



**SOLIDARITY**  
Research Institute

# Solidarity Bank Charges Report

## 2022

A comparative analysis  
of the charges of personal  
transaction accounts with  
five South African banks

Solidariteit Navorsingsinstituut  
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Theuns du Buisson



*Dedicated to Paul Joubert*

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## INDEMNIFICATION

No part of this report is intended as official financial advice to any individual or group. Solidarity and/or related organisations or institutions accept no responsibility for the way any part of this report is used.

While everything possible has been done to accurately convey information provided by banks in their pricing literature, errors could have been made in transcribing and/or interpreting the data. Furthermore, banks regularly update their cost structures. Solidarity and/or related organisations or institutions do not guarantee the accuracy of the data and accept no responsibility for any consequences that may result from inaccurate data.

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# INTRODUCTION

This is the 12th bank charges report compiled by Solidarity. Owing to the Covid-19 pandemic, several banks have adjusted the dates on which their costs are made known and the periods of validity of such costs. So, for example, FNB's costs are now adjusted in the middle of the year, whereas other banks have decided to announce their costs for the new year only in December. For this reason it has been decided that Solidarity's bank charges report henceforth will be issued at the beginning of the year. This, therefore, is the 2022 report.

This report is not intended to comment on South African banks or to express criticism on bank charges. The objective is rather to give users an overview of the options regarding transaction accounts that the biggest banks in South Africa are offering them. It also is important to note that every consumer's needs are unique and that specific transactions quickly can change an individual's experience of a bank's cost structure.

As usual, the five banks making up the core of the bank charges report are: Absa, FNB, Standard Bank, Nedbank and Capitec.

Over the past couple of years, and particularly since last year, it has become clear that banks are competing increasingly in terms of costs. For this reason the difference among banks' costs for similar services has been shrinking. Also, banks are competing increasingly in terms of other added value, such as their loyalty programmes and agreements with merchants for discount and free products. Such extra added value is not discussed in this report.

This year's report also takes a look at the new online banks, namely Tymebank, Discovery Bank, Spot Money and Bank Zero. Because the services offered by these banks are rather limited it would be unfair to compare them with the traditional banks.

## 1. Method and comparison of transaction profiles

Solidarity's annual bank charges report gives an analysis only of ordinary transaction profiles – accounts that are available to any member of the public. This means that accounts for the youth, students, the aged and specific faith groups and private bank accounts are not covered. The report also does not include accounts specifying minimum or maximum monthly income, unless it is the only one in the category offered by a specific bank. Some accounts that do not cover full banking services, for example not allowing debit orders, have been excluded. The costs of credit facilities – in the form of credit cards, overdraft facilities, vehicle financing, home loans and personal loans – therefore are also not covered by the report. In the case of some of the bundled accounts aimed at the higher-income groups, such services, or discount on them, have been included in the package. Consumers therefore should ensure that they know what they are paying for and should try to get the best value from their packages.

The transaction profiles for this year have been adapted compared to previous profiles so as to reflect changing consumer trends. The profiles contain fewer cash transactions and more debit orders than in the past, and transactions that have been replaced completely by banks' online services, such as balance enquiries, have been removed. To reflect the cheapest possible transaction options, messages to beneficiaries have been adapted to reflect email notifications instead of SMSs, because the former usually are free of charge.

	<b>12</b>	<b>17</b>	<b>25</b>	<b>30</b>
	<b>transactions</b>	<b>transactions</b>	<b>transactions</b>	<b>transactions</b>
Monthly administration fees	1	1	1	1
Send money under R500	2	2	2	4
Withdraw cash at point of sale	1	1	1	1
Withdraw at own ATM (R500)	0	1	1	1
Withdraw at own ATM (R1 000)	0	0	1	1
Withdraw at own ATM (R1 500)	0	0	1	1
Balance enquiry at own ATM	1	1	1	1
SMS subscription	1	1	1	1
SMS notification	12	17	25	30
Buy prepaid airtime	1	2	2	2
Internet bank payment	3	5	6	7
Beneficiary SMS notification	2	3	5	6
Scheduled payment (internal)	1	1	1	1
Scheduled payment (external)	1	1	1	1
Debit order (internal)	1	1	2	2
Debit order (external)	2	3	6	8

While some banks have prescribed income levels for different accounts, the user profiles are not compiled according to income level but according to the number of transactions for every profile. The number of transactions that every user conducts in a given month should correspond with income levels – lower-cost bank accounts therefore are used for low transaction profiles and higher-cost accounts for higher profiles. Although it is estimated to be the most cost-effective account for the suggested category, every user's needs are unique and there may be exceptions to this guideline.

As in the past, the transaction accounts have been compiled based on guidelines that correspond with the hints for saving given by banks on their websites and in promotion material. These guidelines include:

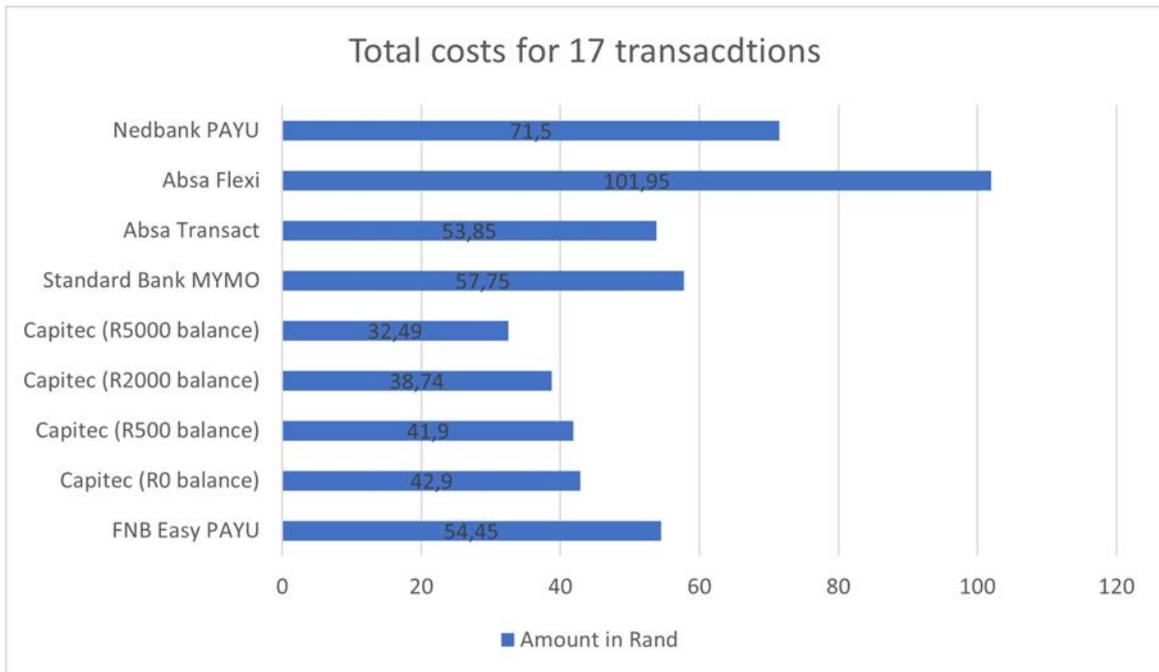
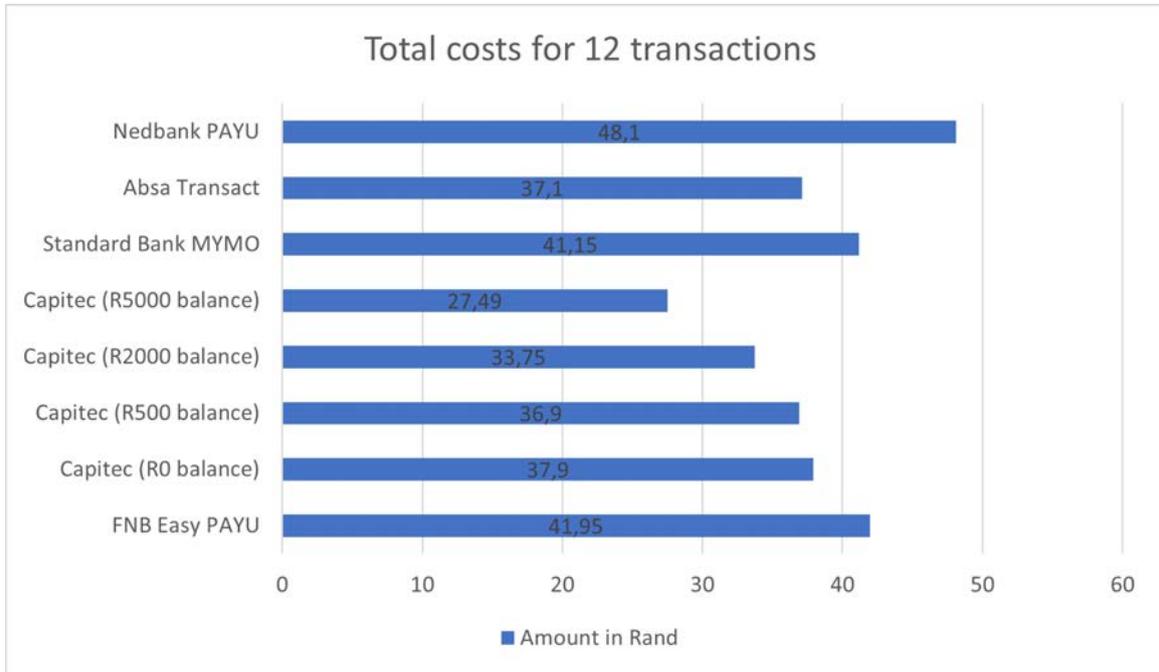
- few cash withdrawals, no cash deposits;
- little or no cash at ATMs, preferably at shop counters;
- no physical visits to branches – use internet banking services instead;
- where purchases are made, such as buying airtime, it is done via online platforms;
- using SMS notifications of activities on the bank account and email notifications to receivers of payments, where these are used.

This is followed by a comparison of the monthly bank charges of users with different user profiles, at different banks and with a transaction account that is most suitable for the profile. The accounts and options covered in the report have been split into the three categories given below. These three categories are the same as the categories used in last year's report, but with adjustments to the transactions.

1. Accounts marketed to people with a low income and fairly basic banking needs (profiles with 12 and 17 transactions per month).
2. Accounts marketed to people with a middle-class income and sophisticated banking needs (profiles with 25 transactions per month).
3. Accounts marketed to people with a higher middle-class income and sophisticated banking needs (profiles with 30 transactions per month).

A graphic summary of the various categories is given below, together with a more detailed analysis of the options in the various categories.

### 1.1 Low income and fairly basic banking needs



There is fierce competition in this category, notably between Absa and Capitec, who each may be declared the winner, depending on the angle from which costs are viewed.

In this category, the Absa Transact account is the winner when 12 transactions are conducted, with a total cost of R37,10 as against Capitec's R37,90. One should, however, note that Absa is ousted when more transactions are conducted. Using the 17-transaction profile, total costs increase to R53,85. Even more importantly, Absa automatically upgrades one's account to a Flexi account when regular income exceeds R5 000 per month. When this happens, costs almost double to R101,95.

When viewing the 17-transaction profile, Capitec is the indisputable winner, with a total fee of R41,90. Capitec, furthermore, is the only bank that offers interest on transaction accounts. For Capitec's accounts the monthly interest has been calculated according to a balance of R500, R2 000 and R5 000. If a balance of R5 000 is maintained, monthly interest amounts to R10,41. This is significant as part of the cost profile, but this money could grow by much more than 2,5% in other products. However, for a transaction account this is not to be sneezed at.

Although Nedbank has the highest fees for both transaction lists, it is noteworthy that this bank charges no monthly fees. FNB also has such an account, the FNB Easy Zero account, but as with Nedbank's PAYU account, individual transaction costs are high, so the more competitive FNB Easy PAYU account has been used.

## 1.2 Middle-class income and sophisticated banking needs

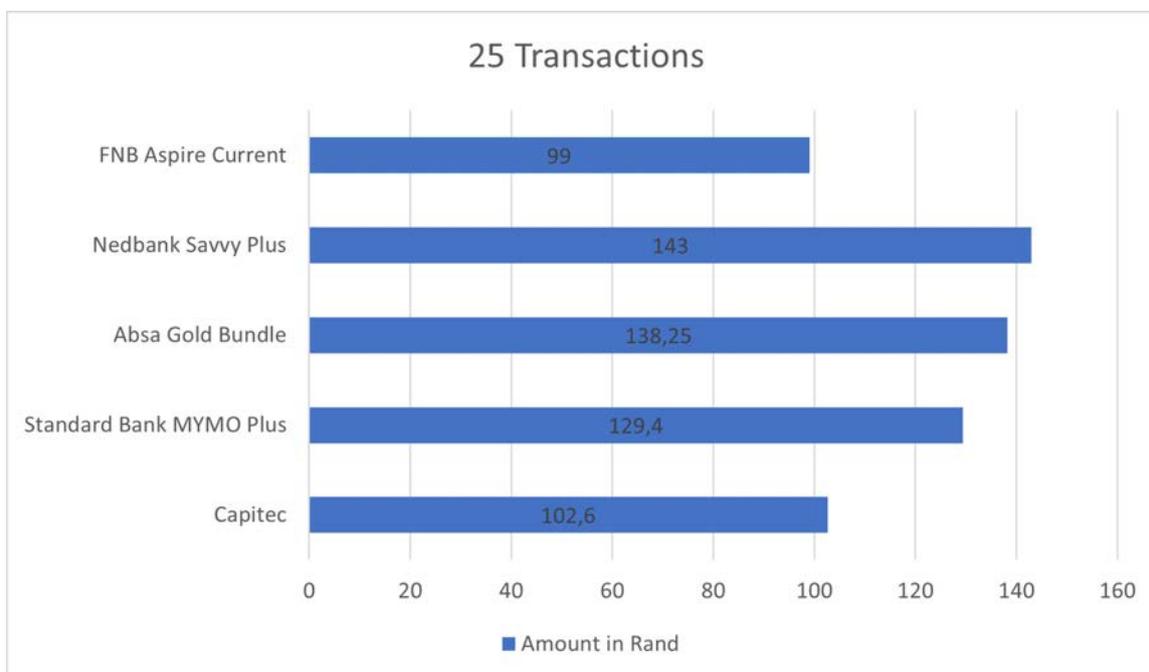
The transaction profile with 25 transactions per month has been used for this comparison.

This category contains the banks' flagship accounts – the accounts they market to the core customer base. With the exclusion of Capitec, the accounts in this category all qualify for the banks' respective loyalty programmes. These programmes were discussed in last year's report, and since then almost all banks have been vigorously improving their loyalty programmes to be more competitive. Although Capitec does not offer such an extensive loyalty programme, this bank has been included because it has a considerable number of clients in this consumer group. Apart from bank charges there are many other benefits to be considered by consumers, such as linked credit cards, discount for spouses and access to airport lounges.

Regardless of how accounts in this category are judged, FNB's Aspire Current account comes out tops as the cheapest account. Since last year's report was compiled, FNB has notably expanded its list of free transactions on its bundled accounts. Not only did the accounts get new names, but they also have been improved drastically. For the Aspire Current account one pays R99 per month. And if our list of transactions is used, this is the total cost of this account. All transactions on our list are included in the monthly fee of R99.

Second place is debatable, because Capitec, purely on costs, is the winner with an amount of R102,60. However, if added value such as reward programmes is viewed as a requirement in this category, second place is taken by Standard Bank with an amount of R129,40. This is R30,40 more than the winner.

While FNB is considerably cheaper than its nearest rival, competition still is relatively keen. Fixed monthly fees for all the banks are more or less the same, with a difference of R16 between the lowest (FNB) and the highest (Nedbank). Even more noteworthy, FNB also offers best value for money by offering more free transactions than any other account.



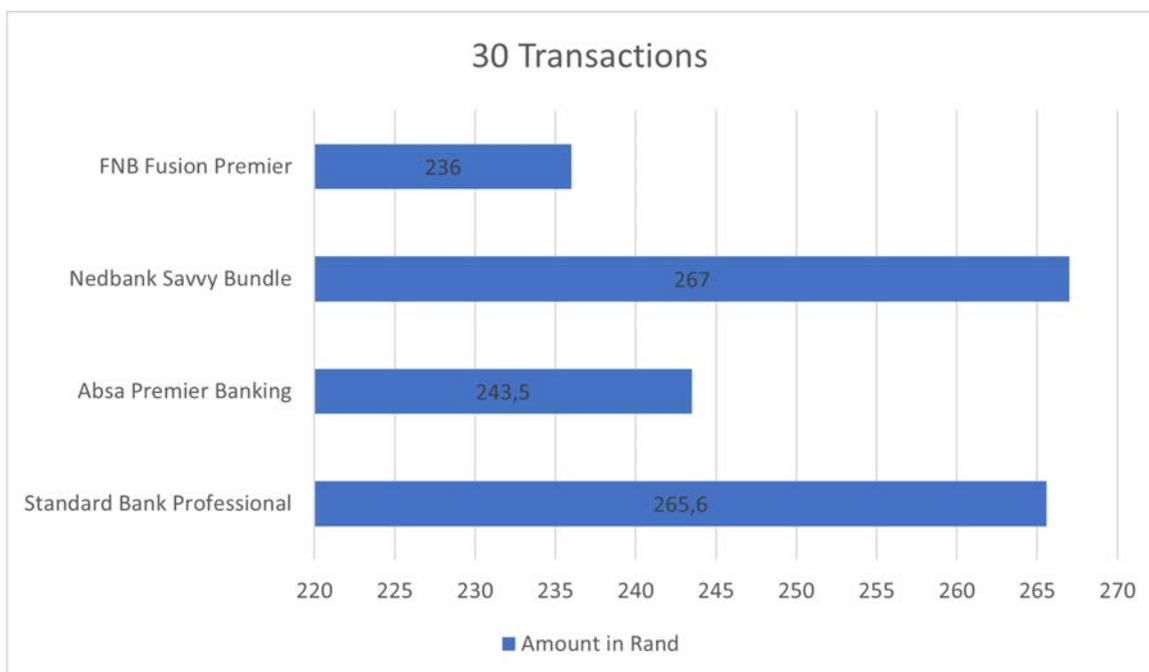
### 1.3 Higher middle-class income and sophisticated banking needs

The user profile with 30 transactions per month has been used for this comparison. Accounts in this category are much more focused on added value and reward programmes than purely on costs. The aim of our report, however, is to compare costs, and consumers are encouraged to make sure the added value justifies the extra costs.

While costs probably are not the main consideration for users in this category, it could nevertheless be useful to bear this in mind before considering other factors. Other considerations are things such as how busy is the bank if one has to visit branches often, services such as 24-hour access to bankers, and the reward programme. Additional factors include access to airport lounges, linked credit cards and home loans, as well as discount for married couples.

If the accounts are judged purely on the grounds of costs, FNB is cheapest, closely followed by Absa, with total costs of R236 and R243,50, respectively. Nedbank and Standard Bank are slightly more expensive, with total costs of R267 and R265,60, respectively.

It is clear that competition in this category has also increased, with the difference between the costliest and the cheapest package amounting to a difference of less than 10% of total costs.



## 2. Online Banks

Over the last couple of years, South Africa has experienced considerable reforms in the banking sector. Firstly, Capitec with its low-cost approach has been offering banking services to more South Africans than ever before. This competition, together with online banking services and new services such as cash withdrawal and deposits at shop counters, has resulted in lower costs in general.

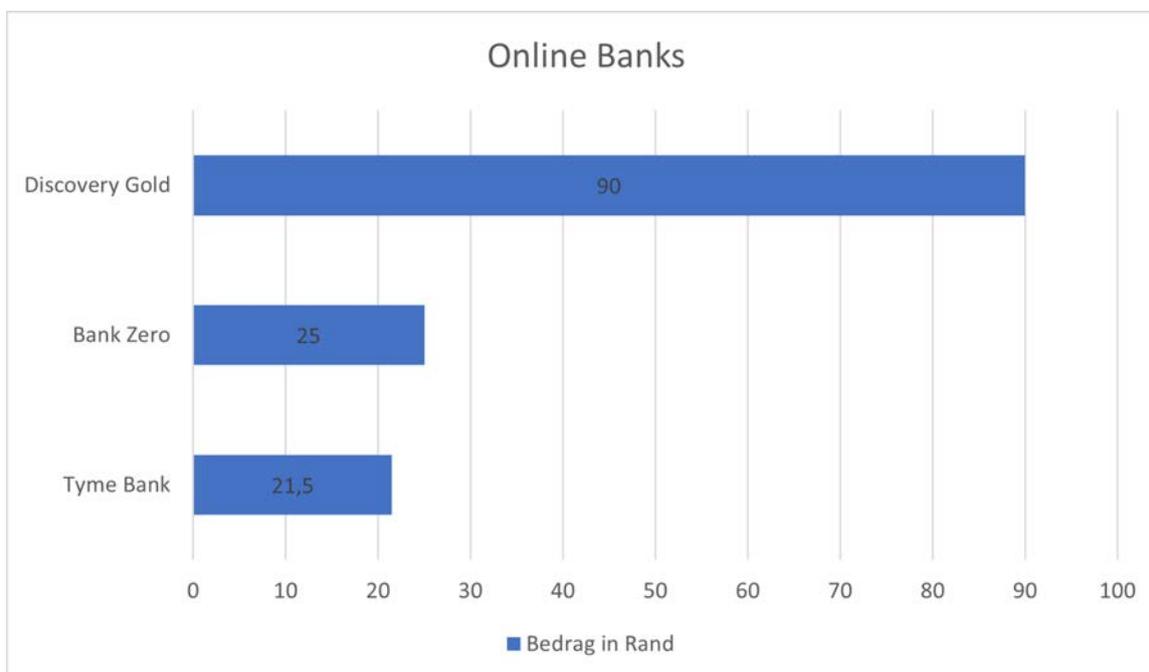
Apart from these changes in the traditional banking sector, various new providers of banking services have entered the market. They are Spot Money, Bank Zero, Tyme Bank and Discovery Bank. These banks are online only, with no branches to visit. They also do not have large numbers of ATMs, with substantially fewer staff members than the traditional banks. This, in turn, should limit their costs to the consumer. For these banks we have used the same list of transactions as for the 25-transaction profile, except that ATM withdrawals have replaced transactions at the counters of participating retailers.

Spot Money does offer banking services, but it is focusing more on encouraging cash-free transactions. For example, it does not offer debit orders. Spot Money also has strict transaction limits, for example 50 transactions or transactions to the value of R3 000 per day, after which significant charges are levied on these otherwise cheap accounts. For this reason, Spot Money has not been included in the comparison.

Discovery Bank offers several packages, but the cheapest one, the Gold Suite, has been used for this comparison. The monthly fee of R90, or R125 if Vitality Money is included, also is relatively comparable with the account fees of the traditional banks' middle-class income accounts. This gives one access to Discovery's reward programme, which is aimed at rewarding one for "good behaviour". The main benefits accompanying Discovery's general Vitality programme therefore are not free, and consumers have to decide whether it is worth their while.

What is free, though, is immediate discount at outlets such as Shell, BP, several airlines, Virgin Active, Planet Fitness, Woolworths, Pick n Pay, Clicks and Dis-Chem. The R90, as against the other online banks' low comparative costs of R21,50 and R25 for our list of transactions, therefore should not simply at first glance be viewed as exorbitant. It still is lower than at any of the traditional banks, especially seeing that all the transactions on our list are included in the monthly fee of R90.

Tyme Bank and Bank Zero are following a purely "what you see is what you get" approach. Neither of them charges any monthly fees and all transactions that would be charged at traditional banks, such as an email message as proof of payment to the beneficiary, are free of charge at these banks. Other services such as purchasing airtime also are free at these banks. For free withdrawals at Tyme Bank, one first has to get a code on the app, otherwise the fee is R3 regardless of the amount.



### 3. Exceptional costs such as Saswitch fees and immediate payments to accounts at other banks

For this comparison, the accounts marketed to the banks' core customer base have been used. These may vary from one account to the next. Because these are transactions that are not conducted regularly by everybody, but do show notable differences between banks, it has been decided to include them in a separate section of the report. Some accounts offer one or two free withdrawals per month at ATMs of other banks, but this applies only to their more expensive bundled accounts. Discovery Gold allows four free ATM withdrawals per month.

<b>Saswitch fees</b>	<b>R500</b>	<b>R1 000</b>	<b>R2 000</b>
Capitec	9,75	9,75	19,5
Absa	23,5	35	58
Nedbank	22,5	34	57
Standard Bank	11	22	44
FNB	22	33	55
Tyme Bank	10	10	20
Bank Zero	9	9	18
Discovery Gold	12	19,5	34,5

<b>Immediate payment</b>	<b>R500</b>	<b>R2 000</b>	<b>R5 000</b>
Capitec	7,5	7,5	7,5
Absa	10	49	49
Standard Bank	10	50	50
Nedbank	10	10	49
FNB	45	45	45
Tyme Bank	7	14	35
Bank Zero	8,5	8,5	8,5
Discovery Gold	10	10	10



## Annexure A – Additional information on method and approach

This is the final and correct version of the Solidarity Bank Charges Report 2022.

The aim of this study is not to comment on the fact that South African banks are charging fees or to criticise it. Bank charges as a direct mechanism for recovering the costs of transaction banking services are not necessarily worse than indirect mechanisms such as using the costs of credit to cross-subsidise transaction banking services. This report simply is a comparison of the various options available to South African holders of transaction accounts.

The source of information for this comparison among different bank accounts is the banks' own websites.

Using the banks' websites was a way to treat all banks equally with regard to the accuracy and clarity of their websites and the accuracy and consistency of the information made available to the public. The information used in the comparison therefore is the same information that is available to the general public.

Throughout the report we have tried to use the latest information and to convey it accurately. The information was obtained from the electronic brochures on the banks' websites when every bank towards the end of 2021 announced its charges for 2022 and it was further checked to ensure that any subsequent changes have been taken into account. Where banks use another timeframe, such as from July to June, the cost structure that is currently in place was used. Minor inaccuracies might have crept in with conveying information, although the aim throughout has been to achieve accuracy. For these reasons the information in this report cannot necessarily be viewed as an exact reflection of what will appear on the statements of a bank customer with any of the various accounts. There may have been changes subsequent to completion of the report, the websites and electronic brochures could have contained incorrect information, and errors could have occurred in transcribing and/or interpreting correct data.

The five largest banks in South Africa offering transaction accounts have been included in this report. There are several other commercial banks, cooperative banks and non-bank providers of financial services that compete with the five banks included in this comparison. Most of these institutions, however, have a small geographic footprint, offer only limited services or focus only on limited market segments. For these reasons, only the said five institutions were included in this analysis.

Only the costs of transaction accounts have been compared. Products such as investment accounts, home loans, vehicle financing or business accounts have not been studied because the rates and tariffs associated with such services depend to a larger extent on personal circumstances and features and are not standardised to the same extent as the costs of transaction accounts. Another reason why credit facilities have not been used in the comparison is that it is not feasible to draw a static comparison of the large number of different options, combinations, terms of interest-free periods and interest rates available.

Exceptional charges such as for replacing lost cards or transactions being refused have not been included in the analysis. The inclusion of such charges, which most customers would experience only rarely, would distort the monthly cost profiles.

The report does not include accounts for children, students, older people, pensioners or specific faith groups. Most banks have accounts that are available only to these groups and that usually are cheaper. Younger and older people therefore should take the trouble of talking to banks about products designed specifically for them. These products often are virtually free of charge.