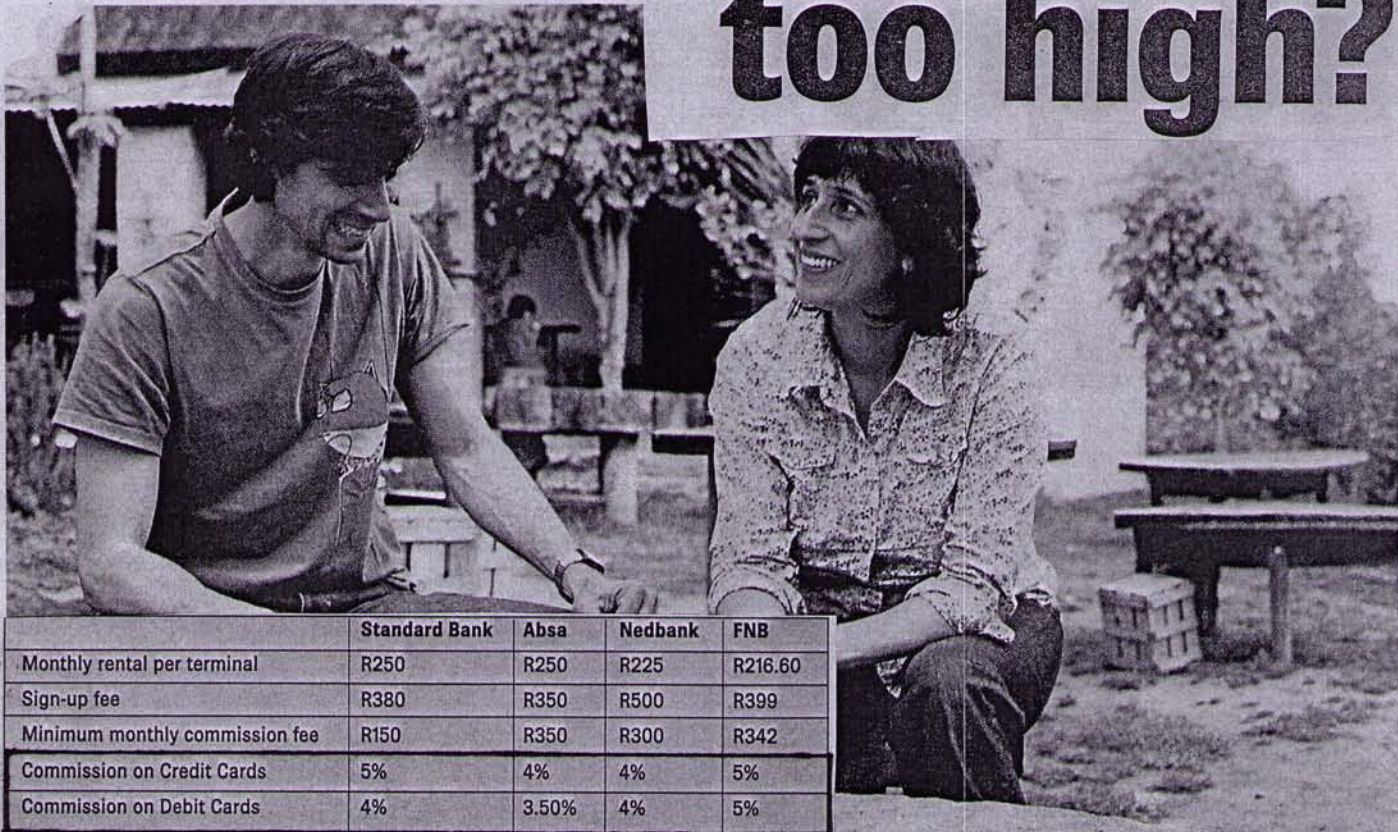


IT'S MY BUSINESS

# Are your bank fees too high?



CREDIT CARD DEBACLE: Husband-and-wife team Paul D'Andrea and Linda Malone are investigating the costs of a credit card machine

	Standard Bank	Absa	Nedbank	FNB
Monthly rental per terminal	R250	R250	R225	R216.60
Sign-up fee	R380	R350	R500	R399
Minimum monthly commission fee	R150	R350	R300	R342
Commission on Credit Cards	5%	4%	4%	5%
Commission on Debit Cards	4%	3.50%	4%	5%

## Which financial institution will eat less of your profits? Barrie Terblanche investigates

A SURVEY by It's My Business of the big four South African banks shows staggeringly high bank fees levied on small business owners, together with very complex fee structures.

Most striking are the extreme fees charged by the banks for taking businesses' cash deposits. Shop-front businesses that have to make daily cash deposits pay almost three times as much in bank fees as non-cash businesses.

### Nedbank is the cheapest

The survey reveals that Nedbank is the cheapest bank for businesses that have to make cash deposits — about 25% cheaper than Absa, the most expensive. The sample business used in our survey would have been charged R830 for 20 cash

deposits a month into a Nedbank business cheque account. The Absa business savings account BizStart would have cost an astronomical R1 099.

Banks say that the steep cash-handling fees are due to high crime rates and expensive personnel, but the difference between Nedbank and Absa suggests that there could be some fat built into the fees.

Significantly, Nedbank is shown by the survey to have moved from the most expensive bank a few years ago to one of the (relatively) cheapest in an effort to reposition itself, which suggests that fees can be slashed if a bank is nudged out of its comfort zone.

Another possible silver lining is FNB's Fee Manager Option, based on a concept borrowed from another overpriced industry:

telecommunications. Under this scheme, a business buys a bundle of transactions a month, which includes electronic transfers,

ATM withdrawals and debit orders. At least in some scenarios, it seems to bring the bank fees down substantially.

But FNB's effort is marred by a number of factors. Firstly, the transaction bundle does not include cash deposits. Secondly, it seems that FNB has not informed its existing customers of the option. Several FNB business-owner clients told It's

My Business they've never heard of the scheme before.

Paul D'Andrea, who owns two businesses in Cape Town, says that for years he has been paying per transaction on his FNB cheque account. FNB has never informed

him of the bundled option, although it is possible that he may have missed an announcement sent with one of his statements. "Every statement tries to sell me something, so it's quite possible that they sent me something and I just threw it away. It's quite overwhelming."

### Can you negotiate?

Of all the banks, FNB put the most stress on the fact that fees can be negotiated, depending "on the nature and extent of the business relationship with us", says FNB pricing executive James Fowle.

But if the Fee Manager option is anything to go by, it seems that the initiative to negotiate is left entirely up to the business owner, which doesn't say much for the so-called "relationship manager" system that the banks all claim to have in place.

It's My Business conducted the survey by describing a fictitious business in terms of its transactions in a particular month, and approached the four banks as a business owner would — through the branches and call centres.

Our sample business is tiny: with a turnover of R100 000 a month, it does, among other things, 20 electronic

*'Could it be that a small business, with no choice but to accept cash from its customers, is being milked by the banks as a cash cow?'*



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