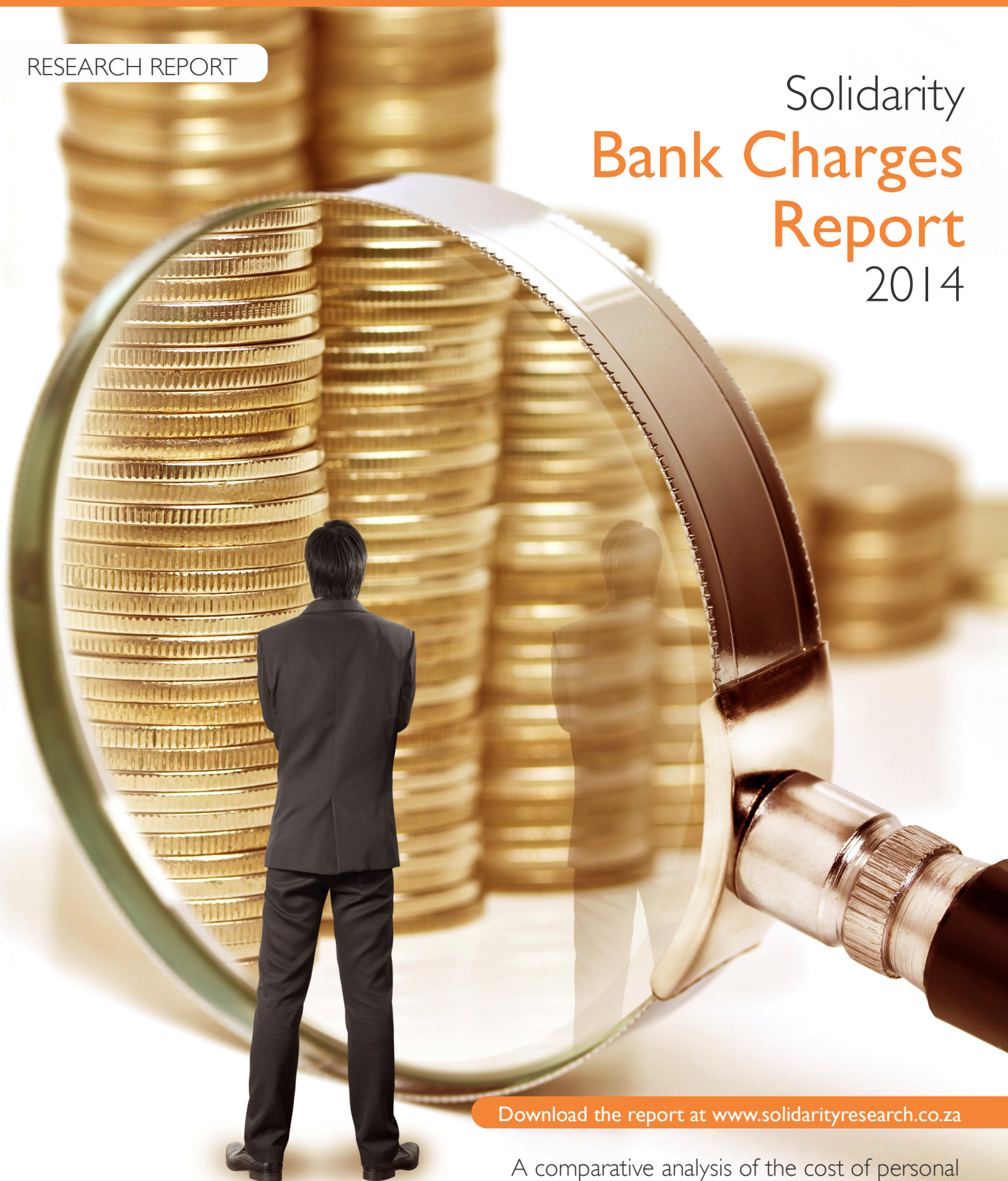


RESEARCH REPORT

Solidarity Bank Charges Report 2014



Download the report at www.solidarityresearch.co.za

A comparative analysis of the cost of personal
transactional accounts at five South African banks
September 2014

DISCLAIMER

No part of this report is intended to give official financial advice to any particular person or group of persons. Solidarity and/or any related organisations or institutions 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 any related organisations or institutions do not guarantee the accuracy of the data and assume no responsibility for any consequences that inaccurate data may have.

Introduction

Customers who are dissatisfied with prices or quality of service usually readily transfer their custom to another provider of similar products or services. Yet people do not switch bank accounts that readily. Switching a bank account is generally regarded as being difficult, cumbersome, confusing and time-consuming. Consequently, bank clients simply continue to pay the charges instead of trying to find out whether they could perhaps find a cheaper service elsewhere. The Solidarity Bank Charges Report makes it easier to switch banks by comparing bank charges in a transparent manner.

Steps to determine whether you are paying too much:

1. Find out exactly which account you currently have. Banks have a number of different accounts – there is not just a single “cheque account” at each bank.
2. Check how you are transacting and how much the monthly bank charges currently are on your bank statement. If the charges come to more than R120, it is very likely that you are paying too much.
3. Check the Solidarity Bank Charges Report for cheaper accounts which are available at the various banks and compile a shortlist.
4. Contact the bank or banks for more information about the accounts on your shortlist and switch to the account that fits your needs best at the lowest price.

The following pages provide a summary of the most important features and bank charges of the accounts of the five biggest commercial banks in South Africa. This information will help clients to identify a few accounts with which to compare their present account and thereby determine whether or not they stand to save money by switching banks or accounts.

On the whole, Capitec is still the cheapest option for most clients, but especially Absa and FNB, and Nedbank in one market segment, have also developed relatively cheap, competitive accounts which are definitely worth considering.



Accounts

Capitec has the simplest product offering of all five banks dealt with in the report. The bank has only one transactional account, the

Global One account.

Riaan Stassen, the bank's previous CEO, said in 2011: "I have yet to understand why [a high net worth customer and a blue-collar customer] should pay different charges for using the same facilities." The Global One account is therefore offered to all people, with no segmentation by income.

Important features

- Interest ranging from 4,4% to 4,75% is earned on any balance in the account – which is higher than the rate on many so-called savings accounts at other banks
- Low, fixed fees for transactions
- No bank charges for purchases made with a card
- Cheap cash withdrawals at supermarkets (R1,05) and other banks' ATMs (R7,30)
- A physical One Time PIN generator that is immune to SIM card cloning
- Credit cards and overdraft facilities are not available



Monthly cost

	12 transactions	17 transactions	24 transactions	29 transactions
Global One (R36,75 interest on R10 000 average balance)	-R5,25	R9,65	R27,25	R42,15
Global One (R7,19 interest on R2 000 average balance)	R24,31	R39,21	R56,81	R71,71
Global One (interest excluded)	R31,50	R46,40	R64,00	R78,90

Best account

Capitec has only

1

one account and it is therefore also the bank's best account. The interest that Capitec pays on positive balances may potentially offset bank charges entirely or even exceed the charges. This account is suitable for people who need a basic, cheap account and who do not mind getting other products like credit cards from another bank.



Alternative accounts at other banks:

1. FNB EasyAccount
2. Absa Transact
3. FNB Smart Unlimited



Accounts

Absa has a large variety of accounts, but the bank has purposefully simplified its product offering in the last few years. The bank's most important accounts are now the

Value Bundle accounts

which were introduced in 2012 and which are considerably cheaper than the accounts the bank used to offer. The bank has improved its Transact account, which is marketed to people with a low income, by removing various limitations that used to encumber the account. It now competes much better with Capitec in that segment of the market.

Important features

- The Value Bundle accounts offer a rebate on bank charges of other products such as credit cards, home loans, vehicle financing and spouses' bank accounts.
- Each month's unused free withdrawals and deposits in the Value Bundle accounts are carried over to the next month.
- Additional discounts are offered on the monthly administration fees if certain minimum balances are maintained in the Value Bundle accounts.

Monthly cost

	12 transactions	17 transactions	24 transactions	29 transactions
Transact	R23,00	R34,95	R50,15	R62,10
Flexi	R64,70	R95,80	R145,05	R182,40
Current, Gold or Plat - PAYT	R102,10	R141,90	R201,05	R247,10
Flexi Value Bundle	R50,50	R51,25	R52,75	R53,50
Gold Value Bundle	R99,50	R100,25	R101,75	R102,50
Platinum Value Bundle	R150,50	R151,25	R152,75	R153,50



Alternatives

to Absa's **Transact** and **Flexi Value Bundle** accounts at other banks:

1. Capitec Global One
2. FNB EasyAccount
3. FNB Smart Unlimited

Best accounts

For people with a low income, the **Transact** account can be a good alternative to an account at Capitec.



Although the **FlexiValue Bundle** is the cheapest among the remaining accounts, this account is actually not as good as the **SilverValue Bundle**, which was offered in 2013, even though the **Flexi Value Bundle's** monthly fee of R49 is lower than the **Silver Value Bundle's** R79 fee. The **FlexiValue bundle** only includes a limited number of transactions in the monthly fee. A better alternative to the **Flexi Value Bundle** is available at **FNB** in the form of the **Smart Unlimited** account. Inside Absa the **GoldValue Bundle** is the cheapest account which includes an unlimited number of electronic transactions.

Bad accounts

The bank's pay-as-you-transact (PAYT) accounts, including the normal Flexi account, will be more expensive than the equivalent Value Bundle accounts for almost all clients. Moreover, clients with PAYT accounts do not get a rebate on the fees of other bank products.





FNB
First National Bank

Accounts

FNB has simplified its wide variety of accounts, which used to be somewhat confusing, into a more focused product range in 2014. The accounts which the bank markets most intensively are the Unlimited accounts, where a fixed fee that covers nearly all electronic transactions is paid.

The fees of FNB's EasyAccount are considerably higher than they were in 2013, but the account can still compete with Capitec in the market for clients with a low income. However, the competition in this segment of the market is now also more intense because of Absa's changes to its Transact account.

Important features

- FNB offers access to the eBucks rewards programme whereby eBucks, a widely accepted means of payment, can be earned.
- FNB also offers discounts on smartphones and other electronic equipment with certain accounts.
- Many of FNB's accounts have Savings Pockets where interest on savings can be earned. The rates are not the same on all accounts, however.

Monthly cost

	12 transactions	17 transactions	24 transactions	29 transactions
EasyAccount	R22,95	R36,50	R54,35	R67,90
Smart - PAYT	R64,60	R90,60	R131,40	R164,10
Smart - Unlimited	R51,20	R52,30	R54,50	R55,60
Gold Cheque - PAYT	R101,10	R135,60	R184,90	R226,10
Platinum Cheque - PAYT	R109,60	R144,10	R193,40	R234,60
Gold Cheque - Unlimited	R102,20	R103,30	R105,50	R106,60
Platinum Cheque - Unlimited	R147,20	R148,30	R150,50	R151,60

Alternatives

to FNB's EasyAccount
and Smart Unlimited
account at other banks:

1. Capitec Global One
2. Absa Transact
3. Nedbank Savvy Plus

Best accounts

Depending on the specific benefits that are sought, different Unlimited accounts will be the best option for different clients. The cheapest Unlimited account is the **Smart Unlimited** account.

For clients with a low income the **EasyAccount** also provides a good alternative to Capitec's Global One account and Absa's Transact account.

Bad accounts

The bank's pay-as-you-transact accounts, except the EasyAccount, will be more expensive than the equivalent Unlimited accounts for virtually all clients.

Standard Bank has a reasonably simple product offering and strongly markets the

Elite Plus account.

The bank also offers the similar, but more expensive Prestige accounts to clients with a higher income. The cost of the bank's AccessAccount, which is marketed to people with a low income, is lower than it was in 2013, but not as low as that of the similar accounts at Capitec, Absa and FNB. Standard Bank's AccessPoints that have been installed at thousands of small shops across South Africa could still make this account attractive in the market it targets.

Important features

- The bank's AccessPoints offers convenient access to banking services to people with AccessAccounts.
- Since 2013 the bank has also had a rewards scheme, uCount.
- Standard Bank's website is the worst of the sites of all the banks in this study. It has an outdated, confusing design and contains a lot of outdated information.

Monthly cost

	12 transactions	17 transactions	24 transactions	29 transactions
AccessAccount - PAYT	R32,80	R49,20	R68,50	R84,90
AccessAccount - Plus	R60,80	R61,70	R63,50	R64,40
Elite - PAYT	R87,80	R126,70	R177,00	R221,40
Elite - Rebate (R36,75 foregone interest)	R39,55	R78,45	R128,75	R173,15
Elite - Plus	R105,80	R106,70	R108,50	R109,40
Prestige - Plus	R180,80	R181,70	R183,50	R184,40

Alternative accounts at other banks:

1. **Capitec Global One**
2. **FNB Smart Unlimited**
3. **Nedbank Savvy Plus**

Best accounts

People with a low income may now find the **AccessAccount** on the pay-as-you-transact option convenient as the account's fees have decreased in 2014.

Apart from this account, the **Elite Plus account**, with a fixed fee of R104 per month that includes most transactions, is the only remaining practical choice at Standard Bank.

However, this account is the most expensive of the accounts which are specifically marketed to the middle class. Standard Bank does not compete very effectively in terms of cost.



Bad accounts

The Elite account on the pay-as-you-transact option is, except if only a handful of transactions are performed per month, more expensive than the Plus option. Inversely, the AccessAccount on the Plus option is more expensive than its pay-as-you-transact variant.



NEDBANK

Accounts

Only two Nedbank accounts, with three variations of each account, are in the 2014 report. The **Ke Yona account** in pay-as-you-transact, Plus and Bundle versions are marketed to people with a low income. The **Savvy account**, also in pay-as-you-transact, Plus and Bundle versions, is marketed to people in the middle class and upper middle class.

Important features

- Nedbank's Savvy account on the Plus option is the cheapest of the accounts marketed specifically to the middle class. In 2014 it is cheaper than the similar accounts from Absa, FNB and Standard Bank.
- Nedbank's Ke Yona account is the most expensive of the accounts marketed specifically to people with a low income.
- Nedbank's Savvy account on the Plus and Bundle options, which are marketed to people in the middle class and upper middle class, include more types of electronic transactions in the fixed monthly fee than similar accounts at other banks do.

Monthly cost

	12 transactions	17 transactions	24 transactions	29 transactions
Ke Yona - PAYT	R76,40	R101,60	R138,50	R163,70
Ke Yona - Plus	R56,40	R79,60	R112,50	R135,70
Ke Yona - Bundle	R72,00	R105,50	R155,70	R196,35
Savvy - PAYT	R124,40	R165,85	R226,25	R273,95
Savvy - Plus (without "cash at till")	R97,00 (R89,00)	R97,00 (R89,00)	R97,00 (R89,00)	R97,00 (R89,00)
Savvy - Bundle	R169,00	R169,00	R169,00	R169,00

Best account

The **Savvy Plus account**, with average costs of R97 per month (or R89 if "cash at till" transactions are not included), is the only practical choice at Nedbank. **This account is also the cheapest of the accounts marketed specifically to the middle class.**

Alternatives to Nedbank's Savvy Plus account at other banks:

1. Capitec Global One
2. Absa Gold Value Bundle
3. FNB Gold Unlimited

Bad accounts

The Ke Yona account, even on its cheapest option, the Plus option, is the most expensive of the accounts marketed to people with a low income. It is not clear why anyone would choose this account rather than an alternative at another bank.

The Savvy account on the pay-as-you-transact option is a lot more expensive than the account's Plus option.



Table of Contents

1. Summary of method and results.....	10
1.1 Low income and basic banking needs	11
1.2 Low income and more sophisticated banking needs.....	12
1.3 Middle class income and sophisticated banking needs.....	13
1.4 Upper middle class income and sophisticated banking needs.....	14
1.5 Summary of the four categories	15
2. The end of pay-as-you-transact?.....	16
3. Comparison of costs of bundle accounts	17
4. Cost of withdrawals at other banks' ATMs (Saswitch).....	18
5. Penalty fees on unsuccessful debit orders	20
6. Comparison of accounts marketed to people with a low income	21
Annexure A – Complete table with costs per account.....	23
Annexure B – Cost of cash and cheque deposits	24
Annexure C – Additional information on method and approach adopted.....	25

I. Summary of method and results

The user profiles used in the 2014 Bank Charges Report are the same as those used in the 2013 report.

As in the 2013 report, only four transaction profiles are used.

In 2010, 2011 and 2012, four basic profiles, with two variations on each one, coming to a total of 12 profiles, were used. Since the 2013 report, each variation is dealt with in a separate section.

	Profile A 12 transactions	Profile B 17 transactions	Profile C 24 transactions	Profile D 29 transactions
Monthly admin fee	1	1	1	1
Card purchase (swipe)	2	3	5	6
Withdraw cash at point of sale	2	2	2	2
Withdraw at own ATM (R500)	0	1	1	1
Withdraw at own ATM (R1000)	0	0	1	2
Own ATM balance enquiry	1	1	1	1
SMS update subscription	1	1	1	1
SMS update notifications	12	17	24	29
Internet banking subscription	1	1	1	1
Internet banking payment	2	3	5	6
Beneficiary SMS notification	2	3	5	6
Scheduled payment ¹ (internal)	1	1	1	1
Scheduled payment (external)	1	1	1	1
Debit order (internal)	2	3	4	5
Debit order (external)	2	3	4	5

The user profiles are not defined according to income level, but rather by the number of transactions on each profile. Almost no fees, except cash withdrawals and deposits at some of the banks, still vary according to the amount involved. Therefore, it is more appropriate to use the number of transactions rather than the income of the account holder as the main guide. Broadly, though, the number of transactions that people do does increase as their income increases.

As in the past, the transactional profiles have been drawn up according to guidelines that are consistent with the guidelines the banks provide on their websites and in their promotional material. These guidelines include:

- few cash withdrawals and no cash deposits or no use of cheques;
- little contact with ATMs;
- no physical visits to a branch – Internet banking services instead;
- the use of SMS notifications concerning activity on the bank account;
- no provision for an overdrawn account; and
- no international transactions.

Moreover, the report only deals with the bank charges of personal transactional accounts. Therefore, the cost of credit products such as credit cards, overdraft facilities, vehicle financing, home loans and personal loans is not dealt with in this report. There are too many different products of this nature and too many possible combinations of and variations on them to be able to draw comparisons that are relevant to a large number of consumers. In the case of personal transactional accounts, there are considerably fewer variations regarding different users' utilisation of their accounts, making it possible to make comparisons that are relevant to many consumers.

The Big Four banks also have differing reward schemes, such as FNB's eBucks; Absa's Rewards; Standard Bank's uCount; and Nedbank's Greenbacks. These reward schemes and other "extras" on some accounts have varying pros and cons, but could be of great benefit to some clients, while other clients will derive little or no benefit from them. The possible effects of these reward schemes are therefore not included in the report's analysis of bank charges. However, where relevant, reference is made to some of the possible benefits in the discussion on specific accounts or banks.

¹ These transactions used to be known as "stop orders", but are now called "scheduled payments" in the banks' pricing literature.

The following tables set out the average monthly bank charges of different accounts of the various banks, broken down according to the transactional profile that is most applicable to them. The accounts and options included in the report are divided into four categories:

1. Accounts marketed to people with a low income and who have basic banking needs. (Profile with 12 transactions per month).
2. Accounts marketed to people with a low income but who have somewhat more sophisticated banking needs (Profile with 17 transactions per month).
3. Accounts marketed to people with a middle class income and sophisticated banking needs (Profile with 24 transactions per month).
4. Accounts marketed to people with an upper middle class income and sophisticated banking needs (Profile with 29 transactions per month).

These tables represent only a general overview of bank charges in 2014 that can be used to obtain a first impression of the charges. In order to actually choose a specific account, the more detailed sections of the report should be studied.

1.1 Low income and basic banking needs

Fierce competition in this category currently exists. All the banks stopped marketing the bureaucratically designed, unsuccessful Mzansi accounts to their low income clients and created better alternatives. Absa (with the Transact account) and FNB (with the

EasyAccount) followed the Capitec model of a low charge for each transaction and, as far as charges are concerned, they now compete well with Capitec. However, Capitec still remains the only bank that pays appreciable interest on any positive balance in the normal account.

Capitec's Global One account, Absa's Transact account and FNB's EasyAccount are all only available in one option, a pay-as-you-transact option.

The charges on Standard Bank's AccessAccount are somewhat higher than those of the three competitors mentioned before, but Standard Bank did come up with a convenient innovation to facilitate access to electronic transactions through so-called AccessPoints at thousands of small businesses in all areas of South Africa. The convenience of this easy access may be more important to some clients than paying the lowest possible charges. The AccessAccount does have some limitations, such as a daily limit of R5 000 on all transactions and the balance may not exceed R25 000. The AccessAccount offers two different options, a pay-as-you-transact option and a bundle option. However, the bundle option's basic monthly fee of R59 is so high that for the majority of clients the pay-as-you-transact option will be cheaper.

Nedbank's Ke Yona Account is considerably more expensive than the other banks' accounts at this level and offers no notable advantages over the other banks' accounts. The Ke Yona Account is available in three different options, two pay-as-you-transact options, and a bundle option that includes a limited number of transactions. Of the three options, the Plus option is the cheapest, but it still remains considerably more expensive than similar accounts at the other banks.

Bank	Account and option	Cost with 12 transactions per month	Average cost across all four transaction profiles
Capitec (R10 000 balance)	Global One (R36,75 interest)	-R5,25	R18,45
Capitec (R2 380 balance)	Global One (R8,56 interest)	R22,94	R46,64
FNB	EasyAccount	R22,95	R45,43
Absa	Transact	R23,00	R42,55
Capitec (R2 000 balance)	Global One (R7,19 interest)	R24,31	R48,01
Standard Bank	AccessAccount - PAYT	R32,80	R58,85
Nedbank	Ke Yona - Plus	R56,40	R96,05

Capitec, Absa and FNB: Among these accounts Capitec is no longer hands down the cheapest, as it used to be two or three years ago. As far as charges go, Absa's Transact account and FNB's EasyAccount now compete strongly with Capitec. Virtually all of the unusual limitations that used to apply to these Absa and FNB accounts, such as restrictions to access at certain branches or restrictions on internet banking services, no longer exist. This means that these accounts now properly compete with Capitec. A notable feature of Absa's Transact account is that no fee is charged for unsuccessful debit orders – the only account offering this benefit.

Due to the fact that Capitec's Global One account pays appreciable interest on any positive balance, this account can still be crowned the cheapest. Any client who actively uses the bank account will unavoidably have a significant positive balance in the account on average during the course of each month. As illustration: with an average monthly balance of R2 380 a Capitec client will earn interest of R8,56, which will lower the net bank charges to R22,94 on the transaction profile with 12 transactions per month. Of course, with a higher balance the interest increases. At an average balance of R8 762 the bank charges on this transaction profile will be fully offset by the interest of R31,50 per month.²

Without taking any interest into account, FNB's EasyAccount – with charges of R22,95 per month – would be the cheapest on this profile, followed by Absa's Transact account which, at R23,00 per month, is more expensive by only five cents.

Standard Bank: Standard Bank's AccessAccount on the pay-as-you-transact option is slightly more expensive, with bank charges of R32,80 per month on this transaction profile. For many clients with a low income the convenience of access to this bank's AccessPoints at spaza shops may justify the slightly higher cost. However, the AccessAccount is an account that has significant limitations as it was

created in terms of Exemption 17 of Fica legislation. The balance on the account may never exceed R25 000; debits against the account may not exceed R25 000 within one month; there is a daily limit of R5 000 on transactions, and no transactions may be done with the AccessAccount beyond the borders of South Africa, Lesotho, Swaziland and Namibia. The Capitec, Absa, FNB and Nedbank accounts that are discussed here do not have such limitations. The fee of R16 per unsuccessful debit order on the AccessAccount is also much higher than the fees applicable to other accounts in this category.

In a positive move, Standard Bank did withdraw one of the disproportionately expensive variants of the AccessAccount, which was offered in 2013, from its product lineup.

Nedbank: As far as bank charges are concerned, Nedbank's Ke Yona account on the Plus option, with charges of R56,40, is not competitive at all on the transaction profile with 12 transactions – these charges are more than double that of the comparable accounts of Capitec, FNB and Absa.³

1.2 Low income and more sophisticated banking needs

During the past few years accounts in this category thinned out considerably. Only Absa and FNB still have accounts which are specifically in this category. Standard Bank and Nedbank withdrew their accounts which used to be in this category. Capitec's Global One account is included here as well, as it is as suitable for clients in this category as it is for clients in the previous category. In this instance, the transaction profile with 17 transactions per month is used to compare charges.

Bank	Account and option	Cost with 17 transactions per month	Average cost across all four transaction profiles
Capitec (R10 000 balance)	Global One (R36,75 interest)	R9,65	R18,45
Capitec (R2 000 balance)	Global One (R7,19 interest)	R39,21	R48,01
Absa	Flexi Value Bundle	R51,25	R52,00
FNB	Smart Unlimited	R52,30	R53,40

² FNB's EasyAccount has a so-called Savings Pocket which also pays some interest. However, money has to be specifically transferred to this Savings Pocket for it to earn any interest. In practice, this will require considerable discipline and effort from the client to actually earn any significant interest. This does not compare favourably to Capitec's approach to interest at all.

³ The Ke Yona account on the Plus option does include a death benefit of R2 000. However, by simply paying lower bank charges on another account of Capitec, FNB or Absa this amount of R2 000 could easily be made up within five years or less. Therefore, choosing the Ke Yona account on the Plus option, simply because of its R2 000 death benefit, does not make financial sense.

Depending on whether the Fica rules were complied with when the account was opened, the Ke Yona account may be subject to the same limitations as Standard Bank's AccessAccount.

Capitec: Even without considering any interest which can be earned on Capitec's account, Capitec would still be the cheapest in this instance. With interest on balances of R2 000 and R10 000 respectively this account will cost R39,21 or R9,65 per month on this transaction profile. This is considerably cheaper than Absa's and FNB's accounts in this category.

Absa and FNB: On this transaction profile, Absa's Flexi Value Bundle account (with monthly charges of R51,25) is marginally cheaper than FNB's Smart Unlimited account with monthly charges of R52,30. Although both accounts are advertised as having monthly fees of R49, certain things, such as notifications to beneficiaries, are not included in the R49 fee. This explains why the actual bank charges exceed the advertised R49.

Absa also offers a pay-as-you-transact option on the Flexi account, and FNB offers a similar option on the Smart account. However, these options are far more expensive, unless almost no transactions are done.

Although Absa's Flexi Value Bundle account is marginally cheaper than FNB's Smart Unlimited account on this transaction profile, the FNB account is in reality probably the better of the two options. Absa's account only includes a limited number of electronic

transactions (11 transactions) in the R49 monthly fee,⁴ while FNB's account includes an unlimited number of electronic transactions. A client using Absa's Flexi Value Bundle account and who unexpectedly has to do a number of transactions in one month, could easily be exposed to higher bank charges than would have been the case had FNB's Smart Unlimited account been used.

1.3

Middle class income and sophisticated banking needs

This category contains the banks' flagship accounts – being the accounts marketed to the core client base. As Capitec only offers one account to all clients Capitec is included here as well, although its account differs in essence from the other accounts in this category. The transaction profile with 24 transactions per month is used to do the comparison in this instance.

It is noticeable that, with the exception of Capitec, it is only the bundle accounts that end up being the cheapest here. The fees per transaction on the equivalent pay-as-you-transact accounts are so extremely high that it would not make sense for almost any client to opt for a pay-as-you-transact account rather than a bundle account.

Table 1.3 Middle class income and sophisticated banking needs

Bank	Account and option	Cost with 24 transactions per month	Average cost across all four transaction profiles
Capitec (R10 000 balance)	Global One (R36,75 interest)	R27,25	R18,45
Capitec (R2 000 balance)	Global One (R7,19 interest)	R56,81	R48,01
Nedbank	Savvy - Plus (without "cash at till")	R89,00	R89,00
Nedbank	Savvy - Plus	R97,00	R97,00
Absa	Gold Value Bundle	R101,75	R101,00
FNB	Gold Cheque Unlimited	R105,50	R104,40
Standard Bank	Elite - Plus	R108,50	R107,60

⁴ The transactions included in the monthly fee of R49 on Absa's Flexi Value Bundle account which are not used in one month are automatically carried over to the next month. In other words, if only five of the 11 electronic transactions were done in January, 17 free transactions will be available in February.

Capitec: Capitec's Global One account is still considerably cheaper than all of the accounts offered by the other banks here, even if no interest is taken into account. With interest on balances of R2 000 and R10 000 respectively, this account will cost R56,81 or R27,25 per month on this transaction profile.

Nedbank: Directly following Capitec, Nedbank with its Savvy account on the Plus option, is the cheapest in this important segment. On the transaction profile which includes 24 transactions per month this account costs R97 per month.⁵ While it is the cheapest of the Big Four banks' accounts in this category, it does not include any significant additional benefits. Participation in the bank's rewards programme, Nedbank Greenbacks, is not free but is subject to an additional fee of about R15,92 per month (or R179 per year).

Nedbank's Savvy account is followed by Absa's Gold Value Bundle account, which at R101,50 per month, is only more expensive by a few rand. It is followed by FNB's Gold Cheque Unlimited account and Standard Bank's Elite account on the Plus option, both of which are consecutively more expensive by less than R4 a month.

Absa: Absa's Gold Value Bundle account, the second cheapest of the Big Four's accounts in this category, includes a host of further benefits, including the benefit that the normal fees of additional products are waived for those clients with this account who also have a credit card (R19), a home loan (R15) or vehicle financing (R5) with Absa. A spouse can also get an additional Gold Value Bundle account at a discount of 50%. Also included is the Take Me Home service. However, participation in Absa's rewards programme, Absa Rewards, is not free of charge as it is subject to an additional fee of R21 per month (or R252 per year).

FNB: FNB's Gold Cheque Unlimited account, the third cheapest of the Big Four's accounts in this category, also includes a number of additional benefits. Clients with this account can buy electronic equipment at FNB at discounted prices over a period of 24 months. Participation in FNB's rewards programme, eBucks is free of charge.

Standard Bank: Standard Bank's Elite account on the Plus option is the most expensive of the accounts in this category. Spouses of clients with this account qualify for a slight discount on a second account. According to price literature, the account does offer access to additional services such as a Take Me Home service, roadside assistance and access to airport lounges. However, as far as could be established, additional fees are levied for access to these services. Participation in the bank's rewards programme, Standard Bank uCount, is not free either, but is subject to an additional fee of R20 per month (or R240 per year).

There's very little difference in cost as far as the Big Four banks' accounts in this category are concerned, with all four accounts in a band of R20 (or approximately 22%) per month, from R89 to R108,50 per month. Clients who are only interested in the lowest bank charges, will simply open an account with Capitec. For those who, for whatever reason, prefer not to have an account with Capitec, the differentiation between the accounts of the Big Four banks will here probably be made based on the additional benefits, rather than on any difference in bank charges.

1.4
Upper middle class income and sophisticated banking needs

The last category of accounts to be discussed includes the accounts marketed to the upper middle class. All of these accounts include significant additional benefits, which is the main reason why some clients would opt for these accounts rather than for accounts in the previous category or for Capitec's account. Capitec's account is therefore not included here. The transaction profile with 29 transactions per month is used for this comparison. Although not included here, Capitec is still significantly cheaper than these accounts on the same transaction profile.

Table 1.4 Upper middle class income and sophisticated banking needs			
Bank	Account and option	Cost with 29 transactions per month	Average cost across all four transaction profiles
FNB	Platinum Cheque Unlimited	R151,60	R149,40
Absa	Platinum Value Bundle	R153,50	R152,00
Nedbank	Savvy - Bundle	R169,00	R169,00
Standard Bank	Prestige - Plus	R184,40	R182,60

⁵ If the profile is slightly modified by replacing the two "cash at till" transactions (which cost R4 per transaction) by ATM withdrawals (four of which are free of charge per month on this account), the cost goes down to the advertised fixed fee of R89 per month.

FNB's Platinum Cheque Unlimited account, with charges of R151,60 per month, is the cheapest account in this instance, with Absa's Platinum Value Bundle account, with charges of R153,50 per month, hot on its heels. Nedbank's Savvy account on the Bundle option, with a cost of R169 per month, is somewhat more expensive. More expensive by almost R15, Standard Bank's Prestige account on the Plus option has charges of R184,40 per month.

As with the previous category's accounts, all these accounts include a variety of additional benefits. At this level, there are simply more such benefits, such as access to airport lounges and access to special assistance at the banks themselves.

As is the case with accounts in the previous category the charges are relatively close to one another. To most clients at this level, the quality of the additional benefits and quality of a bank's service would therefore be more important than the difference in bank charges.

1.5 Summary of the four categories

Capitec, with the Global One account, still emerges from the contest as the cheapest option overall. The appreciable interest this account pays on any positive balance allows it to remain the cheapest, despite fierce competition from FNB and Absa with the EasyAccount and Transact account.

Even for people with middle class income and sophisticated banking needs a Capitec account offers significant savings on bank charges compared to the Big Four's flagship accounts. Capitec's only real limitation is that it doesn't offer products like overdraft facilities and credit cards, but apart from that, it offers normal banking functionality including all electronic and international transactions.

Among the other four banks, in most instances Absa and FNB are the cheapest, with less than R4 difference between the charges on their accounts in all four categories.

In general, Nedbank does not compete all that well when it comes to bank charges, except in the category with the flagship accounts, where the Savvy account on the Plus option is the cheapest of the Big Four's accounts.

The only category in which Standard Bank is not the most expensive is in the category of accounts marketed to people with a low income, where only Nedbank is more expensive. Standard Bank does not compete at all well as far as bank charges are concerned.

2. The end of pay-as-you-transact?

This issue was also raised in the 2013 report. Meanwhile, the trend towards bundle accounts only strengthened because in 2014 the gap between fees of bundle accounts and pay-as-you-transact (PAYT) accounts generally increased. The fixed monthly fees of most of the bundle accounts offered by Absa, FNB, Standard Bank and Nedbank remained the same from 2013 to 2014, but nearly all the PAYT accounts saw increases in administration fees and fees for cash withdrawals, as well as increases in other, less significant fees.

In 2014, the charges of the Big Four's PAYT accounts, where a separate fee is paid for each transaction (but a low monthly service

fee is paid), compare even less favourably with the cost of the banks' equivalent bundle accounts. The cost of almost all the banks' PAYT accounts are higher than the cost of their bundle equivalents across all user profiles. Only on the lowest user profile two accounts are marginally cheaper in PAYT form than in bundle form. As soon as one moves to the second user profile, which has 17 transactions, all the accounts are more expensive in PAYT form than the equivalent bundle accounts. An example of this can be seen in the following table. As the number of transactions increases, the difference in cost obviously also becomes larger.

Table 2 Cost of bundle accounts versus PAYT accounts on the transaction profile with 17 transactions				
Bank	Bundle account and cost		PAYT account and cost	
Absa	Gold Value Bundle	R100,25	Gold - PAYT	R141,90
FNB	Gold Cheque Unlimited	R103,30	Gold Cheque - PAYT	R135,60
Nedbank	Savvy - Plus	R97,00	Savvy - PAYT	R165,83
Standard Bank	Elite - Plus	R106,70	Elite - PAYT	R126,70

The PAYT accounts at the Big Four are therefore only suitable for people who perform a very limited number of transactions, usually less than ten, per month. It seems the Big Four are more interested in generating a stable income stream from bundle accounts which have relatively high fixed monthly fees than offering their clients a cost-effective, flexible option. This is not inherently a bad thing for all clients – there are many bank clients who, for the sake of certainty, prefer the high fixed monthly fee to a variable option.

What appears to be happening, though, is that the monthly cost of a bundle account is now sticking at a level of around R90 to R100. That this level has not increased significantly from 2013 to 2014 is

positive, but there is no indication that it will decrease either. The Big Four now only offer a few options for people who want to pay less than R90 per month without moving to one of the basic accounts.

Excluding Capitec and the accounts that are marketed specifically at people with a low income, only Absa's Flexi accounts, FNB's Smart accounts and Standard Bank's Elite account on the Rebate option offer any possibility of paying less than about R90 per month, even for someone who performs as few as 12 basic transactions in a month.

3. Comparison of costs of bundle accounts

As bundle accounts are quite popular and are marketed intensely by most banks (excluding Capitec) it is also relevant to compare just the cost of different banks' popular bundle accounts with each other.

These accounts are characterised by a relatively high fixed monthly fee, but in exchange for this fee, most transactions are free.

Table 3 Cost of bundle accounts				
	Bank	Account name	Fixed fee	Average cost across four user profiles
1	Absa	Flexi Value Bundle	R49,00	R52,00
2	FNB	Smart Unlimited	R49,00	R53,40
3	Nedbank	Savvy - Plus	R89,00	R97,00
4	Absa	Gold Value Bundle	R98,00	R101,00
5	FNB	Gold Cheque Unlimited	R100,00	R104,40
6	Standard Bank	Elite - Plus	R104,00	R107,60
7	FNB	Platinum Cheque Unlimited	R145,00	R149,40
8	Absa	Platinum Value Bundle	R149,00	R152,00
9	Nedbank	Savvy - Bundle	R169,00	R169,00
10	Standard Bank	Prestige - Plus	R179,00	R182,60

Absa's Flexi Value Bundle, at an average cost of R52,00 per month, is the cheapest in this comparison, followed by FNB's Smart Unlimited account at R53,40. The average monthly cost differs from the fixed monthly fees owing to the additional cost of SMS notifications to beneficiaries of electronic transfers.

Absa and FNB are followed by Nedbank's Savvy account on the Plus option, with a monthly fee of R89,00, but at an average cost of R97,00 per month. The difference between the average cost of Nedbank's accounts on these profiles and the fixed monthly fee can be attributed to the R4 fee charged for cash withdrawals at points of sale and not the cost of SMS notifications to beneficiaries (which are free on this account). The same transaction is offered as part of the bundle by other banks. If this were not taken into account, Nedbank, at an average cost of R89,00 per month, would still be in third place. It is, however, in first place among the accounts marketed to people with a middle class income. Nedbank's Everyday Current account, which was criticised in the 2013 report because of its higher cost without any significant additional benefits, has fortunately been discontinued by the bank in 2014.

Nedbank's Savvy account on the Plus option is followed by Absa's and FNB's accounts at middle class level, with costs of R101,00 and R104,40 respectively.

Standard Bank's bundle account on this level, which was cheaper than Absa and FNB's accounts on this level in 2013, is now somewhat more expensive than Absa and FNB, with a monthly cost of R107,60. As in the case of Absa and FNB, the account's cost is higher than the fixed fee of R104 (in 2013 it was R99) due to the cost of SMS notifications sent to beneficiaries.

The remaining accounts, FNB's Platinum Unlimited, Absa's Platinum Value Bundle, Nedbank's Savvy Bundle and Standard Bank's Prestige Plus follow in positions seven to ten. These accounts are aimed at the upper middle class and bank costs average about R150 to R180 per month, with FNB just managing to be the cheapest in this group. In the case of these accounts, the additional benefits such as Absa's rebate on other linked banking products (such as a credit card, a home loan, a spouse's account, etc.) and FNB's eBucks and favourable prices on electronic equipment can eliminate or reverse the slight differences in cost between the accounts, depending on the particular client's needs and preferences.

4. Cost of withdrawals at other banks' ATMs (Saswitch)

One type of transaction which is not included in banks' bundle accounts, but which is sometimes unavoidable, is a cash withdrawal at another bank's ATM (Saswitch withdrawal). These transactions

can significantly increase overall bank charges. A comparison of the various banks' charges for these transactions is therefore relevant.

	Cost structure of Saswitch withdrawals	R500 withdrawal	R1 000 withdrawal	R2 000 withdrawal
Capitec	Fixed fee of R7,30	R7,30	R7,30	R7,30
FNB	R6,50 + R6,70 per R500 or a part thereof.	R13,20	R19,90	R33,30
FNB EasyAccount	Fixed fee of R9,10	R9,10	R9,10	R9,10
Standard Bank	R10,20 + 1,10% of the value withdrawn	R15,70	R21,20	R32,20
Absa	R9,95 + R1,25 per R100 or a part thereof	R16,20	R22,45	R34,95
Absa Transact	Fixed fee of R7,00	R7,00	R7,00	R7,00
Nedbank	R9,50 + R1,25 per R100 or part thereof	R15,75	R22,00	R34,50
Nedbank Ke Yona PAYT	Fixed fee of R5,50	R5,50	R5,50	R5,50
Nedbank Ke Yona Plus	Fixed fee of R7,50	R7,50	R7,50	R7,50

Here, the cheapest account is Nedbank's Ke Yona account on the PAYT option, with a fixed fee of just R5,50. However, due to other fees, this account is generally a relatively expensive account. As a result, a bank client's saving on this fee will be offset by the account's other, high fees. Absa's Transact account takes second place with a fixed fee of R7,00, followed by Capitec with a fixed fee of R7,30. Unlike Nedbank's Ke Yona account on the PAYT option, both of these accounts are generally also some of the cheapest accounts available.

When the accounts specifically marketed to people with a low income are disregarded, Capitec's fixed fee of R7,30 is the cheapest. This is followed by FNB, which has a more complicated, higher fee structure. FNB is closely followed by Standard Bank, Nedbank and Absa, where there isn't much difference in the fees charged for a Saswitch withdrawal.

The following table illustrates just how significant the effect of one Saswitch withdrawal of R1 000 can be on the actual bank charges of bundle accounts.

Table 4.2 Increase in cost due to one Saswitch withdrawal					
Bank	Account name	Fixed fee	Cost with 24 transactions per month	Cost plus one R1 000 Saswitch withdrawal	% difference
Absa	Gold Value Bundle	R98	R101,75	R124,20	22%
FNB	Gold Cheque Unlimited	R100	R105,50	R125,40	19%
Nedbank	Savvy - Plus	R89	R97,00	R119,00	23%
Standard Bank	Elite - Plus	R104	R108,50	R129,70	20%

As a result of this single transaction, the bank charges on the bundle accounts marketed to middle class income people are immediately 19% to 23% higher. It therefore remains prudent to avoid cash withdrawals at the ATMs of other banks as far as possible, although

(except for Standard Bank's AccessAccount) it does not make such a big difference on the accounts that are marketed to people with a low income, owing to the relatively low, fixed fees that Capitec, Absa, FNB and Nedbank charge on those accounts.

5. Penalty fees on unsuccessful debit orders

The levying of fees on unsuccessful debit orders by banks has been a controversial issue for years. There appears to be no coherent reason to explain why the banks levy exorbitant fees on these unsuccessful transactions, as it cannot be the case that unsuccessful debit orders result in operational costs that are significantly higher than the operational costs of a successful debit order. The notion that this fee is a type of “penalty” for the risk the bank is exposed to due to the client’s “breach of contract” does not hold true either, as the debit order contract is not between the account holder and the bank, but between the account holder and the third party who is the beneficiary of the debit order.

The Big Four began lowering these fees on the accounts aimed at people with a low income about five years ago, and Absa’s Transact account currently does not levy such a penalty fee at all. Even so, these fees remain high in respect of the mainstream accounts. At least the fees on most of the accounts remained unchanged from 2013 to 2014.

As the fees are so high, they can create a financial risk for account holders. It is therefore important to consider the level of these fees when making a decision about a bank account.

Table 5 Cost of penalty (dishonour) fees on unsuccessful debit orders		
Bank	Account	Arranged according to highest possible fee
Absa	Transact	No fee
Capitec	Global One	R4,25 per event
Absa	Flexi	R5 per event
FNB	EasyAccount	R5 per event
FNB	Smart	R5 per event
Nedbank	Ke Yona - PAYT Ke Yona - Plus	R10 per event, with a maximum of four per month
Standard Bank	AccessAccount	R16 per event
Nedbank	Ke Yona - Bundle	R28 per event, with a maximum of four per month
Standard Bank	General	R115 per event
Nedbank	General	R90 per event, increasing to R120 from the fourth event per year
FNB	General	R60 per event, increasing to R138 from the fourth event per year
Absa	General	R60 per event, increasing to R138 from the fourth event per year

Just how significant the impact of these fees can be is clearly evident. On Absa’s and FNB’s general accounts a mere eight debit order instructions have to be issued to an account with insufficient funds for the “penalty” to exceed R1 000. Debit order instructions can be

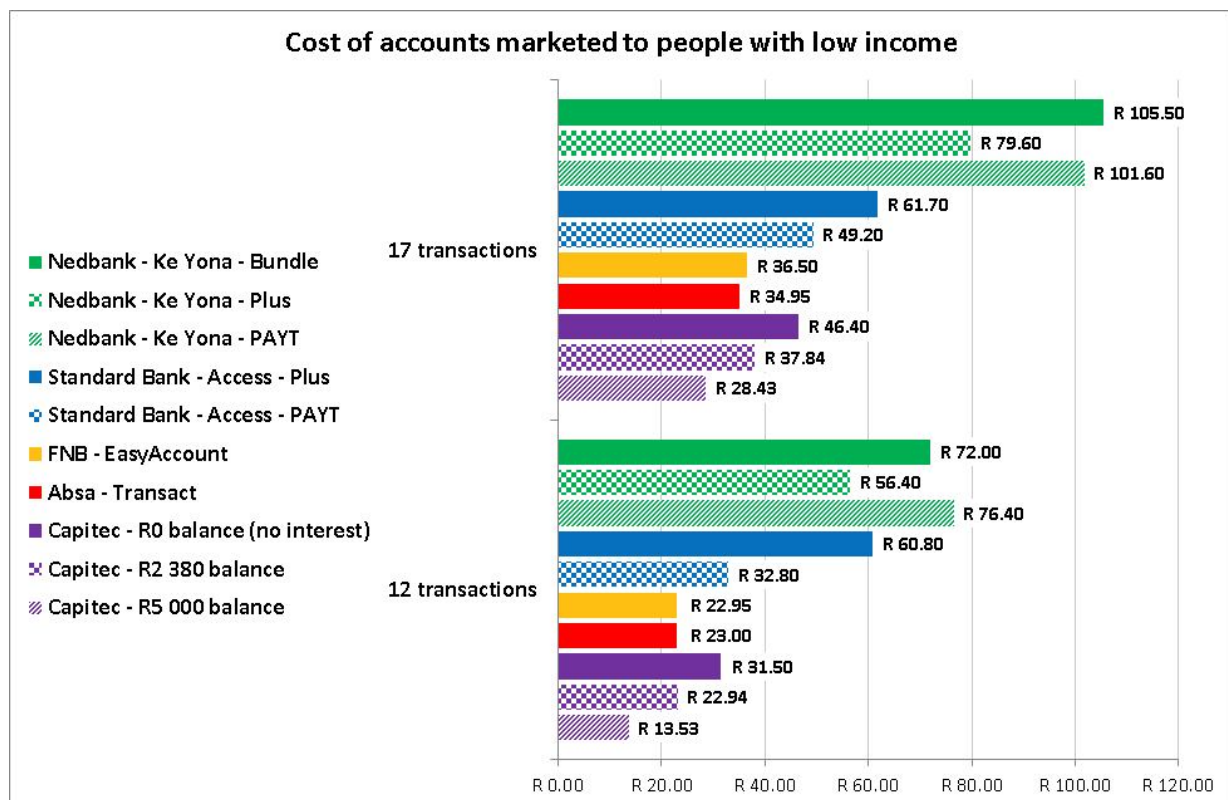
issued more than once per month by a service provider, which means that even if the client only has one debit order, these penalty fees could be levied more than once per month.

6. Comparison of accounts marketed to people with a low income

Since 2012, the Big Four banks have all introduced new accounts aimed at people with a low income – a development that was ostensibly prompted by Capitec's success in this market segment. These accounts effectively replaced the failed, bureaucratically designed Mzansi accounts.

When these accounts were initially introduced, many significant limitations applied with regard to their use, such as not being able to

access internet banking or only being allowed to transact cheaply at certain branches. Nearly all of these limitations have since been lifted in their entirety. As a result, these accounts have now also been included in the general comparison. This section of the report provides additional information especially as these accounts are experiencing dynamic competition at this stage.



The most significant change with regard to costs since 2014 was the notable increase in FNB's EasyAccount fees, while Standard Bank's AccessAccount on the PAYT option saw lower fees. It seems that FNB could not maintain the extremely low fees that were levied on the EasyAccount in 2013, while Standard Bank is attempting to compete more effectively.

The fees of Capitec's Global One account and Absa's Transact account increased only marginally. Nedbank's Ke Yona account was modified significantly, but with the net effect that this account, which was already the most expensive in this group of accounts in 2013, has become even more expensive.

The competition in this category is mainly among Capitec, FNB and Absa. This is especially noticeable on the transaction profile with 12 transactions, where Absa's costs and FNB's costs on those two accounts (of R23,00 and R22,95 respectively) only differ by five cents. If Capitec's cost is compared with those two in isolation it is, at R31,50, slightly higher, but as soon as the average balance on the account reaches the minimal amount of R2 380, the interest of R8,56 is enough to push the effective cost lower than the FNB EasyAccount's cost of R22,95. Obviously, as the balance on a Capitec account increases further, the gap continues to increase.⁶

⁶ FNB's EasyAccount has a so-called Savings Pocket which also pays some interest. However, money has to be specifically transferred to this Savings Pocket for it to earn any interest. In practice, this will require considerable discipline and effort from the client to actually earn any significant interest. This does not compare favourably with Capitec's approach to interest at all.

There is now little difference between the Capitec, FNB and Absa's accounts, and choosing between the three would depend on each client's personal preference and ability to maintain a positive balance.

Since 2013, Standard Bank has significantly lowered its fees on the AccessAccount's "pay-as-you-transact" option, but it is still not quite achieving the low levels Capitec, FNB and Absa achieve. However, the R10 to R15 difference each month could be offset against the convenience it offers to clients using this account, as they have access to Standard Bank's AccessPoints, installed at thousands of small shops countrywide.⁷ One negative aspect related to this account is that the "penalty" on an unsuccessful debit order is R16 per occurrence – which is considerably more expensive than the penalties on Capitec, FNB and Absa's accounts, which range from R0 to R5. As in 2013, the AccessAccount's Plus option is still considerably more expensive than the normal pay-as-you-transact option, and most clients will be able to obtain better similar accounts from another bank. The Plus option does include a R2 000 death benefit, which the normal pay-as-you-transact AccessAccount does not include.

As in 2013, Nedbank's Ke Yona account is the most expensive of all accounts in this category. Although the account was drastically modified from 2013 to 2014, the charges of all three options the account offers (two of which include a R2 000 death benefit) are so much more expensive than similar accounts offered by the other banks that it is hard to see why anyone would prefer a Ke Yona account to an account with any of the other banks.



⁷ As the AccessAccount was created under Fica exemption 17, the account has certain limitations, including that the balance may not exceed R25 000; debits against the account may not exceed R5 000 a day; and no more than R25 000 may move in and out of the account during a month. No transactions may be done outside South Africa, Lesotho, Swaziland and Namibia. (Depending on whether all Fica regulations are complied with when opening the account, Nedbank's Ke Yona account can also be subject to these limitations.)

Annexure A – Complete table with costs per account

Table A All accounts: Total costs, including the effect of interest or foregone interest				
	User profile A 12 transactions	User profile B 17 transactions	User profile C 24 transactions	User profile D 29 transactions
Capitec - Global One (R36,75 interest on R10 000 balance)	-R5,25	R9,65	R27,25	R42,15
Capitec - Global One (R7,19 interest on R2 000 balance)	R24,31	R39,21	R56,81	R71,71
Absa - Transact	R23,00	R34,95	R50,15	R62,10
Absa - Flexi	R64,70	R95,80	R145,05	R182,40
Absa - Current, Gold or Plat - PAYT	R102,10	R141,90	R201,05	R247,10
Absa - Flexi - Value Bundle	R50,50	R51,25	R52,75	R53,50
Absa - Gold - Value Bundle	R99,50	R100,25	R101,75	R102,50
Absa - Platinum - Value Bundle	R150,50	R151,25	R152,75	R153,50
FNB - EasyAccount	R22,95	R36,50	R54,35	R67,90
FNB - Smart - PAYT	R64,60	R90,60	R131,40	R164,10
FNB - Smart - Unlimited	R51,20	R52,30	R54,50	R55,60
FNB - Gold Cheque - PAYT	R101,10	R135,60	R184,90	R226,10
FNB - Platinum Cheque - PAYT	R109,60	R144,10	R193,40	R234,60
FNB - Gold Cheque - Unlimited	R102,20	R103,30	R105,50	R106,60
FNB - Platinum Cheque - Unlimited	R147,20	R148,30	R150,50	R151,60
Standard Bank - AccessAccount - PAYT	R32,80	R49,20	R68,50	R84,90
Standard Bank - AccessAccount - Plus	R60,80	R61,70	R63,50	R64,40
Standard Bank - Elite - PAYT	R87,80	R126,70	R177,00	R221,40
Standard Bank - Elite - Rebate (foregone interest of R36,75)	R39,55	R78,45	R128,75	R173,15
Standard Bank - Elite - Plus	R105,80	R106,70	R108,50	R109,40
Standard Bank - Prestige - Plus	R180,80	R181,70	R183,50	R184,40
Nedbank - Ke Yona - PAYT	R76,40	R101,60	R138,50	R163,70
Nedbank - Ke Yona - Plus	R56,40	R79,60	R112,50	R135,70
Nedbank - Ke Yona - Bundle	R72,00	R105,50	R155,70	R196,35
Nedbank - Savvy - PAYT	R124,40	R165,85	R226,25	R273,95
Nedbank - Savvy - Plus	R97,00	R97,00	R97,00	R97,00
Nedbank - Savvy - Plus (without "cash at till")	R89,00	R89,00	R89,00	R89,00
Nedbank - Savvy - Bundle	R169,00	R169,00	R169,00	R169,00

Annexure B – Cost of cash and cheque deposits

In the user profiles that appear in the report no provision is made for cash or cheque deposits, because the banks' general guidelines state that such transactions should be avoided as far as possible. Even so, after the 2010 study enquires regarding the cost of cash and cheque deposits were received from the public. An overview of the cost of depositing cash and cheques has therefore been provided since the 2011 study.

The majority of banks charge different fees on deposits at bank branches and at ATMs respectively.

According to the general fee structure, a fixed fee is charged for every cheque deposit, irrespective of the size of the cheque. In the case of cash deposits, a percentage of the deposited amount is

charged, usually subject to a minimum fee. Sometimes, instead of a percentage being used, a specific fee per R100 or part of R100 deposited is charged. That is to say, if the fee is R1,25 per R100 or part of R100, a fee of R1,25 will be charged if R100 is deposited, and a fee of R2,50 will be charged if R101 is deposited. However, this approach is not included in the comparison, as only multiples of R100 are used.

At most banks the fees charged on cash or cheque deposits are the same for all their accounts. A number of accounts such as Absa's Value Bundle accounts, Nedbank's Savvy account on the Plus option and Standard Bank's Elite account on the Plus option include a certain number of free cash deposits at ATMs (and sometimes bank branches) per month.

Table B1 Cost of deposits inside branches

	Cost of cheque deposits	Cost structure of cash deposits	R500 cash deposit	R1 000 cash deposit	R2 000 cash deposit
Capitec	R16,00 (salary cheques are free)	R1,15 per R100 No minimum fee	R5,75	R11,50	R23,00
Absa	R14,00	R6,20 plus 1,35% of amount (plus R5 on FVB)	R12,95	R19,70	R33,20
FNB	R20,00	1,51% of amount R43,00 minimum fee	R43,00	R43,00	R43,00
FNB - EasyAccount	R20,00	(not clear if it is possible)	(not clear if it is possible)	(not clear if it is possible)	(not clear if it is possible)
Standard Bank	R20,00	R11,00 plus 1,20% of amount	R17,00	R23,00	R35,00
Standard Bank - AccessAccount	(not clear if it is possible)	R28,00 fixed fee	R28,00	R28,00	R28,00
Nedbank	R8,50	R5,00 plus R1,25 per R100	R11,25	R17,50	R30,00
Nedbank - Ke Yona - PAYT	R8,50	R7,00 fixed fee	R7,00	R7,00	R7,00
Nedbank - Ke Yona - Plus		R5,50 fixed fee	R5,50	R5,50	R5,50

Table B2 Cost of deposits at ATMs

	Cost of cheque deposits	Cost structure of cash deposits	R500 cash deposit	R1 000 cash deposit	R2 000 cash deposit
Capitec	Not available	R0,55 per R100 (notes) No minimum fee	R2,75	R5,50	R11,00
Absa	R0,00	R3,00 plus R1,25 per R100	R9,25	R15,50	R28,00
FNB	R20,00	0,70% of amount R5,50 minimum fee	R5,50	R7,00	R14,00
FNB - EasyAccount	R20,00	R4,55 fixed fee	R4,55	R4,55	R4,55
Standard Bank	R15,00	R4,00 plus 1,20% of amount	R10,00	R16,00	R28,00
Standard Bank - AccessAccount	(not clear if it is possible)	R4,00 fixed fee	R4,00	R4,00	R4,00
Nedbank	R8,50	R5,00 plus R1,25 per R100	R11,25	R17,50	R30,00
Nedbank - Ke Yona - PAYT	R8,50	R7,00 fixed fee	R7,00	R7,00	R7,00
Nedbank - Ke Yona - Plus		R5,50 fixed fee	R5,50	R5,50	R5,50

Annexure C – Additional information on method and approach adopted

The purpose of this study is not to comment on or criticise the fact that South African banks charge fees. Bank fees as a direct mechanism to recover the cost of transactional banking services are not necessarily worse than indirect mechanisms such as using the cost of credit to cross-subsidise transactional banking services. This report is only a comparison of most of the different options available to South African holders of transactional 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 a minimal degree to obtain greater certainty in cases where uncertainty existed.

Making use mainly of the banks' websites and telephone helplines provided a way of treating all banks the same way with regard to the accuracy and clarity of their websites and the accuracy and consistency of the information supplied to the public. All the information used in the comparison is therefore the same information that is available to the general public.

Throughout the report it was endeavoured to use the latest information and to convey it accurately. The information was collected from the electronic brochures on the banks' websites as each bank announced its charges for 2014. In those cases where online information was unclear, an attempt was made to verify the information by calling the helplines. Slight inaccuracies could have occurred in the transfer of information, although accuracy was diligently pursued. For these reasons the information in this report cannot necessarily 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 completion of the report; the brochures and helplines may have contained incorrect information and errors could have occurred in transcribing and/or interpreting correct data.

Only the so-called Big Four (Absa, FNB, Nedbank and Standard Bank) and Capitec are included in the comparison. There are several other commercial banks, co-operative banks and non-bank financial service providers competing with the five banks compared here. However, most of these institutions have a small geographic footprint; offer limited services or focus exclusively on limited market segments. For these reasons only the abovementioned five banks have been included in this analysis.

Only the charges for transactional accounts were compared. Products such as investment accounts, home loans, vehicle financing or business accounts have not been investigated as the rates and benefits associated with services of this kind depend to a greater extent on personal circumstances and features and are not standardised as in the case of charges for transactional accounts.

Broadly speaking, there are two types of transactional accounts: transmission accounts without an overdraft facility and current accounts, which may offer an overdraft facility. Transmission accounts are generally marketed as "cheaper" alternatives to people with a lower income. However, this kind of account was often not very cheap at all. In the past few years many of these "cheap" accounts that were actually expensive have been discontinued by the banks, who replaced them with better alternatives.

A relatively recent phenomenon is the difference between debit cards and so-called cheque cards. A cheque card functions much like a credit card and can be used to make online purchases. Some banks charge an additional fee if clients prefer a cheque card instead of a debit card. In this comparison, the cheapest option was used throughout.

The reason why overdraft facilities and credit cards are omitted is that if the large number of different options, combinations, interest-free periods and interest rates available were included, they would influence the results of the comparison too much. Garage cards were omitted because a very large number of filling stations, if not all of them, now also accept payment by means of debit cards (and ordinary credit cards), which makes a personal garage card unnecessary.

In the case of Standard Bank's Elite account on the Rebate option, which requires that a set minimum interest-free balance must be kept in the account in order to get a rebate (discount) on bank charges, the foregone interest was calculated and added to the total bank charges for the account.⁸ This renders the comparison fairer. In the case of Capitec's Global One account 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 subtracted from the banking charges to achieve a fairer comparison. In respect of Capitec's account the interest rate on a balance of R10 000 is 4,5%, which will accrue interest of R36,75 in one month. A lower average balance of R2 000, which is realistic even for people with low income, was also used as an alternative. It earns interest of R7,19 per month at a rate of 4,4%, which also offsets bank costs to a certain degree. In the comparisons, the amount of interest accrued is given in all cases so that those readers who believe they are unable to maintain such a balance, may see the adjustment in costs that is required.⁹

Exceptional fees such as fees for the replacement of lost cards or post-dated cheques that bounce were not included in this analysis. The inclusion of such fees, for which most clients will rarely be charged, would distort the monthly cost profiles.

⁸ Interest has been calculated on the applicable minimum balance required on the specific account, at the highest interest rate that can currently be earned on any current account, namely 4,5% on a balance of R10 000 or more at Capitec. (Capitec offers higher interest, up to 4,75%, on higher balances.)

⁹ It can be argued that interest income on the same amount (R10 000) should be brought into the calculation to enable comparison between other accounts on which no minimum balance applies but on which no interest on positive balances is earned either. For example, an individual who has an FNB EasyAccount, but also has spare cash of R10 000, could (with some effort and inconvenience) put that R10 000 in a separate savings account and earn interest on it as well. Should they so wish, readers of the report can deduct R36,75 from the bank charges of each relevant account (requiring no minimum balance nor paying any interest) to determine the comparable figure in relation to other interest-bearing accounts. The opportunity cost of cash may also differ from person to person, depending on what else they could feasibly otherwise have done with the cash in their bank 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 lower than those for ordinary accounts. Younger and older people should, therefore, take the trouble to ask banks about products specifically designed for them.

The terminology for the different transactions and account options has generally been retained as it appears on the banks' websites in order to prevent possible confusion when readers of the report consult the websites or banks for further information.

