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## **Standard Bank response to Banking Enquiry recommendations**

The meeting with the Minister of Finance and National Treasury was the culmination of many years of detailed research on local market conditions, consumer behaviour and international trends and best practice. Standard Bank actively participated in the Banking Enquiry Panel and has supported the overwhelming majority of the Jali Committee findings and recommendations.

After the release of the full technical report, an inter-departmental committee comprising of the National Treasury, the Department of Trade and Industry and the Competition Commission was formed. Treasury worked with the South African Reserve Bank to assess the recommendations of the Panel, and consult with the banking industry to take forward the recommendations made by the Panel.

Peter Schlebusch, Standard Bank CEO of Personal and Business Banking says: "Participation in the Jali Committee enquiry proved to be an invaluable process not only for Standard Bank, but for the broader South African population, legislators as well as our shareholders. Customers now have a better understanding of the products that banks offer, the services and fees associated with them and the alternatives that are available.

"As a bank, the enquiry assisted us in continuing to connect with our customers, their needs and demands, and some of our shortcomings in addressing these. In the period before and after the release of the Jali Committee findings we have made numerous changes to our offerings that are in line with the recommendations and the spirit of the Jali Committee.

"The changes ensure that we provide our customers with more relevant banking services that suit their needs for financial access, and transparency of information at a price that suits their requirements. All the changes made have been to the benefit of the customer."

Salient changes we have introduced since the enquiry include:

- Dishonour fee on Mzansi decreased by almost 80% since the Enquiry to R7
- E-Plan dishonour fee decreased by 45% since the enquiry to R17.50
- Mzansi customers are exempt from paying Saswich fees
- Mzansi receive two free ATM deposits per month
- Student and youth products get four free cash deposits per month
- Four to five free debit transactions per month for youth and student customers
- First ATM cash deposit free across all products per month
- Declined ATM cash withdrawal fees has been scrapped for all customers
- Saswitch fees have remained unchanged for the last six years
- Fee increases for electronic transactions on our basic transaction products kept well below inflation
- Kept Mzansi fee increases well below inflation at 4%
- All electronic salary deposits are free
- All pre-paid airtime recharges are free
- Out of bundle Internet Banking fees remain unchanged in the last three years
- Bundled Internet banking remains free
- Enhanced pricing calculator to make it more customer friendly
- Introduced more transparent and easy to understand customer brochures.

Schlebusch says: "Of the 28 recommendations made by the Jali Committee, 15 are within the bank's ability to change or influence. Standard Bank has positively responded to all 15 recommendations. These recommendations include debit orders, penalty fees, ATM pricing and transparency. The remaining recommendations require the input and guidance from National Treasury, the South African Reserve Bank, various card associations and the Banking Association of South Africa. Standard Bank will be providing support and input to the various industry bodies where required."

Standard Bank has also reduced the actual cost of banking for the consumer by making banking more convenient through the expansion of its physical, electronic and mobile banking infrastructure. Standard Bank more than 1,6 million cellphone banking customers. Standard Bank now has 663 branches across the country. The ATM network has been aggressively expanded, with 6490 points of representation. Standard Bank has also introduced AutoMoney, a low cost transactional device that has been distributed to more than 800 points of representation across the country.

Standard Bank continues to refine and expand its bundled offerings to consumers. Three quarters of Standard Bank's current account customers make use of bundled options. These transactional options provide consumers with access to the full spectrum of banking services and facilities at lower cost. Consumers have access to free Internet and telephone banking and get up to 120 electronic and branch transactions free per month.

"It is clear from the findings of the Jali Committee that the focus of the panel was to encourage competition amongst the banks through transparency, comparability and ease of switching bank accounts. Standard Bank welcomes and fully supports this approach," said Schlebusch.

The Enquiry Panel made 28 recommendations, which can be divided into five categories. Three of these categories address market conduct, one interchange and the final one the national payments system.

Standard Bank's position on these recommendations is:

- **Cap on penalty fees on rejected debit orders.** Standard Bank has already taken steps to reduce its penalty fees. Penalty fee charges have been drastically reduced from R31.50 to R7 on Mzansi accounts for rejected debit orders, with the first default each month being free. The bank then charges a maximum of four returned debit orders per month and thereafter any further rejected debit orders are free.
- **Debit order management.** Standard Bank allows customers to stop or suspend debit order payments to any corporate, provided that the instruction is in writing. Standard Bank is participating in the PASA discussions about cancelling debit orders, and the exact protocols that need to be adopted to do that systematically. The proposed rules will protect the customers, thus stopping any abuse of the debit order system.
- **ATM pricing transparency.** Standard Bank supports the call for ATM pricing transparency as this will enable customers to exercise choice. Standard Bank already provides customers with monthly statements detailing all fees and charges levied. Where a Standard Bank customer uses another bank's ATM the charge for that transaction is displayed separately on the statement as the convenience charge for using another bank's ATM. The fee for Standard Bank processing the withdrawal is displayed separately. Standard Bank has agreed to display a message on its ATM screens advising non-Standard Bank customers that their bank may charge an additional fee for the use of the Standard Bank ATM. Standard Bank supports cash back at POS (Point-of-Sale). We will work with the industry to ensure proper governance around the cash back at POS rules to protect the customer.
- **Bank customer conduct**
  - Standardised terminology has already been implemented through the Code of Good Banking Practice, which makes it easier for customers and potential customers to compare charges across all the banks.
  - Fee calculators. Standard Bank has a comprehensive fee calculator, which is readily accessible on the internet, in branches and through its call centres.
- **Switching bank accounts.** Standard Bank tries to make it as "seamless" as possible for customers to move their bank account to another bank if they wish to do so. Standard Bank together with the industry is developing a switching code that will facilitate the easy change of banks for a customer.
- **KYC (Know Your Customer) hub.** Standard Bank supports the establishment of a KYC hub and will work with the industry to develop a centralised hub.

"The impact of the Jali Committee findings can already be seen in the day to day operations at Standard Bank. Customers are encouraged to use the easily accessible pricing guides and pricing calculators to determine the most suitable banking products for them.

"Direct channels like ATM's, telephone banking and Internet Banking all offer exceptional value and service. Customers are encouraged to make use of these tools and information to assist them in choosing and reducing the

fees on their banking services. Customers should also evaluate the holistic proposition, including service, accessibility of the bank's infrastructure, the bank's footprint, its reputation and brand," said Schlebusch.

Issued by Standard Bank Group.

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