioners. Most of the banks do have accounts targeting specifically these groups and for which the charges are generally much lower than those for ordinary accounts. Based on an overall view of the options offered by the different banks to these groups of people, there are no markedly significant differences between the different banks. Youths and older people should, therefore, take the trouble to ask banks about products specifically designed for them.

The terms for the different transactions and account options have generally been retained as found on the banks' websites in order to prevent possible confusion when readers of the report consult the websites or banks for further information themselves.

The banks are discussed in no specific order.

3.1 Capitec – general information and impressions

Capitec is a relatively new bank and is not known as well as the Big Four yet. Many people may be under the general impression that Capitec is a microlender, but this bank has been offering transactional banking services for several years already. The bank had some 350 000 account holders in 2004, and according to the latest annual report it has more than 2,5 million active clients. Capitec is an independent bank and is not owned or controlled by any of the other large banks.

Capitec's product offering is the simplest of all the banks considered in the comparison. The bank has only one transaction account, the Global One Account. In other words, clients are not segmented according to their level of income at all. The bank charges are also laid out very clearly on the bank's website, and the bank's call centre operators are well informed and were able to answer enquiries about the account efficiently. Although there are no voice prompts for language preference, the operators were often able to speak Afrikaans when asked.

The limitations of the Capitec account are that it does not offer the option of a credit card, overdraft facility or cheque book. Although Capitec does not offer a credit card itself yet, it is possible to have a Capitec account and to get a credit card from an external service provider. Capitec does not offer cellphone banking services either, but internet banking services are available. A once-off fee of R125 is charged for activating internet banking services. Like the cards from other banks, Capitec's debit card can be used internationally.

Capitec strongly focuses on making it as simple, easy and paperless as possible for people to do their banking. Debit card transactions are free, and generally speaking internet banking services are very cheap in order to encourage people to use cash as little as possible. Capitec's ATM fees and cash withdrawal fees at cash registers in shops are also low, however. Although Capitec's ATM network is much less extensive than the networks of most other banks, it is relatively cheap to draw money at another bank's ATM. Capitec charges a fixed fee of R3,75 per withdrawal at a Capitec ATM and a fee of R7 per withdrawal at the ATM of another bank. To put it into perspective: An Absa client with the standard current account pays R8,50 to draw R500 at an Absa ATM, whereas a Capitec client pays only R7 to also withdraw R500 at the same Absa ATM.

Capitec's penalty fees (such as the dishonour fee for a debit order that is dishonoured because of insufficient funds) are set at R3,75, the lowest of all the accounts of the different banks studied.

A further feature of Capitec's transaction account is that the bank currently pays 7% interest on balances below R10 000 and 5,25% interest on balances exceeding R10 000.

Capitec's account is therefore suitable for people who do not need a cheque book or overdraft facility and who do not mind using an external provider's credit card. People who are able to maintain positive balances on their cards are rewarded with interest.

3.2 Absa – general information and impressions

Absa needs no detailed introduction to the readers of this report. Absa is an established commercial bank with a wide range of accounts and options for clients. In the brochure available on Absa's website, there are 21 different types of accounts, many of which also have more than one fee structure. Clients are segmented strongly on the basis of their level of income, some accounts being available only to persons with a monthly income of R25 000 or more. Although Absa offers a wide choice, this does of course mean that comparisons between the bank's different options are very complex and cumbersome. Absa also has old accounts and options that continue to exist, but are not available to new customers. These types of accounts were not included in this comparison.

Absa's website is fairly user-friendly, but comparing accounts and tracing all relevant information on a specific account can be difficult, because the site has so many different

pages and not all information about a specific account is necessarily summarised on one page. No tool for making comparisons could be traced on the website, although an aid for calculating bank fees does exist. Much of the information on the website would also appear outdated unless the reader knew that Absa's bank charges had not changed from 2009 to 2010.

Absa's call centre is the only one of the five banks that explicitly offers a choice of languages. However, when speaking to an operator it sometimes happens that although the Afrikaans option was selected, an Afrikaans-speaking person is not available. Absa's call centre operators are generally well informed about the different accounts and fees, but when complex questions are asked about bank fees calls may take quite a while before a final answer is received. It is also not unusual to have to hold on for another consultant who has more knowledge of a specific product than the person who answered first.

On most accounts Absa offers a complete banking service that includes an overdraft facility, credit card and cheque book. As at the other banks, there are also cheaper accounts that exclude some of these options. Absa does offer internet, telephone and cellphone banking services.

A general feature of most of Absa's transaction accounts is that two or more options exist. Firstly, there is the standard option for which a relatively low fixed fee is paid, but where each transaction has its own additional fee. This option is aimed at clients who do few transactions. Secondly, there is an option where clients get a discount on most transaction fees, provided that a minimum balance of R10 000 is kept in the account at all times (interest free). This option is aimed at clients who possess the discipline to maintain the minimum balance and who do many transactions. Thirdly, there are package options where a fixed monthly fee is paid in exchange for a certain number of free transactions.

Most of Absa's accounts also have restrictions linked to the level of income. The Platinum package option (which has reasonably favourable bank charges), for example, is available only to people with a regular income of more than R25 000 per month.

Except for two of the accounts investigated, Absa's penalty fees on failed payments are R100 and increase to R125 from the fourth time the fee is charged in 12 months. Absa also stated by telephone that this fee may, at Absa's discretion, rise to R170. There is also a fee of R57 which is charged each time the account is overdrawn without permission or the

agreed limits are exceeded. For Absa's clients it is therefore very important to guard against any penalty fees, as they can accumulate quickly and can become very expensive.

3.3 First National Bank (FNB) – general information and impressions

Like Absa, First National Bank also has numerous different bank accounts and different options with different fee structures on most of the accounts. Comparisons of the different options and comparisons with other banks are therefore also cumbersome and complex. FNB also segments clients by income levels. Fairly recently, FNB started phasing in an option called EasyPlan, which is similar to Capitec's offering. Since it is at present only available at certain branches, it was not included in this comparison, but readers are welcome to investigate it themselves.

FNB's website is fairly user-friendly, and most of the information on each account is displayed on one page, but the bank charges and exact benefits of and requirements for each account are less easy to display simply.

However, FNB does have a comparison tool and a 'wizard' that facilitates the choice of a suitable account. There is also a tool with which bank charges can be compared, although it is hidden away quite deeply within the website's menus. Overall the information on FNB's website seems to be up to date.

FNB's call centre does not offer different language options, but when consultants are asked whether they can speak Afrikaans one sometimes finds that they are able to. As is normal at most banks, FNB's call centre operators are generally well informed about the different accounts and fees, but when complex questions are posed about bank fees calls may take quite a while before a final answer is received. A perception is also created that consultants sometimes try to stick to a set text instead of actually attentively listening to enquiries.

On most accounts FNB offers a complete banking service that includes an overdraft facility, credit card and cheque book. As at the other banks, there are also cheaper accounts that exclude some of these options. FNB offers internet, telephone and cellphone banking services. Generally speaking, FNB appears to be innovative with regard to new technology. There are even some account options where the 'extras' include internet data bundles. On many of FNB's accounts 'e-Bucks' can also be earned (subject to certain requirements). FNB is also the only South African bank offering PayPal, which simplifies international internet payments for FNB clients.

FNB's free structure creates the impression that the bank wants to encourage clients to use electronic banking services rather than to do their banking at branches. For example, it costs at least R17,50 to deposit cash at an FNB branch, but on most accounts it is free if you do it at an ATM. This is a common trend at all banks, but at FNB it seems to be more pronounced than at the others.

The different options on FNB's current accounts can be set out as follows. Firstly, there are the pay-as-you-use options, where a relatively low monthly fee is paid but each transaction has its own fee. Secondly there is the Fee Saver option, where a discount is given on 10 qualifying transactions per month provided that a minimum balance of is kept in the account at all times. (For the purpose of this comparison the Fee Saver option was used.) Thirdly there is a Fee Manager option, where a relatively high fixed monthly fee is charged in exchange for 10 free qualifying transactions, after which a fixed fee of R11 is charged for each subsequent transaction. Lastly FNB also has an unlimited option for which a relatively high fixed fee is paid, but an unlimited number of qualifying transactions can be done for free.

The bank charges of FNB's Gold and Platinum options were not considered in the comparison, as they are very similar to the bank charges of the Silver option, usually only with slightly higher monthly fees and all sorts of 'extras' in exchange. Readers of this report are welcome to investigate the external benefits FNB's Gold and Platinum options themselves to determine whether it will make financial sense to open one of these accounts rather than the Silver account. Note that FNB also has income level restrictions on the different accounts. Anyone who wants to open a Platinum account, for example, must have an annual income of more than R350 000.

Except for one of the accounts investigated, FNB's penalty fees for failed payments are R105 and increase to R130 from the fourth time the fee is charged in 12 months. It is not known whether this fee may increase even further according to other criteria, as is the case at Absa. A further aspect of many of FNB's accounts which requires clients to be alert: is that FNB can allow certain transactions to succeed even if the overdraft limit is exceeded. Where FNB allows such a transaction to succeed, an honouring fee of R80 is charged (which increases to R150 from the fourth time in 12 months). This fee is in addition to the fee of R57 which is charged each time the account is overdrawn without permission or the agreed limit is exceeded.

3.4 Standard Bank - general information and impressions

Like the other large banks, Standard Bank also has a large number of different accounts and various options on each account. The general principle of complexity of comparisons between different accounts therefore applies here as well. Segmentation according to income levels is also done at Standard Bank, with the top level cheque account, the Prestige Current Account, requiring monthly income of at least R25 000 or a university degree in a specific field.

Standard bank does not have a very good website. The menus and page layouts are often confusing, and it can take quite a while to get at the correct information instead of a watered-down exposition of the benefits of an account. Much of the information and even the tools for working out the charges seemed to be out of date. Some of the tools, for example, state that 2008 data is used whereas in reality it does use the latest information. This has the potential to confuse clients even more, although the calculation tool itself is useful.

Standard Bank's call centre does not offer different language options, but when consultants are asked whether they can speak Afrikaans one sometimes finds that they can, although the experience was that this is rarely the case. As is the rule at most banks, Standard Bank's call centre consultants are well informed about the different accounts and fees, but when complex questions are put it may take quite a while before a final answer is received. There is also a perception that consultants sometimes try to stick to a set text instead of actually listening to enquiries attentively.

On most accounts Standard Bank offers a complete banking service that includes an overdraft facility, credit card and cheque book. As at the other banks, there are also cheaper accounts that exclude some of these options. Standard Bank also offers internet, telephone and cellphone banking services.

Like the other large banks, Standard Bank also has a large number of different options on most current accounts. Firstly, there is the pay-as-you-transact option, where a relatively low monthly fee is paid but each transaction incurs an additional fee. What is interesting about Standard Bank's monthly fee for this option is that it is a minimum fee. For example, if the monthly fee is R47 and the combined fees of all the other qualifying transactions in the month come to R50, then the total bank charge is R50 and not R97. In other words, the total bank charge only increases to above the minimum fee if all the other fees together come to more than the minimum fee. Secondly, Standard Bank has an option where a relatively high

fixed fee is charged in exchange for a certain number of 'free' transactions. Thirdly there is also a discount option where bank charges for certain transactions are reversed if certain minimum balances are kept in the account at all times (interest free). Unlike in similar options offered by Absa and FNB, the discount is not linked to a number of transactions, but it is subject to a specific amount of money. For example, a maximum discount of R82 can be received if a balance of R10 000 to R19 999 is kept in the account. It works on a stepped scale, with the discount increasing as the minimum balance increases. In some cases, however, the forgone interest is more than the discount that can be received; for example, if R19 999 is maintained in the account interest-free, the maximum discount is R82, but interest of R85,46 could have been earned if it had borne interest of 5,25% (Capitec's current interest rate on balances of R10 000 or more).

Except for one of the accounts investigated, Standard Bank's penalty fee for a failed payment is R115. According to a consultant on the telephone helpline this fee does not increase if more than three such events occur within 12 months, as they do at other members of the Big Four. As at FNB, there is also an honouring fee for transactions that exceed the limits but are nevertheless allowed by the bank. In Standard Bank's case this fee is R120 per item. As at two banks discussed earlier, there is also a fee of R57 which is charged each time the account is overdrawn without permission or the agreed limit is exceeded.

3.5 Nedbank – general information and impressions

Nedbank offers a somewhat smaller range of accounts and options than the other members of the Big Four. As a result, the bank's product offering is easier to understand. It is also found that Nedbank clients are not segmented by income level to the same extent as at other members of the Big Four. The only qualifying criterion for the top level current account, Nedbank Current Account, is an age of at least 25 and a monthly income of R3 000 or more. Nedbank does have a private banking department, but on the whole there is less segmentation of clients.

Nedbank's website is fairly user friendly, but one problem that was experienced is that although the electronic brochure states that it is the 'full brochure', it does not list all the possible fees. In the case of Nedbank it was therefore necessary to use the telephone helpline to obtain some of the information which other banks indicate on their websites. Nedbank's website does have a useful calculation tool for bank charges, although again it does not include all possible fees. Nedbank is the only bank that provides links to an external

website for comparing bank charges, which enables their clients to compare their charges with those of other banks.

Nedbank's call centre does not offer different language options, but when consultants are asked whether they can speak Afrikaans one sometimes finds that they can – although the experience was that this is fairly seldom the case. As is the case at most banks, Nedbank's consultants are well informed about the different accounts and bank charges. As is also the case at most banks, however, it may take a long time to get the final, complete answer to complex questions. It was also found that consultants sometimes try to stick to a set text instead of answering the specific question that was asked.

As mentioned earlier, Nedbank offers much fewer different accounts and options than most of the other banks. There are basically three types of accounts for mainstream clients. Firstly, there is a basic option that comes without extras such as credit cards and overdraft facilities. Secondly, there are package options where a fixed fee is paid in exchange for a large number of free transactions. Thirdly, there is the standard current account where separate fees are charged for each transaction. There is also an account (the N-5000 Current Account) where a minimum balance of R20 000 must be maintained, in return for which no fee is charged for any transaction exceeding R500. The latter account was not included in the comparison because the conditions to which it is subject are not directly comparable with those of the other accounts in the study. However, readers are welcome to investigate this option if it suits their personal patterns of use.

Except for the one cheaper account, Nedbank's penalty fees for failed payments start at R80 and increase to R110 from the fourth event in 12 months. The fact that this fee can increase to R110 is not shown in the 'full' brochure, but can only be seen on the website itself. It is not clear whether the fee might increase even further in the bank's discretion. As at FNB and Standard Bank there is also an honouring fee for transactions that exceed the limits but are nevertheless allowed by the bank. At Nedbank this fee is R80 per event. According to the telephone helpline, no additional fee is charged when the account becomes overdrawn without permission or if the agreed limit is exceeded.

4. Comparison of bank accounts according to different user profiles

In the preceding section the general principles on which the user profiles were drawn up and the different accounts of the different banks were selected for comparison were explained. An attempt was made to present a good reflection of each bank's total product offering to the average client and/or the average trade union member (not including students or youths, older people or people earning more than around R31 000 per month). Each time all the accounts are displayed in the graph and the cheapest transmission accounts are pointed out in the description, followed by the five cheapest fully-fledged current accounts.

4.1 User profile one – R7 500 per month

This profile is aimed at people who spent relatively little per month. A lower amount was not used, partly because relatively few of Solidarity and/or AfriForum's members fall below this level and partly because the bank charges for someone spending less than this level will generally speaking not differ significantly from the R7 500 level, since the number of transactions cannot be much fewer.

The abbreviation "IB" refers to "Internet banking" and the abbreviation "POS" refers to point of service (pay point, such as a till in a shop). The transactions of the R7 500 profile are as follows:

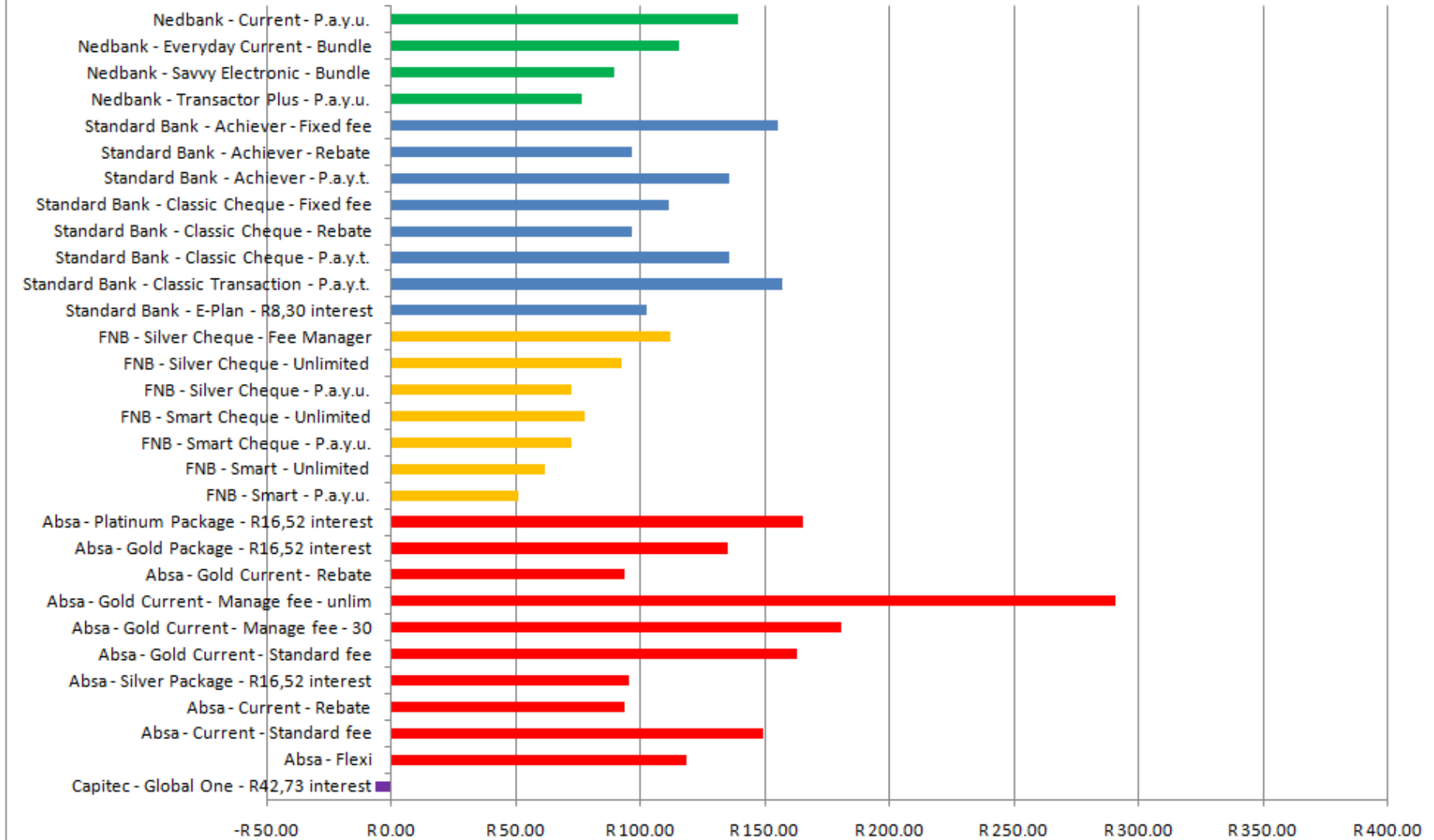
Transaction type	No. of transactions
Monthly admin fee	1
Debit or cheque card purchase (POS) (R500)	2
Cash withdrawal at tillpoint (R500)	2
Own ATM balance enquiry	1
SMS update subscription	1
SMS update (per SMS)	12

IB transfer to other account (R500)	1
IB transfer to other account (R2000)	1
IB statement (archived)	1
IB balance enquiry	1
IB SMS notification	2
IB amend stop order	1
IB stop order (internal) (R500)	1
IB stop order (external) (R500)	2
Debit order (internal) (R500)	1
Debit order (external) (R500)	2

The profile in which a dishonour fee (penalty fee) is included is, except for this one alteration, identical to this profile. As explained in the previous section, the effect of interest or forgone interest due to the maintenance of a minimum balance is also excluded from the profile with the dishonour fee. It is excluded because the fact that a dishonour fee is charged implies that the minimum balance was not maintained. In the profile where one ATM withdrawal at another bank's ATM is included, one cash withdrawal at tillpoint is replaced with this ATM transaction and another withdrawal at tillpoint is replaced with a withdrawal at the own ATM. The rest of the transactions are at identical to the basic profile.

Remember that except in the profile where the dishonour fee is included, the effect of the interest forgone when an interest-free minimum balance is maintained is included, as well as the effect of maintaining a balance of R10 000 in accounts that pay positive interest (Capitec, Absa's package options and Standard Bank's E-plan). The positive interest is shown on the graphs.

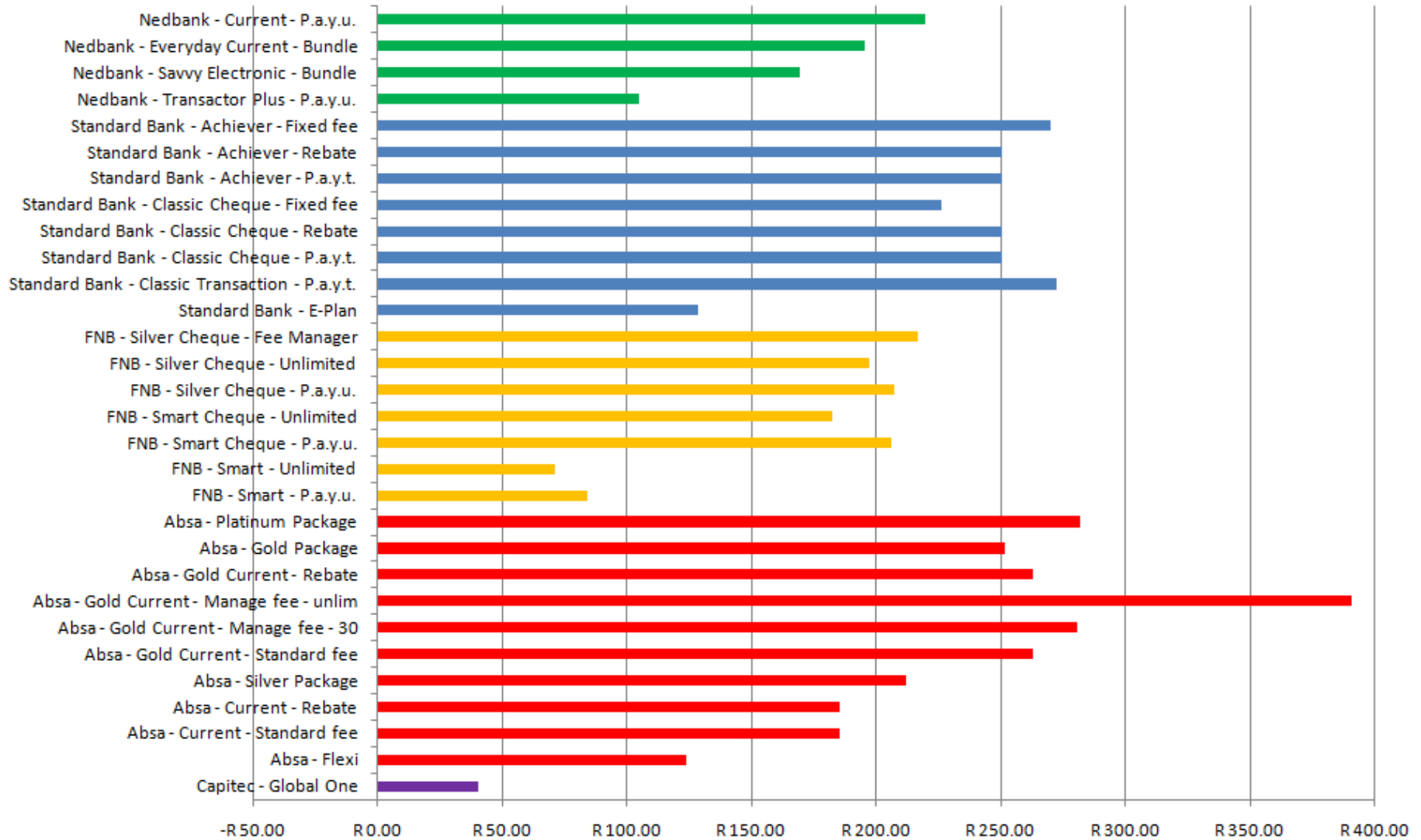
R7 500 using own bank's electronic channels - no penalties



The very cheapest account this profile is Capitec's account with a payback of R6,38 (due to the effect of interest on a balance of R10 000), followed by FNB's Smart Pay-as-you-use account with charges of R50,77 and the same account's Pay-as you use option at R61,89. However, all three of these accounts are transmission accounts for which credit cards, cheque books and overdraft facilities are not available. The cheapest fully-fledged current accounts are the pay-as-you-use options of FNB's Smart Cheque Account and FNB's Silver Cheque Account, both having a total cost of R72,36. Next comes FNB's Smart Cheque unlimited option with R77,39. Nedbank's Savvy Electronic Account comes fourth with R89,60 and FNB's Silver Cheque unlimited option with R92,40 comes fifth.

R7 500 expenditure per month – electronic channels, no penalties (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	(payback) R6,38	
FNB	Smart Account – pay as you use (Fee saver)	R50,77	
FNB	Smart Account – unlimited	R61,89	
FNB	Smart Cheque Account – pay as you use (Fee saver)		R72,36
FNB	Silver Cheque Account – pay as you use (Fee saver)		R72,36
Nedbank	Transactor Plus Account	R76,75	
FNB	Smart Cheque Account – unlimited		R77,39
Nedbank	Savvy Electronic Account		R89,60
FNB	Silver Cheque Account – unlimited		R92,40

R7 500 using own bank's electronic channels - one penalty, no interest

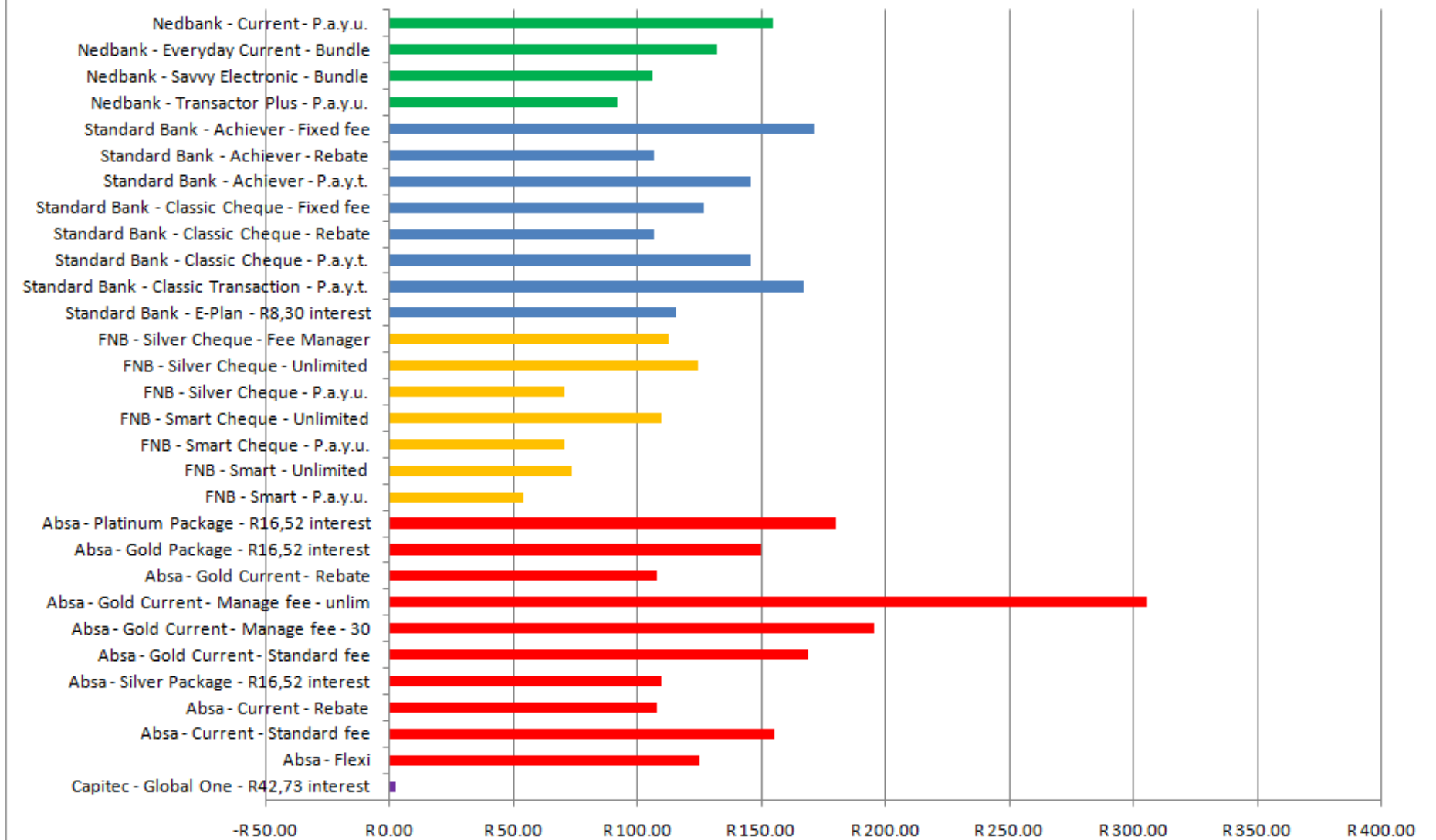


Capitec remains the cheapest account when the effect of a penalty is included and the effect of positive interest or forgone interest is ignored. In these conditions Capitec's total bank charges are R40,10. (The drastic change is mainly the result off the assumption that no interest is earned, as the penalty in Capitec's case amounts to only R3,75.) This is followed by FNB's Smart unlimited option with R71,39. The cheapest current account is Nedbank's Savvy Electronic account with R169,60. This is followed by FNB's Smart Cheque unlimited with R182,39 and Absa's basic Current Account, both on the standard fee and rebate options, with R185,46. Fifth is Nedbank's Everyday Current Account with R195,60.

This scenario shows the dramatic effect of a single penalty (and frequently in the accompanying loss of a rebate on a certain number of transactions) on bank charges.

R7 500 expenditure per month – electronic channels, one penalty (interest or forgone interest not included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R40,10	
FNB	Smart Account – unlimited	R71,39	
FNB	Smart Account – pay as you use (fee saver)	R84,00	
Nedbank	Transactor Plus Account	R104,75	
Absa	Flexi Account	R123,76	
Standard Bank	E-Plan	R128,40	
Nedbank	Savvy Electronic Account		R169,60
FNB	Smart Cheque Account - unlimited		R182,39
Absa	Current Account – standard fee		R185,46
Absa	Current Account – rebate		R185,46
Nedbank	Everyday Current Account		R195,60

R7 500 using electronic channels - no penalties, one other ATM



When the effect of one withdrawal at an external ATM is taken into account, the monthly bank charges increase by an average of more than 11%. Capitec remains the cheapest with R2,37, followed by FNB's Smart p.a.y.u. option with R53,77. The first current accounts, FNB's Smart Cheque and Silver Cheque, also with the p.a.y.u. option, follow immediately after that with R70,61. The third cheapest current account is Nedbank's Savvy Electronic account with R106,30. Then come Standard Bank's Classic Cheque and Achiever accounts with the rebate option, both at a total cost of R106,53.

On this is user profile Capitec is therefore the cheapest overall throughout, with FNB and offering the cheapest current accounts at this level overall.

R7 500 expenditure per month – electronic channels, no penalties (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R2,37	
FNB	Smart Account – pay as you use (fee saver)	R53,77	
FNB	Smart Cheque Account – pay as you use (fee saver)		R70,61
FNB	Silver Cheque Account – pay as you use (fee saver)		R70,61
FNB	Smart Account – unlimited	R73,39	
Nedbank	Transactor Plus Account	R92,05	
Nedbank	Savvy Electronic Account		R106,30
Standard Bank	Classic Cheque Account – rebate		R106,53
Standard Bank	Achiever Cheque Account – rebate		R106,53

4.2 User profile two – R10 500 per month

The abbreviation “IB” means “Internet banking” and the abbreviation “POS” refers to point of service (pay point, such as a till in a shop). The transactions of the R10 500 profile are as follows:

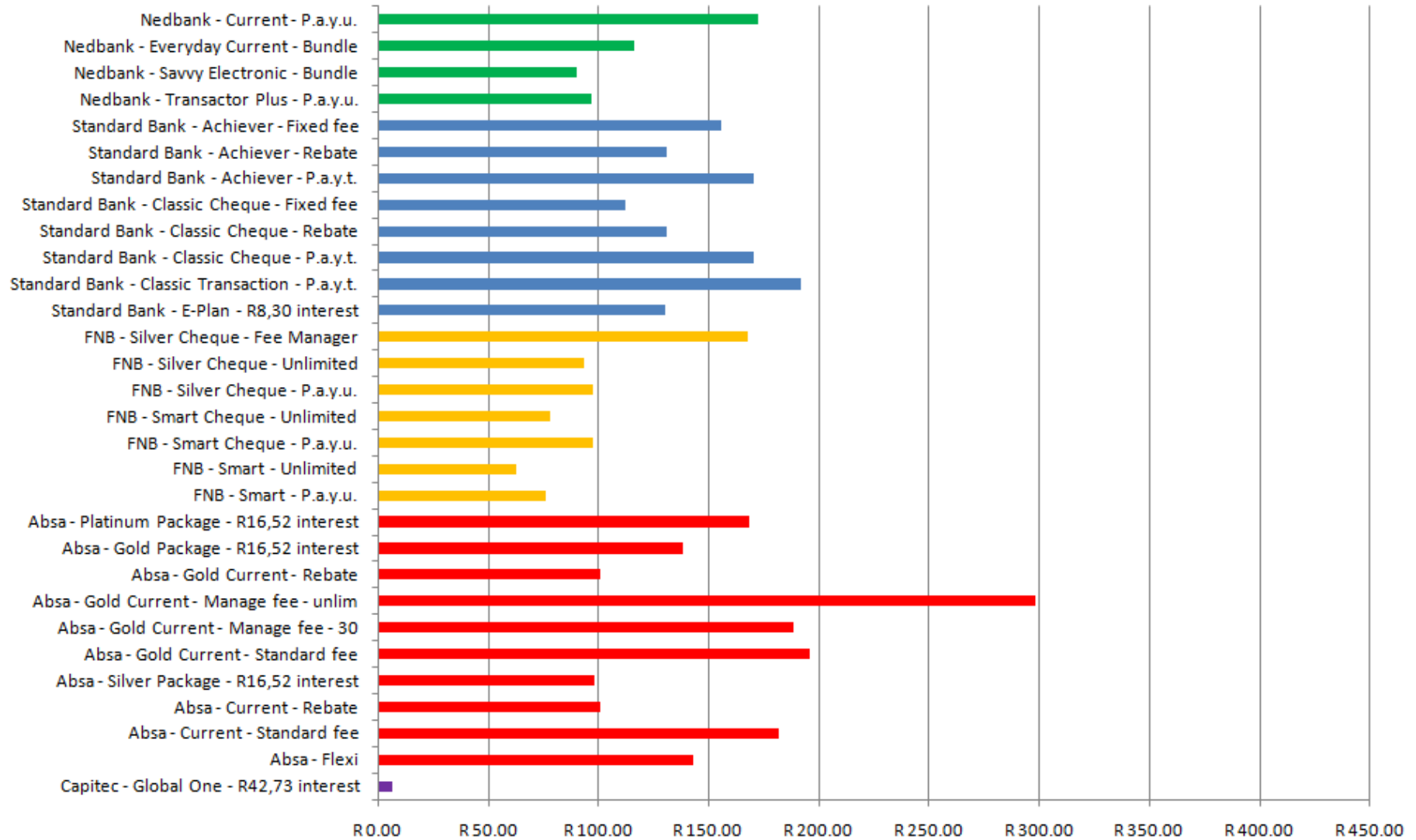
Transaction type	No. of transactions
Monthly admin fee	1
Debit or cheque card purchase (POS) (R500)	3
Cash withdrawal at tillpoint (R500)	2
Own ATM balance enquiry	1
SMS update subscription	1
SMS update (per SMS)	17
Internet banking subscription	1
IB transfer to other account (R500)	2
IB transfer to other account (R2000)	1
IB statement (archived)	1
IB balance enquiry	1
IB SMS notification	3
IB amend stop order	1
IB stop order (internal) (R500)	1
IB stop order (external) (R500)	2
IB stop order (external) (R1000)	1
Debit order (internal) (R500)	3
Debit order (external) (R500)	2

The profile in which one dishonour fee (penalty fee) is included is otherwise identical to this profile. As explained in the previous section, the effect of interest or forgone interest due to the maintenance of a minimum balance is also excluded from the profile with the dishonour fee. It is excluded because the fact that a dishonour fee is charged implies that the minimum balance was not maintained.

In the profile where one ATM withdrawal at another bank's ATM is included, one cash withdrawal at tillpoint is replaced with this ATM transaction and another withdrawal at tillpoint is replaced with a withdrawal at an own ATM. The rest of the transactions are identical to the basic profile.

Remember that except in the profile where the dishonour fee is included, the effect of the interest forgone when an interest-free minimum balance is maintained is included, as well as the effect of maintaining a balance of R10 000 in accounts that do pay positive interest (Capitec, Absa's package options and Standard Bank's E-plan). The positive interest is shown on the graphs.

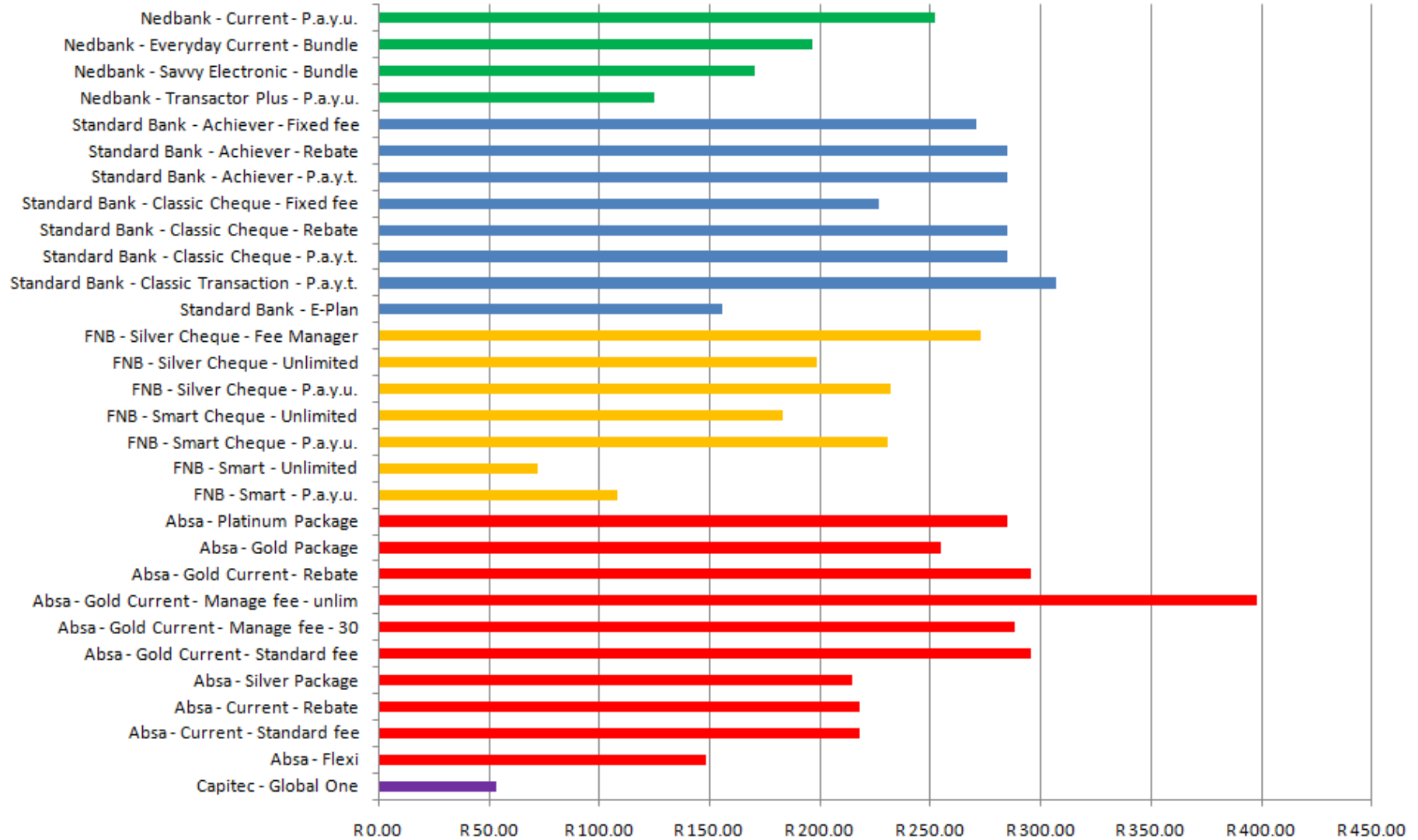
R10 500 using own bank's electronic channels - no penalties



Capitec remains the cheapest on this profile, with a total monthly cost of R6,77. This is followed by FNB's Smart unlimited and Smart p.a.y.u. options with R62,84 and R76,02 respectively. This is followed by a current account, FNB's Smart Cheque unlimited, with R78,34 and Nedbank's Savvy Electronic with R90,25. The third cheapest current account is FNB's Silver Cheque unlimited with R93,35. Then come FNB's Smart Cheque p.a.y.u. and Silver Cheque p.a.y.u. options with R97,61 each.

R10 500 expenditure per month – electronic channels, no penalties (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R6,77	
FNB	Smart Account – unlimited	R62,84	
FNB	Smart Account – pay as you use (fee saver)	R76,02	
FNB	Smart Cheque Account – unlimited		R78,34
Nedbank	Savvy Electronic Account		R90,25
FNB	Silver Cheque Account – unlimited		R93,35
Nedbank	Transactor Plus Account	R96,75	
FNB	Smart Cheque Account – pay as you use (fee saver)		R97,61
FNB	Silver Cheque Account – pay as you use (fee saver)		R97,61

R10 500 using own bank's electronic channels - one penalty, no interest

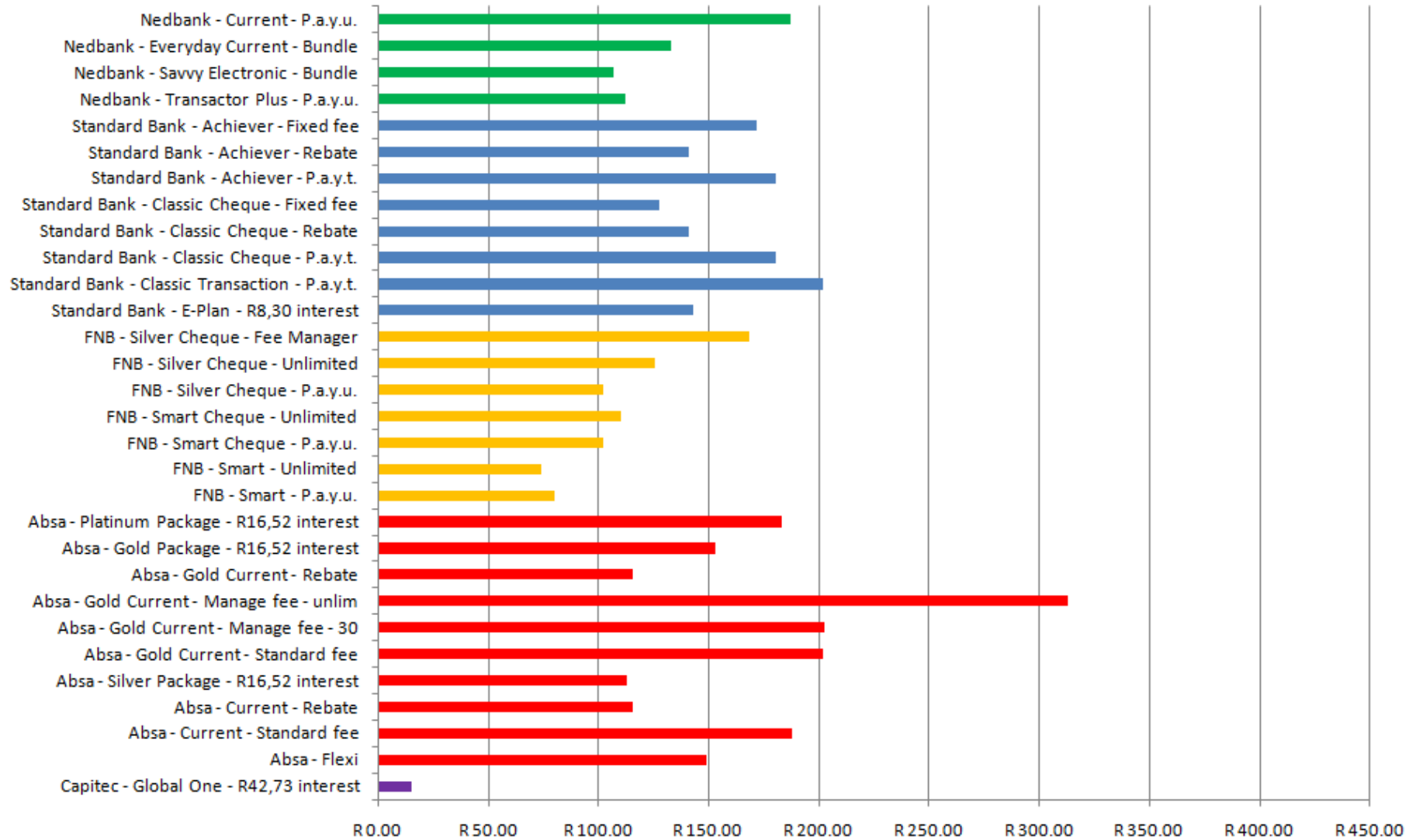


As was the case with the R7 500 profile, the inclusion of a penalty increases the bank charges drastically. Nevertheless, Capitec remains the cheapest with R53,25. This is followed by FNB's Smart unlimited option with R73,34 and the Smart p.a.y.u. option with R107,95. This is followed by Nedbank's Transactor Plus with R124,75. The fourth cheapest account (also a transmission account) is Absa's Flexi account with R148,31. Then comes Standard Bank's transmission account, the E-plan, with R155,95.

The next account, Nedbank's Savvy Electronic, is also the first current account, with R170,25. The next current accounts are FNB's Smart Cheque unlimited with R183,34, Nedbank's Everyday Current Account with R196,25, FNB's Silver Cheque unlimited with R198,35 and Absa's Silver Package with R214,91.

R10 500 expenditure per month – electronic channels, one penalty (interest or forgone interest not included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R53,25	
FNB	Smart Account – unlimited	R72,34	
FNB	Smart Account – pay as you use (fee saver)	R107,95	
Nedbank	Transactor Plus Account	R124,75	
Absa	Flexi Account	R148,31	
Standard Bank	E-Plan	R155,95	
Nedbank	Savvy Electronic Account		R170,25
FNB	Smart Cheque Account – unlimited		R183,34
Nedbank	Everyday Current Account		R196,25
FNB	Silver Cheque Account – unlimited		R198,35
Absa	Silver Package		R214,91

R10 500 using electronic channels - no penalties, one other ATM



On this profile Capitec is once again the cheapest, with a total monthly cost (with positive interest of R42,73 included) of R15,52. FNB's Smart unlimited and Smart p.a.y.u. options come next on the list, with R74,34 and R80,32 respectively. FNB again has the cheapest current accounts here, the Smart Cheque and Silver Cheque with the p.a.y.u. option, both with R101,91. Nedbank's Savvy Electronic comes next with R106,95, followed by FNB's Smart Cheque unlimited with R110,34. The fifth cheapest current account on this profile is Absa's Silver Package with R112,89.

R10 500 expenditure per month – electronic channels, no penalties, one external ATM (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R 15,52	
FNB	Smart Account – unlimited	R 74,34	
FNB	Smart Account – pay as you use (fee saver)	R 80,32	
FNB	Smart Cheque Account – pay as you use (fee saver)		R 101,91
FNB	Silver Cheque Account – pay as you use (fee saver)		R 101,91
Nedbank	Savvy Electronic Account		R 106,95
FNB	Smart Cheque Account – unlimited		R 110,34
Nedbank	Transactor Plus Account	R 112,05	
Absa	Silver Package		R 112,89

4.3 User profile three – R17 500 per month

The abbreviation “IB” means “Internet banking” and the abbreviation “POS” refers to point of service (pay point, such as a till in a shop). The transactions of the R17 500 profile are as follows:

Transaction type	No. of transactions
Monthly admin fee	1
Debit or cheque card purchase (POS) (R500)	4
Debit or cheque card purchase (POS) (R1000)	1
Cash withdrawal at tillpoint (R500)	1
Own ATM (R1000)	2
Own ATM balance enquiry	1
SMS update subscription	1
SMS update (per SMS)	25
Internet banking subscription	1
IB transfer to other account (R500)	4
IB transfer to other account (R2000)	1
IB statement (archived)	1
IB balance enquiry	1
IB SMS notification	5
IB amend stop order	2
IB stop order (internal) (R500)	2
IB stop order (external) (R500)	2
IB stop order (external) (R1000)	2

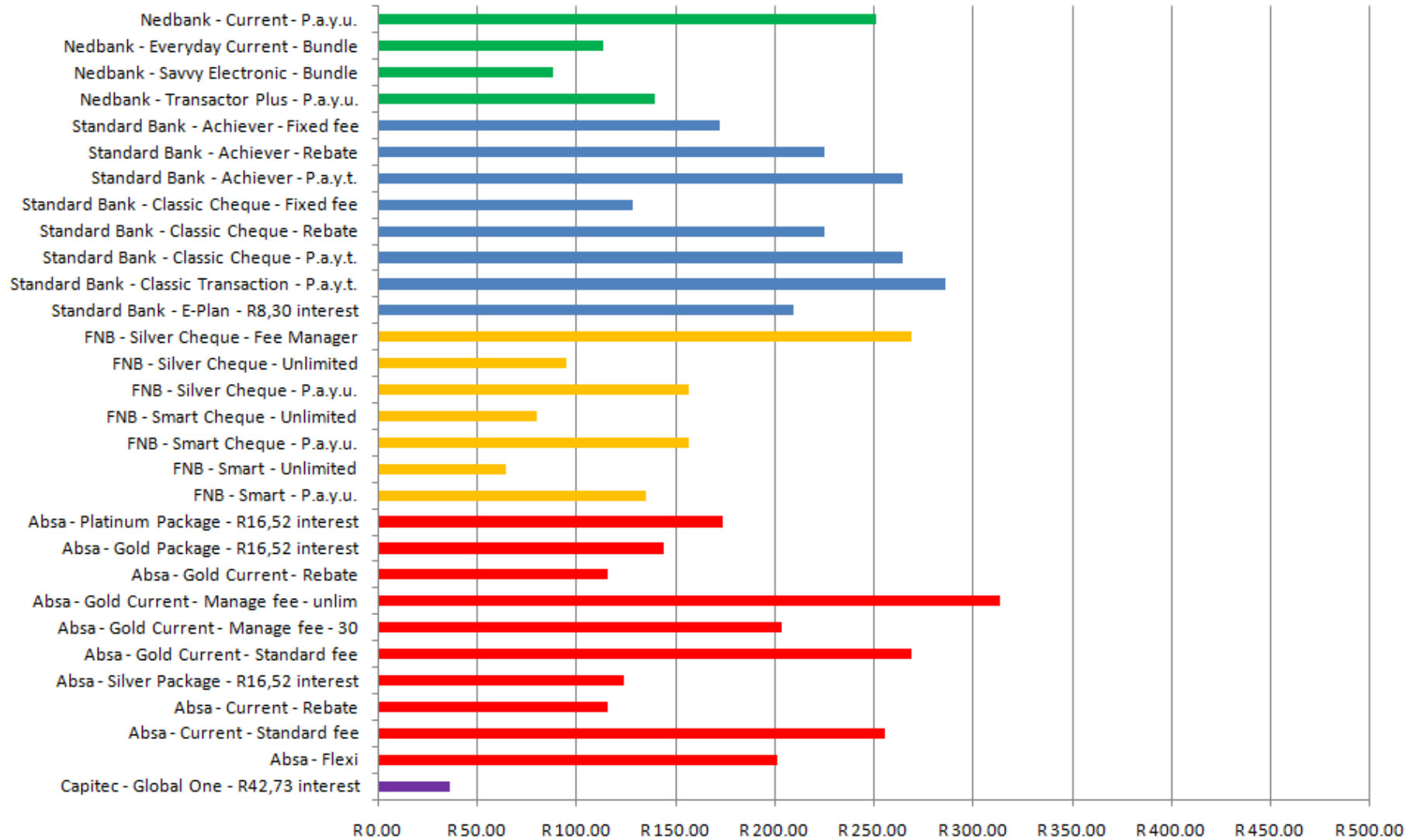
Debit order (internal) (R500)	4
Debit order (internal) (R1000)	1
Debit order (external) (R500)	2

The profile in which one dishonour fee is included is otherwise identical to this profile. As explained in the previous section, the effect of interest or forgone interest due to the maintenance of a minimum balance is also excluded from the profile with the dishonour fee. It is excluded because the fact that a dishonour fee is charged implies that the minimum balance was not maintained.

In the profile where one ATM withdrawal at another bank's ATM is included, one cash withdrawal at a tillpoint is replaced with this ATM transaction. The rest of the transactions are identical to the basic profile shown above.

Remember that except in the profile where the dishonour fee is included, the effect of the interest forgone when an interest-free minimum balance is maintained is included, as well as the effect of maintaining a balance of R10 000 in accounts that do pay positive interest (Capitec, Absa's package options and Standard Bank's E-plan). The positive interest is shown on the graphs.

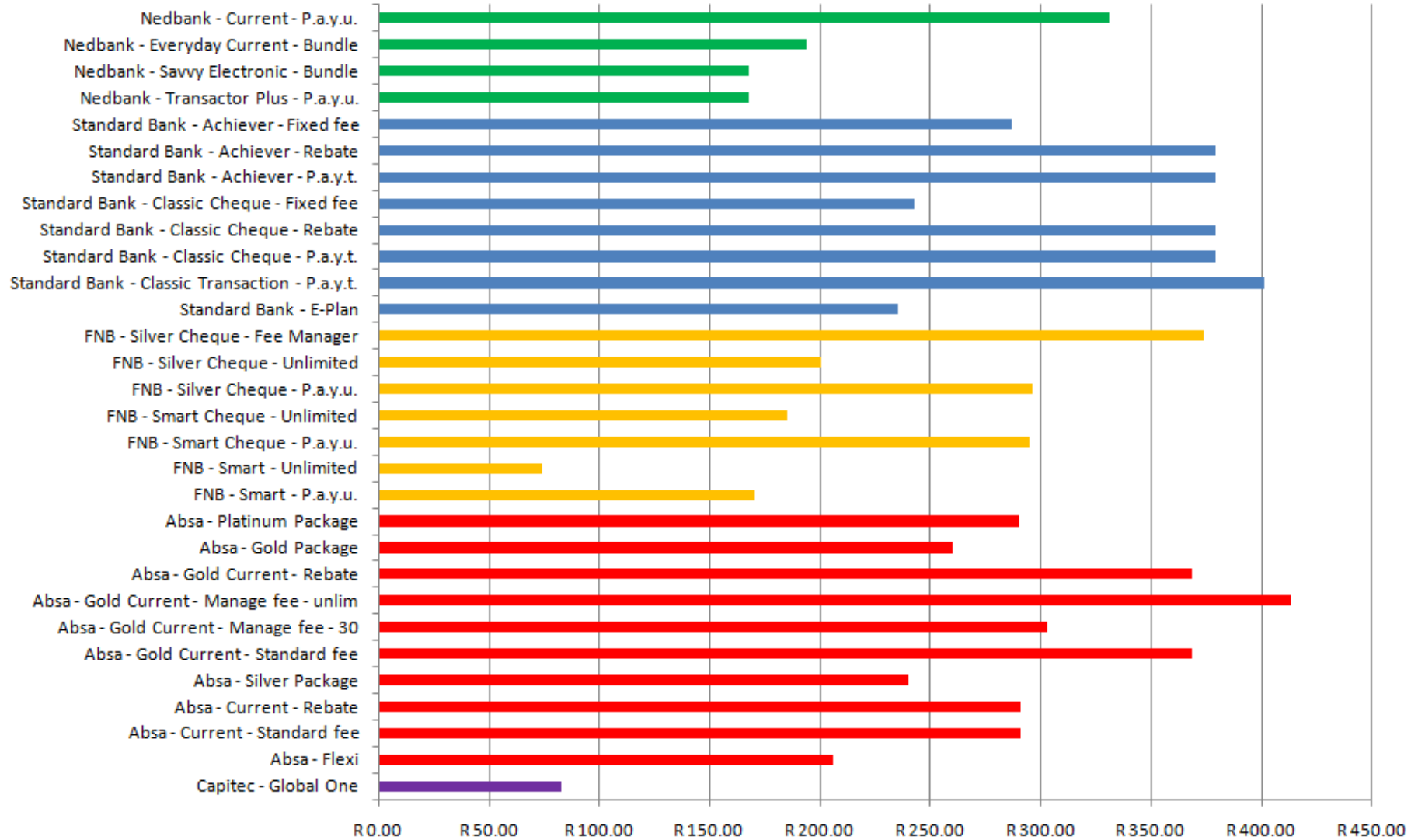
R17 500 using own bank's electronic channels - no penalties



With R36,02, Capitec is the cheapest on this profile as well. Next comes FNB's transmission account, the Smart unlimited option, with R64,74. Next comes one of FNB's current accounts, the Smart Cheque unlimited, with R80,24. Nedbank's Savvy Electronic, with R87,90, is the second cheapest current account on this option. Third is FNB's Silver Cheque unlimited with R95,25. Nedbank's Everyday Current Account follows with R113,90. This is followed by Absa's Current Account and Golden Current Account, both with the rebate option, with R115,93.

R17 500 expenditure per month – electronic channels, no penalties (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R36,02	
FNB	Smart Account – unlimited	R64,74	
FNB	Smart Cheque Account – unlimited		R80,24
Nedbank	Savvy Electronic Account		R87,90
FNB	Silver Cheque Account – unlimited		R95,25
Nedbank	Everyday Current Account		R113,90
Absa	Current Account – rebate		R115,93
Absa	Gold Current Account – rebate		R115,93

R17 500 using own bank's electronic channels - one penalty, no interest

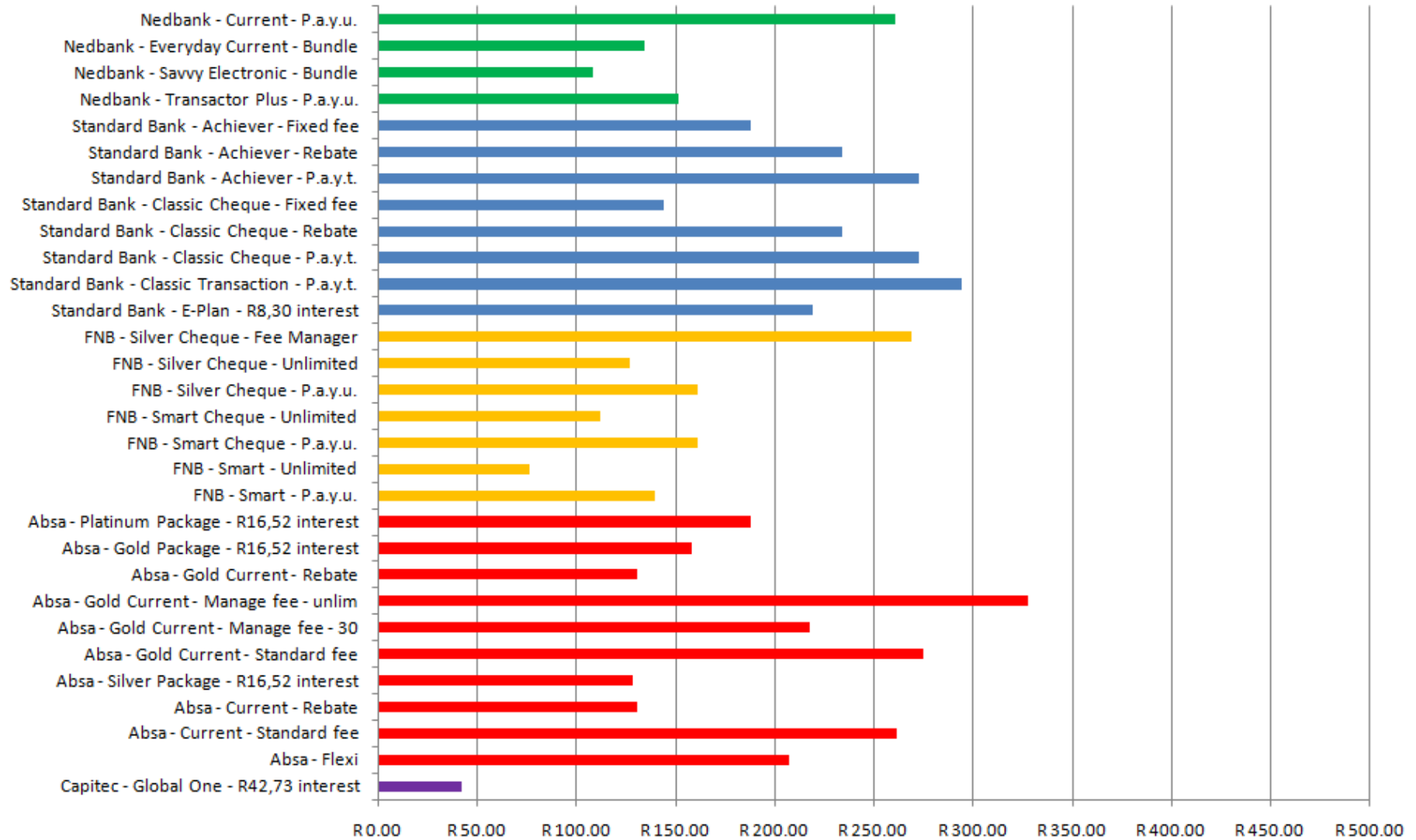


This is the first profile where Capitec does not emerge as the cheapest. (It must be pointed out once again that the unrealistic assumption that the Capitec account balance will be R0 for the whole month and therefore will not earn any interest works in the favour of the other accounts.)

The cheapest account on this user profile is FNB's Smart unlimited transmission account with R74,24, followed by Capitec's transmission account with R82,50. Then there is a huge gap up to Nedbank's Transactor Plus transmission account with R167,60. The cheapest current account is Nedbank's Savvy Electronic account with R167,90. The next current account is FNB's Smart Cheque unlimited with R185,24. This is followed by Nedbank's Everyday Current with R193,90. The next account is FNB's Silver Cheque unlimited with R200,25. The fifth cheapest current account with is Absa's Silver Package with R240,25.

R17 500 expenditure per month – electronic channels, one penalty (interest or forgone interest not included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
FNB	Smart Account – unlimited	R74,24	
Capitec	Global One Account	R82,50	
Nedbank	Transactor Plus Account	R167,60	
Nedbank	Savvy Electronic Account		R167,90
FNB	Smart Account – pay as you use (fee saver)	R170,35	
FNB	Smart Cheque Account – unlimited		R185,24
Nedbank	Everyday Current Account		R193,90
FNB	Silver Cheque Account – unlimited		R200,25
Absa	Flexi Account	R205,95	
Standard Bank	E-Plan	R235,45	
Absa	Silver Package		R240,25

R17 500 using electronic channels - no penalties, one other ATM



With R42,02 on this profile, Capitec is the cheapest once again. FNB's Smart unlimited transmission account takes second place with R76,24. This is followed by the cheapest current account, Nedbank's Savvy Electronic with R108,25. FNB's Smart Cheque unlimited comes next with R112,24, followed by the same bank's Silver Cheque unlimited with R127,25. On this profile Absa's Silver Package is the fourth cheapest current account with R128,23, while fifth place is shared by the same bank's Current Account and Gold Current Account with R130,43.

R17 500 expenditure per month – electronic channels, no penalties, one external ATM (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R42,02	
FNB	Smart Account – unlimited	R76,24	
Nedbank	Savvy Electronic Account		R108,25
FNB	Smart Cheque Account – unlimited		R112,24
FNB	Silver Cheque Account – unlimited		R127,25
Absa	Silver Package		R128,23
Absa	Current Current Account – rebate		R130,43
Absa	Gold Current Account – rebate		R130,43

4.4 User profile four – R31 000 per month

The abbreviation “IB” means “Internet banking” and the abbreviation “POS” refers to point of service (pay point, such as a till in a shop). The transactions of the R31 000 profile are as follows:

Transaction type	No. of transactions
Monthly admin fee	1
Debit or cheque card purchase (POS) (R500)	4
Debit or cheque card purchase (POS) (R1000)	1
Cash withdrawal at tillpoint (R500)	1
Own ATM (R1000)	3
Own ATM balance enquiry	1
SMS update subscription	1
SMS update (per SMS)	28
Internet banking subscription	1
IB Transfer to other account (R500)	4
IB Transfer to other account (R1000)	1
IB Transfer to other account (R2000)	1
IB Statement (archived)	1
IB Balance enquiry	1
IB SMS notification	6
IB Amend stop order	2
IB Stop order (internal) (R500)	2
IB Stop order (external) (R500)	2

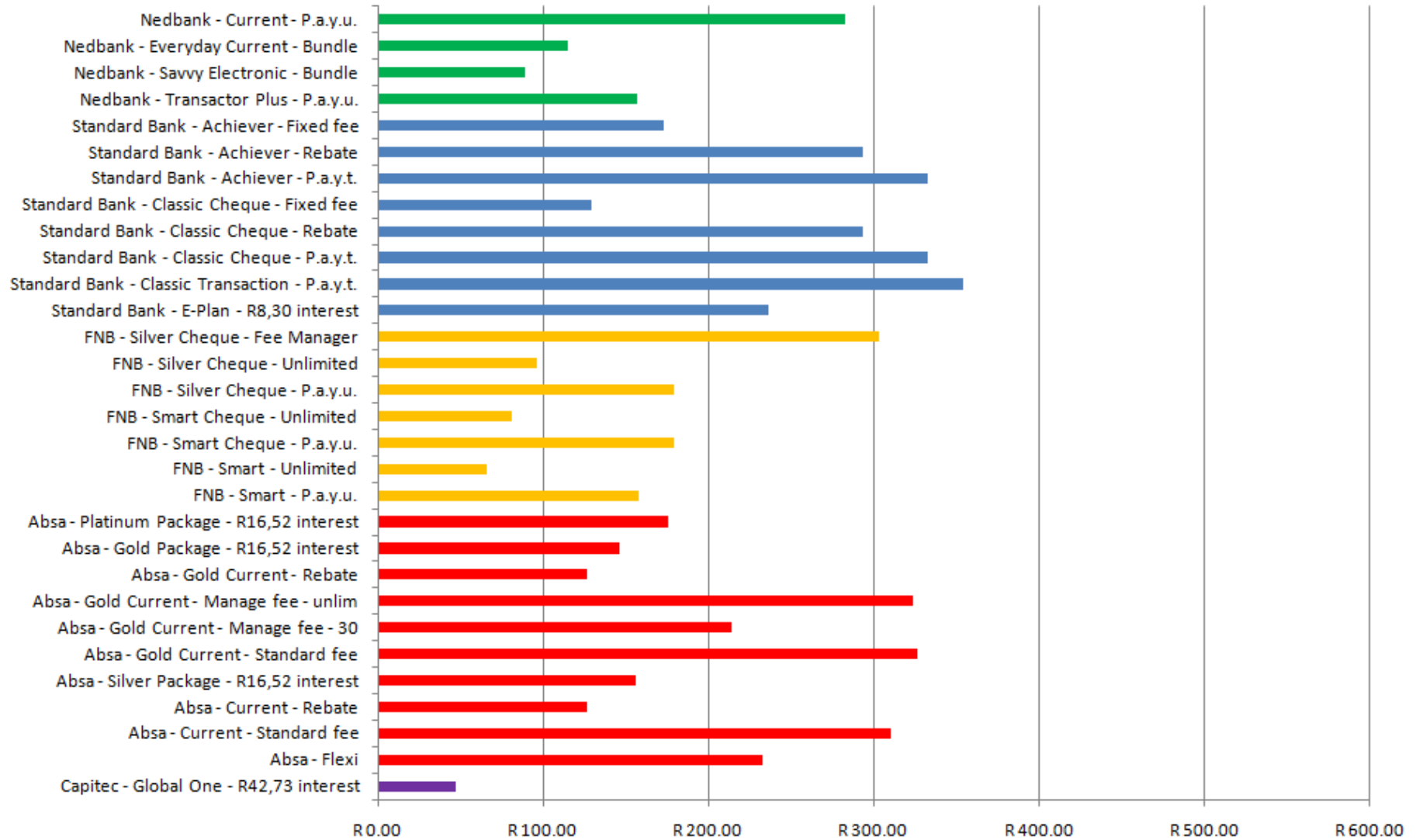
IB Stop order (external) (R1000)	2
IB Stop order (external) (R2000)	1
Debit order (internal) (R500)	2
Debit order (internal) (R1000)	2
Debit order (internal) (R5000)	1
Debit order (external) (R500)	1
Debit order (external) (R5000)	1

The profile in which one dishonour fee is included is otherwise identical to this profile. As explained in the previous section, the effect of interest or forgone interest due to the maintenance of a minimum balance is also excluded from the profile with the dishonour fee. It is excluded because the fact that a dishonour fee is charged implies that the minimum balance was not maintained.

In the profile where one ATM withdrawal at another bank's ATM is included, one ATM withdrawal of R1 000 is split in two and replaced with one R500 withdrawal at an own ATM and one R500 withdrawal at another bank's ATM. The rest of the transactions are identical to the basic profile shown above.

Remember that except in the profile where the dishonour fee is included, the effect of the interest forgone when an interest-free minimum balance is maintained is included, as well as the effect of maintaining a balance of R10 000 in accounts that do pay positive interest (Capitec, Absa's package options and Standard Bank's E-plan. The positive interest is shown on the graphs.

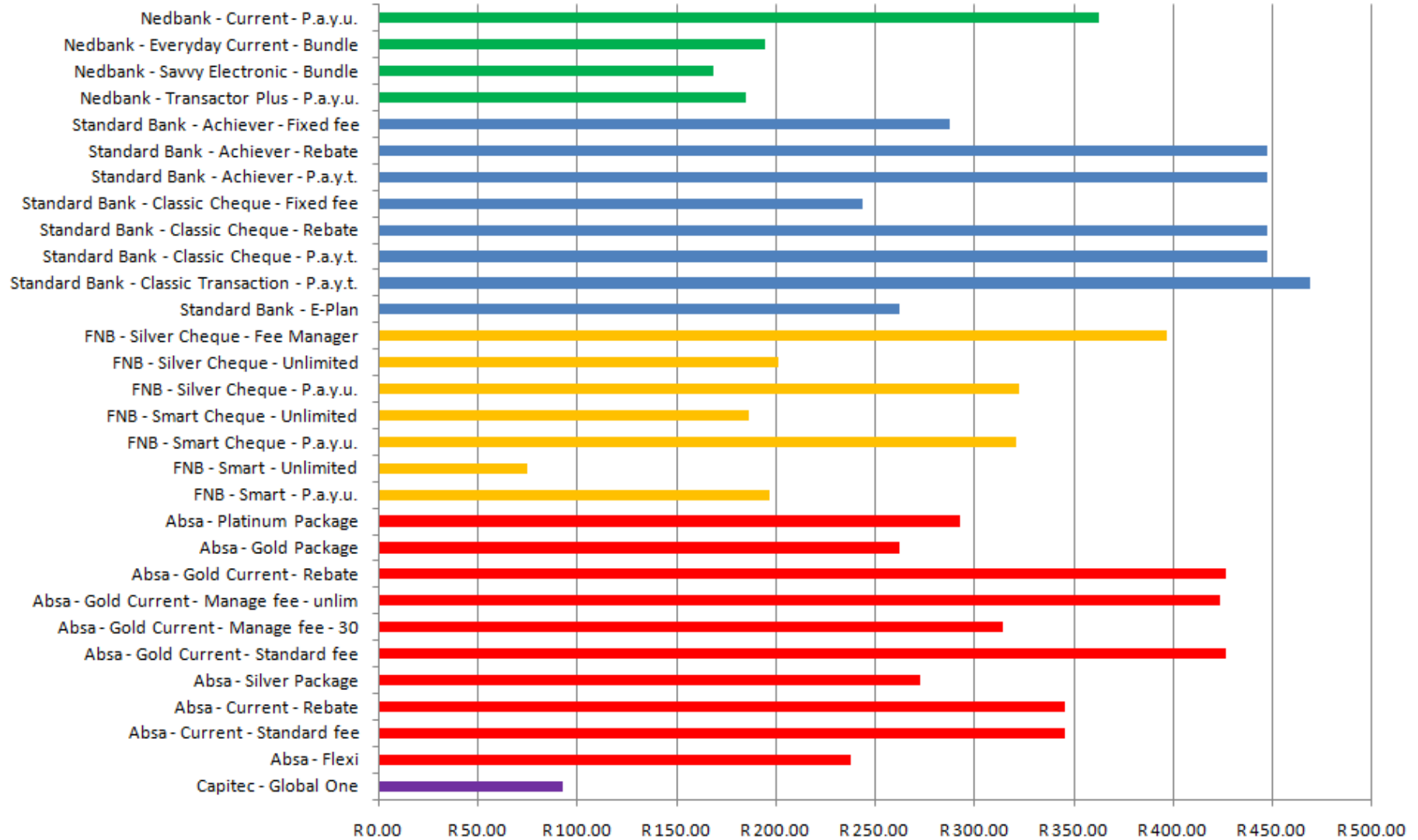
R31 000 using own bank's electronic channels - no penalties



Capitec's transmission account is once again the cheapest, with a total cost of R46,62 (after inclusion of positive interest of R42,73 on R10 000). FNB's Smart unlimited transmission account again takes second place with R65,69. This is followed by FNB's Smart unlimited option with R81,19. Next comes Nedbank's Savvy Electronic with R88,55. This is followed by FNB's Silver Cheque unlimited with R96,20. Next comes Nedbank's Everyday Current with R114,55. Fifth place is shared by Absa's Current and Gold Current with R126,68 each.

R31 000 expenditure per month – electronic channels, no penalties (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R46,62	
FNB	Smart Account – unlimited	R65,69	
FNB	Smart Cheque Account – unlimited		R81,19
Nedbank	Savvy Electronic Account		R88,55
FNB	Silver Cheque Account – unlimited		R96,20
Nedbank	Everyday Current Account		R114,55
Absa	Current Account – rebate		R126,68
Absa	Gold Current Account – rebate		R126,68

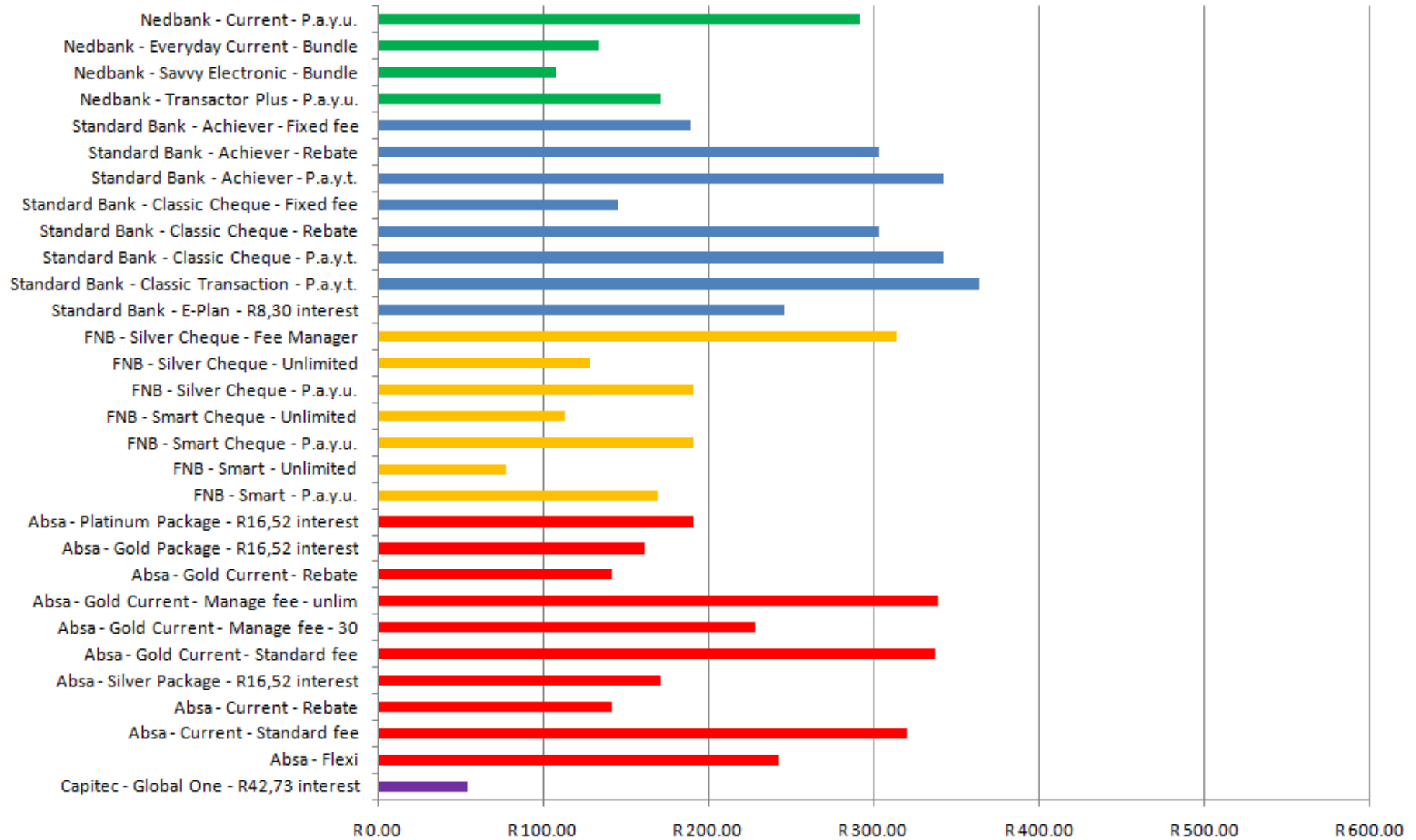
R31 000 using own bank's electronic channels - one penalty, no interest



For this profile FNB's Smart unlimited account takes first place with R75,19, followed by Capitec with R93,10. Nedbank's Savvy Electronic current account comes first of the current accounts with R168,55. The next current account is FNB's Smart Cheque unlimited with R186,19. This is followed by Nedbank's Everyday Current with R194,55. FNB's Silver Cheque unlimited is the fourth cheapest current account for this profile with R201,20. Standard Bank's Classic Cheque fixed fee completes the cheapest five current accounts for this profile with a total cost of R243,90.

R31,000 expenditure per month – electronic channels, one penalty (interest or forgone interest not included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
FNB	Smart Account – unlimited	R75,19	
Capitec	Global One Account	R93,10	
Nedbank	Savvy Electronic Account		R168,55
Nedbank	Transactor Plus Account	R184,65	
FNB	Smart Cheque Account – unlimited		R186,19
Nedbank	Everyday Current Account		R194,55
FNB	Smart Account – pay as you use (fee saver)	R196,70	
FNB	Silver Cheque Account – unlimited		R201,20
Absa	Flexi Account	R237,64	
Standard Bank	Classic Cheque Account – fixed fee		R243,90

R31 000 using electronic channels - no penalties, one other ATM



With R54,02 on this profile, Capitec is the cheapest once again. Capitec is followed by FNB's Smart unlimited with R77,19. After these two the first current account is Nedbank's Savvy Electronic with R107,55. This is followed by two FNB accounts, the Smart Cheque unlimited and the Silver Cheque unlimited with R113,19 and R128,20 respectively. Nedbank's Everyday Current is fourth with R133,55, followed by Absa's Current Account and Golden Current Account, both with R141,18.

R31 000 expenditure per month – electronic channels, no penalties, one external ATM (interest or forgone interest included)			
Bank	Account and option	Costs – Transmission accounts	Costs – Current accounts
Capitec	Global One Account	R54,02	
FNB	Smart Account – unlimited	R77,19	
Nedbank	Savvy Electronic Account		R107,55
FNB	Smart Cheque Account – unlimited		R113,19
FNB	Silver Cheque Account – unlimited		R128,20
Nedbank	Everyday Current Account		R133,55
Absa	Current Account – rebate		R141,18
Absa	Gold Current Account – rebate		R141,18

4.5 General impressions from the cost comparison

4.5.1 Costs of transmission accounts

This comparison reveals that the notion that the basic transmission accounts to which a credit card or overdraft facility cannot be linked directly is always the cheapest option is only partially true.

4.5.1.1 *Capitec*

Capitec offers a transmission account only, and it obviously follows that this is the cheapest Capitec account in all cases. Except for two profiles, it is also the cheapest account overall on every profile. For the eight profiles without penalties the average cost of a Capitec account is R24,62. This includes positive interest on a balance of R10 000. If interest is not taken into account, the average cost for the same eight profiles is R67,35 per month.

Costs of the Capitec Global One Account for different profiles				
	R7 500	R10 500	R17 500	R31 000
Basic	(payback) R6,38	R6,77	R36,02	R46,62
One penalty	R40,10	R53,25	R82,50	R93,10
One other ATM	R2,37	R15,52	R42,02	R54,02

Costs of the Capitec Global One Account for different profiles				
<u>Excluding the effect of any positive interest</u>				
	R7 500	R10 500	R17 500	R31 000
Basic	R36,35	R49,50	R78,75	R89,35
One penalty	R40,10	R53,25	R82,50	R93,10
One other ATM	R45,10	R58,25	R84,75	R96,75

4.5.1.2 *Absa*

Eight out of eight times (except for the profiles where a penalty is added), Absa's transmission account, the Flexi Account, is not the cheapest account offered by Absa. When the penalty is added, however, the Flexi account is consistently the cheapest Absa account, as the penalty on a Flexi account is only R5, whereas on the other accounts the penalty starts at R100 and can increase to R125 (and even R170), except for the Current Account, where it starts at R36 and can increase to R50.

4.5.1.3 FNB

At FNB the transmission account, the Smart Account with the unlimited option is the cheapest FNB account in all cases, except for the two R7 500 profiles without penalties, where the Smart Account pay-as-you-use is the cheapest. FNB's low-cost offer on the Smart Account is therefore indeed this bank's cheapest account. (For information: the penalty on the Smart Account is R9,50, while the general penalty on other FNB accounts is R105 and can increase to R130.)

Costs of the FNB Smart Account unlimited for different profiles				
	R7 500	R10 500	R17 500	R31 000
Basic	R61,89	R62,84	R64,74	R65,69
One penalty	R71,39	R72,34	R74,24	R75,19
One other ATM	R73,39	R74,34	R76,24	R77,19

4.5.1.4 Standard Bank

As at Absa, Standard Bank's transmission account (E-plan) is not the cheapest account in eight out of eight profiles without penalties. In the four profiles with the penalty, the E-Plan account is Standard Bank's cheapest account in only three cases, partly because the penalty on this account it is only R17,50 compared with the general penalty of R115 on other Standard Bank accounts.

4.5.1.5 Nedbank

At Nedbank the Transactor Plus transmission account is the cheapest account in only two of the eight profiles without penalties (both R7 500 profiles). In the other cases it is usually outperformed by the Savvy Electronic account, and in some cases by the Everyday Current account as well. For three of the four profiles with a penalty fee, the Transactor Plus account is the cheapest Nedbank account. As at the other banks, this is because the penalty on the transmission account is R28 compared with the general penalty of R80 (which can increase to R110).

4.5.1.6 Conclusion on transmission accounts

The fact that a bank markets a given account as 'cheap' does not necessarily imply that this is really the option on which the bank charges will be the cheapest. This is true only at FNB (and at Capitec, naturally) and to a lesser extent at Nedbank, where the 'cheap' transmission accounts do have the lowest bank charges.

On a general sliding scale Capitec's transmission account is the cheapest, followed by FNB, Nedbank, Absa and Standard Bank. The difference between Absa and Standard Bank's transmission accounts is generally rather small, and for the lower two profiles (which are what transmission accounts are aimed at) Standard Bank's account is cheaper overall than Absa's offering.

4.5.2 Costs of current accounts

4.5.2.1 Absa

At Absa the Current Account and the Gold Current account, both with the rebate option (which requires a minimum balance of R10 000), are generally the cheapest accounts, and in some cases a few rand more expensive than the Silver Package account (no minimum balance is required, but a regular income of R5 000 per month is required). For most people who cannot or do not want to maintain a minimum balance of R10 000, Absa's cheapest account is therefore probably the Silver Package. For this account a fixed fee of R99 per month is charged, in exchange for which 25 of the most general transactions such as card purchases, debit orders and internet payments are allowed for free. The normal monthly internet bank service fee of R21,95 is also included in the R99. For the eight profiles without penalties the average cost of the Silver Package account is R124,38 per month.

At Absa it is the most difficult to find a single account that is cheapest for most scenarios, because the rebate option with the requirement of a minimum balance of R10 000 is the cheapest option for most profiles, whereas the Silver Package account, although generally a little more expensive, is more suitable for people who cannot maintain a balance of R10 000. One catch with the Silver Package account is the fee of R10 that is levied on any transactions that go beyond the limit of 25 included transactions. The R10 fee is higher than the normal fee on around half of the included transactions. Therefore, if the limit of 25 transactions is breached, costs can start rising drastically.

Costs of the Absa Silver Package for different profiles				
	R7 500	R10 500	R17 500	R31 000
Basic	R95,24	R98,39	R123,73	R155,92
One penalty	R211,76	R214,91	R240,25	R272,44
One other ATM	R109,74	R112,89	R128,23	R170,90

Costs of the Absa Current Account rebate for different profiles				
	R7 500	R10 500	R17 500	R31 000
Basic	R93,43	R100,93	R115,93	R126,68
One penalty	R185,46	R218,11	R291,20	R345,89
One other ATM	R107,93	R115,43	R130,43	R141,18

4.5.2.2 FNB

In FNB's case, the Smart Cheque account is the cheapest account for all 12 profiles. For two of the R7 500 profiles and one of the R10 500 profiles, the pay-as-you-use options of these accounts are the cheapest and on the higher profiles the unlimited option of this account is the bank's cheapest current account. On the unlimited option a fixed fee of R69,99 per month is paid, and no extra costs are incurred for the most general transactions. The average cost of the Smart Cheque account with the unlimited option is R95,29 for the eight profiles without penalties. It is important to note here that FNB charges very high fees if money is drawn at another bank's ATM – in the case of the Smart Cheque account with the unlimited option it is R32 per transaction. Users of this account must therefore try to avoid using non-FNB ATMs even more than holders of accounts with other banks.

Costs of the FNB Smart Cheque Account unlimited for different profiles				
	R7 500	R10 500	R17 500	R31 000
Basic	R77,39	R78,34	R80,24	R81,19
One penalty	R182,39	R183,34	R185,24	R186,19
One other ATM	R109,39	R110,34	R112,24	R113,19

4.5.2.3 Standard Bank

At Standard Bank the Classic Cheque account with the fixed-fee option is the cheapest account the bank offers for 10 of the 12 options. Only on the R7 500 profiles without penalty fees are the bank's current accounts on the rebate option slightly cheaper. For the Classic Cheque account with the fixed-fee option the monthly fee is R95 in exchange for a combination of 30 free common transactions. The average cost of the Classic Cheque account with the fixed-fee option is R127,98 for the eight profiles without penalties.

Standard Bank's SMS notifications about account activity were considered to be free of charge in this analysis, as the MyUpdates Lite service is included free of charge. However, MyUpdates Lite only provides 12 free SMS notifications, after which no further notifications

are sent. In order to receive an unlimited number of notifications, R17 per month has to be paid for the MyUpdates Maxi service.

It is also important to note that if it were not for Standard Bank's relatively high fee (R14,40 compared with no costs at the other three members of the Big Four) charged for amending a stop order, these monthly fees would be substantially lower. The average monthly costs would be R106,38 for the eight profiles without penalties.

Costs of the Standard Bank Classic Cheque Account fixed fee for different profiles				
	R7 500	R10 500	R17 500	R31 000
Basic	R111,10	R111,95	R128,05	R128,90
One penalty	R226,10	R226,95	R243,05	R243,90
One other ATM	R127,05	R127,90	R144,00	R144,85

Costs of the Standard Bank Classic Cheque Account fixed fee for different profiles				
<u>Cost of amending stop orders excluded</u>				
	R7 500	R10 500	R17 500	R31 000
Basic	R96,70	R97,55	R99,25	R100,10
One penalty	R211,70	R212,55	R214,25	R215,10
One other ATM	R112,65	R113,50	R115,20	R116,05

4.5.2.4 Nedbank

At Nedbank the Savvy Electronic account is the cheapest current account the bank offers for all 12 profiles. However, the bank's Everyday Current account is often not much more expensive. The Savvy Electronic account has a fixed monthly fee of R69 per month, in exchange for which an unlimited number of the most common transactions such as card purchases, debit orders and internet payments are free. Like FNB, however, Nedbank charges a relatively high fee if money is drawn from a non-Nedbank ATM, and such transactions should be avoided. The average cost of the Savvy Electronic account with the fixed-fee option is R98,17 for the eight profiles without penalties.

Costs of the Nedbank Savvy Electronic Account for different profiles				
	R7 500	R10 500	R17 500	R31 000
Basic	R89,60	R90,25	R87,90	R88,55
One penalty	R169,60	R170,25	R167,90	R168,55
One other ATM	R106,30	R106,95	R108,25	R107,55

4.5.2.5 Conclusion on current accounts

Most banks' current accounts are more expensive than their transmission accounts, except for Absa and Standard Bank, whose Flexi and E-Plan transmission accounts are often more expensive than some of the banks' current accounts.

Remember that the transactions on the current accounts are exactly the same as those on the transmission accounts. The current accounts offer the possibility of adding extra options, such as an overdraft facility, but this comparison was made without including the additional costs of an overdraft facility or a fuel card – these extra options often have their own separate monthly fees.

It is clear that, unlike with transmission accounts, penalty fees can have a drastic effect on the bank charges of current accounts. A single penalty often doubles the total effective cost of the account. Actually the chances are quite good that not only one penalty will be charged in a month, which can easily push up the cost much more.

Regarding fact that the package or fixed-fee options are generally cheaper than the pay-as-you-use options, the following point is important. The package options can only be regarded as cheap because the pay-as-you-use options are actually expensive. The only alternative with which the banks' package options can be compared is the other options offered by the same bank. It's a bit like comparing the size of a hippopotamus with that of an elephant and concluding that the hippopotamus is a small animal. Despite the fact that the package options are generally cheaper options, the level of bank charges in South Africa remains high. As the latest Finweek article on bank charges pointed out, the package options are actually a curious phenomenon – comparable to a grocer compelling customers to buy a predetermined basket of goods regardless whether they want everything that is in the basket or not.

It also emerges from the comparisons that the cheapest current account option is often the same – one of the lower options – for all the different expenditure profiles. The account options marketed to the better-off clients are usually, as far as bank charges are concerned, not the cheapest even for people with a higher income. It therefore makes sense for all income groups to check carefully whether their accounts or options are really best for them, and whether that option was not perhaps allocated to them merely on the basis of their income level.

Appendix A – Complete table of costs per account

Table A1 – All accounts: Total costs including effect of interest or forgone interest – no penalties				
	R7 500	R10 500	R17 500	R31 000
<i>Capitec – Global One – R42,73 interest</i>	(payback) R6,38	R6,77	R36,02	R46,62
<i>Absa – Flexi</i>	R118,76	R143,31	R200,95	R232,64
Absa – Current – Standard fee	R149,46	R182,11	R255,20	R309,89
Absa – Current – Rebate (R42,73 forgone interest)	R93,43	R100,93	R115,93	R126,68
Absa – Silver Package – R16,52 interest	R95,24	R98,39	R123,73	R155,92
Absa – Gold Current – Standard fee	R162,96	R195,61	R268,70	R326,64
Absa – Gold Current – Management fee – 30	R180,70	R188,20	R203,20	R213,95
Absa – Gold Current – Management fee – unlimited	R290,70	R298,20	R313,20	R323,95
Absa – Gold Current – Rebate (R42,73 forgone interest)	R93,43	R100,93	R115,93	R126,68
Absa – Gold Package – R16,52 interest	R135,24	R138,39	R143,73	R145,92
Absa – Platinum Package – R16,52 interest	R165,24	R168,39	R173,73	R175,92
<i>FNB – Smart – P.a.y.u. (Fee saver) (R21,37 forgone interest)</i>	R50,77	R76,02	R134,92	R157,47
<i>FNB – Smart – Unlimited</i>	R61,89	R62,84	R64,74	R65,69
FNB – Smart Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R72,36	R97,61	R156,51	R179,06
FNB – Smart Cheque – Unlimited	R77,39	R78,34	R80,24	R81,19
FNB – Silver Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R72,36	R97,61	R156,51	R179,06
FNB – Silver Cheque – Unlimited	R92,40	R93,35	R95,25	R96,20
FNB – Silver Cheque – Fee Manager	R111,90	R167,85	R268,75	R302,70
<i>Standard Bank – E-Plan – R8,30 interest</i>	R102,60	R130,15	R209,65	R236,40
Standard Bank – Classic Transaction – P.a.y.u.	R157,10	R191,70	R286,05	R353,65
Standard Bank – Classic Cheque – P.a.y.u.	R135,60	R170,20	R264,55	R332,15
Standard Bank – Classic Cheque – Rebate (R42,73 forgone int.)	R96,33	R130,93	R225,28	R292,88
Standard Bank – Classic Cheque – Fixed fee	R111,10	R111,95	R128,05	R128,90
Standard Bank – Achiever – P.a.y.u.	R135,60	R170,20	R264,55	R332,15
Standard Bank – Achiever – Rebate (R42,73 forgone interest)	R96,33	R130,93	R225,28	R292,88
Standard Bank – Achiever – Fixed fee	R155,10	R155,95	R172,05	R172,90
<i>Nedbank – Transactor Plus – P.a.y.u.</i>	R76,75	R96,75	R139,60	R156,65
Nedbank – Savvy Electronic	R89,60	R90,25	R87,90	R88,55
Nedbank – Everyday Current	R115,60	R116,25	R113,90	R114,55
Nedbank – Current – P.a.y.u.	R139,48	R172,28	R250,73	R282,88

Table A2 – All accounts: Total costs excluding effect of interest or forgone interest – no penalties

	R7 500	R10 500	R17 500	R31 000
<i>Capitec – Global One</i>	<i>R36,35</i>	<i>R49,50</i>	<i>R78,75</i>	<i>R89,35</i>
<i>Absa – Flexi</i>	<i>R118,76</i>	<i>R143,31</i>	<i>R200,95</i>	<i>R232,64</i>
Absa – Current – Standard fee	R149,46	R182,11	R255,20	R309,89
Absa – Current – Rebate	R50,70	R58,20	R73,20	R83,95
Absa – Silver Package	R111,76	R114,91	R140,25	R172,44
Absa – Gold Current – Standard fee	R162,96	R195,61	R268,70	R326,64
Absa – Gold Current – Management fee – 30	R180,70	R188,20	R203,20	R213,95
Absa – Gold Current – Management fee – unlimited	R290,70	R298,20	R313,20	R323,95
Absa – Gold Current – Rebate	R50,70	R58,20	R73,20	R83,95
Absa – Gold Package	R151,76	R154,91	R160,25	R162,44
Absa – Platinum Package	R181,76	R184,91	R190,25	R192,44
<i>FNB – Smart – P.a.y.u. (Fee saver)</i>	<i>R29,40</i>	<i>R54,65</i>	<i>R113,55</i>	<i>R136,10</i>
<i>FNB – Smart – Unlimited</i>	<i>R61,89</i>	<i>R62,84</i>	<i>R64,74</i>	<i>R65,69</i>
FNB – Smart Cheque – P.a.y.u. (Fee saver)	R33,90	R59,15	R118,05	R140,60
FNB – Smart Cheque – Unlimited	R77,39	R78,34	R80,24	R81,19
FNB – Silver Cheque – P.a.y.u. (Fee saver)	R33,90	R59,15	R118,05	R140,60
FNB – Silver Cheque – Unlimited	R92,40	R93,35	R95,25	R96,20
FNB – Silver Cheque – Fee Manager	R111,90	R167,85	R268,75	R302,70
<i>Standard Bank – E-Plan</i>	<i>R110,90</i>	<i>R138,45</i>	<i>R217,95</i>	<i>R244,70</i>
Standard Bank – Classic Transaction - P.a.y.u.	R157,10	R191,70	R286,05	R353,65
Standard Bank – Classic Cheque - P.a.y.u.	R135,60	R170,20	R264,55	R332,15
Standard Bank – Classic Cheque – Rebate	R53,60	R88,20	R182,55	R250,15
Standard Bank – Classic Cheque – Fixed fee	R111,10	R111,95	R128,05	R128,90
Standard Bank – Achiever – P.a.y.u.	R135,60	R170,20	R264,55	R332,15
Standard Bank – Achiever – Rebate	R53,60	R88,20	R182,55	R250,15
Standard Bank – Achiever – Fixed fee	R155,10	R155,95	R172,05	R172,90
<i>Nedbank – Transactor Plus – P.a.y.u.</i>	<i>R76,75</i>	<i>R96,75</i>	<i>R139,60</i>	<i>R156,65</i>
Nedbank – Savvy Electronic	R89,60	R90,25	R87,90	R88,55
Nedbank – Everyday Current	R115,60	R116,25	R113,90	R114,55
Nedbank – Current – P.a.y.u.	R139,48	R172,28	R250,73	R282,88

Table A3 – All accounts: Total costs excluding effect of interest or forgone interest – one penalty

	R7 500	R10 500	R17 500	R31 000
<i>Capitec – Global One</i>	<i>R40,10</i>	<i>R53,25</i>	<i>R82,50</i>	<i>R93,10</i>
<i>Absa – Flexi</i>	<i>R123,76</i>	<i>R148,31</i>	<i>R205,95</i>	<i>R237,64</i>
Absa – Current – Standard fee	R185,46	R218,11	R291,20	R345,89
Absa – Current – Rebate	R185,46	R218,11	R291,20	R345,89
Absa – Silver Package	R211,76	R214,91	R240,25	R272,44
Absa – Gold Current – Standard fee	R262,96	R295,61	R368,70	R426,64
Absa – Gold Current – Management fee – 30	R280,70	R288,20	R303,20	R313,95
Absa – Gold Current – Management fee – unlimited	R390,70	R398,20	R413,20	R423,95
Absa – Gold Current – Rebate	R262,96	R295,61	R368,70	R426,64
Absa – Gold Package	R251,76	R254,91	R260,25	R262,44
Absa – Platinum Package	R281,76	R284,91	R290,25	R292,44
<i>FNB – Smart – P.a.y.u. (Fee saver)</i>	<i>R84,00</i>	<i>R107,95</i>	<i>R170,35</i>	<i>R196,70</i>
<i>FNB – Smart – Unlimited</i>	<i>R71,39</i>	<i>R72,34</i>	<i>R74,24</i>	<i>R75,19</i>
FNB – Smart Cheque – P.a.y.u. (Fee saver)	R206,25	R230,95	R294,85	R321,20
FNB – Smart Cheque – Unlimited	R182,39	R183,34	R185,24	R186,19
FNB – Silver Cheque – P.a.y.u. (Fee saver)	R207,50	R232,20	R296,10	R322,45
FNB – Silver Cheque – Unlimited	R197,40	R198,35	R200,25	R201,20
FNB – Silver Cheque – Fee Manager	R216,90	R272,85	R373,75	R396,70
<i>Standard Bank – E-Plan</i>	<i>R128,40</i>	<i>R155,95</i>	<i>R235,45</i>	<i>R262,20</i>
Standard Bank – Classic Transaction – P.a.y.u.	R272,10	R306,70	R401,05	R468,65
Standard Bank – Classic Cheque – P.a.y.u.	R250,60	R285,20	R379,55	R447,15
Standard Bank – Classic Cheque – Rebate	R250,60	R285,20	R379,55	R447,15
Standard Bank – Classic Cheque – Fixed fee	R226,10	R226,95	R243,05	R243,90
Standard Bank – Achiever – P.a.y.u.	R250,60	R285,20	R379,55	R447,15
Standard Bank – Achiever – Rebate	R250,60	R285,20	R379,55	R447,15
Standard Bank – Achiever – Fixed fee	R270,10	R270,95	R287,05	R287,90
<i>Nedbank – Transactor Plus – P.a.y.u.</i>	<i>R104,75</i>	<i>R124,75</i>	<i>R167,60</i>	<i>R184,65</i>
Nedbank – Savvy Electronic	R169,60	R170,25	R167,90	R168,55
Nedbank – Everyday Current	R195,60	R196,25	R193,90	R194,55
Nedbank – Current – P.a.y.u.	R219,48	R252,28	R330,73	R362,88

Table A4 – All accounts: Total costs including effect of interest or forgone interest – no penalties, one ATM withdrawal other bank

	R7 500	R10 500	R17 500	R31 000
<i>Capitec – Global One – R42,73 interest</i>	<i>R2,37</i>	<i>R15,52</i>	<i>R42,02</i>	<i>R54,02</i>
<i>Absa – Flexi</i>	<i>R124,76</i>	<i>R149,31</i>	<i>R206,95</i>	<i>R242,62</i>
Absa – Current – Standard fee	R155,46	R188,11	R261,20	R319,87
Absa – Current – Rebate (R42,73 forgone interest)	R107,93	R115,43	R130,43	R141,18
Absa – Silver Package – R16,52 interest	R109,74	R112,89	R128,23	R170,90
Absa – Gold Current – Standard fee	R168,96	R201,61	R274,70	R336,62
Absa – Gold Current – Management fee – 30	R195,20	R202,70	R217,70	R228,45
Absa – Gold Current – Management fee – unlimited	R305,20	R312,70	R327,70	R338,45
Absa – Gold Current – Rebate (R42,73 forgone interest)	R107,93	R115,43	R130,43	R141,18
Absa – Gold Package – R16,52 interest	R149,74	R152,89	R158,23	R160,90
Absa – Platinum Package – R16,52 interest	R179,74	R182,89	R188,23	R190,90
<i>FNB – Smart – P.a.y.u. (Fee saver) (R21,37 forgone interest)</i>	<i>R53,77</i>	<i>R80,32</i>	<i>R139,22</i>	<i>R168,97</i>
<i>FNB – Smart – Unlimited</i>	<i>R73,39</i>	<i>R74,34</i>	<i>R76,24</i>	<i>R77,19</i>
FNB – Smart Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R70,61	R101,91	R160,81	R190,56
FNB – Smart Cheque – Unlimited	R109,39	R110,34	R112,24	R113,19
FNB – Silver Cheque – P.a.y.u. (Fee saver) (R38,46 forgone interest)	R70,61	R101,91	R160,81	R190,56
FNB – Silver Cheque – Unlimited	R124,40	R125,35	R127,25	R128,20
FNB – Silver Cheque – Fee Manager	R112,40	R168,35	R269,25	R314,20
<i>Standard Bank – E-Plan – R8,30 interest</i>	<i>R115,30</i>	<i>R142,85</i>	<i>R219,35</i>	<i>R245,80</i>
Standard Bank – Classic Transaction – P.a.y.u.	R167,30	R201,90	R294,50	R364,10
Standard Bank – Classic Cheque – P.a.y.u.	R145,80	R180,40	R273,00	R342,60
Standard Bank – Classic Cheque – Rebate (R42,73 forgone int.)	R106,53	R141,13	R233,73	R303,33
Standard Bank – Classic Cheque – Fixed fee	R127,05	R127,90	R144,00	R144,85
Standard Bank – Achiever – P.a.y.u.	R145,80	R180,40	R273,00	R342,60
Standard Bank – Achiever – Rebate (R42,73 forgone interest)	R106,53	R141,13	R233,73	R303,33
Standard Bank – Achiever – Fixed fee	R171,05	R171,90	R188,00	R188,85
<i>Nedbank – Transactor Plus – P.a.y.u.</i>	<i>R92,05</i>	<i>R112,05</i>	<i>R151,35</i>	<i>R170,65</i>
Nedbank – Savvy Electronic	R106,30	R106,95	R108,25	R107,55
Nedbank – Everyday Current	R132,30	R132,95	R134,25	R133,55
Nedbank – Current – P.a.y.u.	R154,68	R187,48	R261,08	R291,88

Table A5 – All accounts: Total costs excluding effect of interest or forfeited interest – no penalties, one other ATM

	R7 500	R10 500	R17 500	R31 000
<i>Capitec – Global One</i>	<i>R45,10</i>	<i>R58,25</i>	<i>R84,75</i>	<i>R96,75</i>
<i>Absa – Flexi</i>	<i>R124,76</i>	<i>R149,31</i>	<i>R206,95</i>	<i>R242,62</i>
Absa – Current – Standard fee	R155,46	R188,11	R261,20	R319,87
Absa – Current – Rebate	R65,20	R72,70	R87,70	R98,45
Absa – Silver Package	R126,26	R129,41	R144,75	R187,42
Absa – Gold Current – Standard fee	R168,96	R201,61	R274,70	R336,62
Absa – Gold Current – Management fee – 30	R195,20	R202,70	R217,70	R228,45
Absa – Gold Current – Management fee – unlimited	R305,20	R312,70	R327,70	R338,45
Absa – Gold Current – Rebate	R65,20	R72,70	R87,70	R98,45
Absa – Gold Package	R166,26	R169,41	R174,75	R177,42
Absa – Platinum Package	R196,26	R199,41	R204,75	R207,42
<i>FNB – Smart – P.a.y.u. (Fee saver)</i>	<i>R32,40</i>	<i>R58,95</i>	<i>R117,85</i>	<i>R147,60</i>
<i>FNB – Smart – Unlimited</i>	<i>R73,39</i>	<i>R74,34</i>	<i>R76,24</i>	<i>R77,19</i>
FNB – Smart Cheque – P.a.y.u. (Fee saver)	R32,15	R63,45	R122,35	R152,10
FNB – Smart Cheque – Unlimited	R109,39	R110,34	R112,24	R113,19
FNB – Silver Cheque – P.a.y.u. (Fee saver)	R32,15	R63,45	R122,35	R152,10
FNB – Silver Cheque – Unlimited	R124,40	R125,35	R127,25	R128,20
FNB – Silver Cheque – Fee Manager	R112,40	R168,35	R269,25	R314,20
<i>Standard Bank – E-Plan</i>	<i>R123,60</i>	<i>R151,15</i>	<i>R227,65</i>	<i>R254,10</i>
Standard Bank – Classic Transaction – P.a.y.u.	R167,30	R201,90	R294,50	R364,10
Standard Bank – Classic Cheque – P.a.y.u.	R145,80	R180,40	R273,00	R342,60
Standard Bank – Classic Cheque – Rebate	R63,80	R98,40	R191,00	R260,60
Standard Bank – Classic Cheque – Fixed fee	R127,05	R127,90	R144,00	R144,85
Standard Bank – Achiever – P.a.y.u.	R145,80	R180,40	R273,00	R342,60
Standard Bank – Achiever – Rebate	R63,80	R98,40	R191,00	R260,60
Standard Bank – Achiever – Fixed fee	R171,05	R171,90	R188,00	R188,85
<i>Nedbank – Transactor Plus – P.a.y.u.</i>	<i>R92,05</i>	<i>R112,05</i>	<i>R151,35</i>	<i>R170,65</i>
Nedbank – Savvy Electronic	R106,30	R106,95	R108,25	R107,55
Nedbank – Everyday Current	R132,30	R132,95	R134,25	R133,55
Nedbank – Current – P.a.y.u.	R154,68	R187,48	R261,08	R291,88

Appendix B – Cooperative banks

Before and after this study Solidarity and AfriForum received many messages about co-operative banks from members and interested persons. No complete investigation of the legal framework, practical obstacles, possibilities and future implications of co-operative banks has been undertaken yet.

Co-operative banks, such as the Orania and Kleinfontein banks, have been in existence in South Africa for several years. The Co-operative Banks Act (Act 40 of 2007) was signed by the President in February 2008. This act clarified the role and possibilities of such banks. The act provides for certain groups of people to jointly establish co-operative banks. Such groups can be people working for a specific employer, belonging to a specific civic organisation (such as the trade union) or people living in a specific geographic region. This provision obviously means that the growth potential of such a bank is limited, but if the objective is service to members rather than sustained growth, this does not really matter.

The basic principle of a co-operative bank is that the bank is capitalised by the deposits of its members, after which this money is then lent to members at a higher rate of interest. The difference must be sufficient to pay for the administration of the bank. Any further profit can be applied as the members of the bank may see fit. Co-operative banks may to a limited extent borrow money in order to acquire capital besides the capital provided by the depositors.

In order to protect depositors, the Act prescribes sets minimum capital reserve conditions (at present about 6% of the total loan book). In order to spread the risk, it is sometimes stipulated that any single member may represent only a certain percentage of the bank's total loan and depositor book. There are also other measures to reduce this risk, such as certain prescribed investments as well as a reserve fund to which all the co-operative banks contribute, so that if one bank folds, the money can be used to compensate the depositors.

A cooperative bank is owned by the members of the bank, who in turn elect a board of directors to appoint a management team. A supervisory team is also elected from the member base to oversee the board.

By using electronic channels, cooperative banks can offer a complete banking service (including debit cards, internet banking services and debit orders) just like any commercial bank.

The greatest advantage of a cooperative bank is that almost all profits made can be employed in the interest of the bank's members. The bank's independence can also enable it to focus sharply on a specific target market, whether defined geographically (like the Orania Spaar- en Kredietkoöperatief) or on a cultural basis (like Oranjekas).

A cooperative bank may be at risk, however, if it tries to grow too fast and the administrative costs increase too much to be recovered from the bank's profits. If the bank cannot raise sufficient capital, skilled managers may also be discouraged from taking up employment by relatively low salaries and limited growth potential. Because of the nature of the members' interrelatedness, the matter of collecting debt in arrear may also be an unpleasant issue.

Similar banking systems are operating successfully in other countries, including European countries and Australia.