

2024

# BANK CHARGES REPORT

A comparative analysis  
of the cost of  
**PERSONAL TRANSACTION  
ACCOUNTS**  
at five South African banks

Theuns du Buisson



SOLIDARITEIT  
SOLIDARITY

## **DISCLAIMER**

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 in which any part of this report is used.

Although everything possible has been done to accurately convey information provided by banks in their pricing literature, errors may have crept in during the transcription and/or interpretation of the data. In addition, 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 inaccurate data may have.

## Table of contents

Introduction .....	4
1. Method and comparison of transaction profiles .....	4
1.1 Low income and fairly basic banking needs .....	7
1.2 Purely online banking needs .....	8
1.3 Middle-class income and sophisticated banking needs.....	8
1.4 Higher middle-class income and sophisticated banking needs.....	9
2. Exceptional charges such as Saswitch fees and immediate payments to accounts at other banks .....	10
3. Costs and discussion of PayShap payments.....	11
Appendix A – Additional information on method and approach.....	12

# Introduction

In the 2024 report, the impact that the Solidarity Bank Charges Report has on banking in South Africa is more obvious than ever before. In addition to the increasing competition between banks resulting from this report, it is also clear that banks are becoming increasingly transparent about their costs. Unfortunately, some of the banks are still relatively secretive about their reward programmes, but all the banks that Solidarity has been in contact with in the past year have undertaken to change this.

The aim of this report is not to comment on South African banks or to criticise banking costs. The aim is rather to give consumers a look at the options of transaction accounts that the largest banks in South Africa offer them. It is also important to take into account that each consumer's needs are different and that specific transactions can quickly change the individual's experience of a bank's cost structure. For that reason, an attempt has been made to include only the most common transactions in the transaction baskets, while other important fees, which are less common, such as Saswitch fees and immediate payment fees, are discussed separately.

As in the past, the five banks that form the core of the bank charges report are Absa, FNB, Standard Bank, Nedbank and Capitec. One can actually say that seven banks are now analysed, because Bank Zero and TymeBank are also included annually in the section on online banking services. Discovery Bank has not been included in this year's report, because many of the transactions in our basket are not indicated on its fees page.

Although the report is in no way aimed at awarding prizes, the progress that Nedbank has made regarding both competitiveness and transparency of its fees must be mentioned. It is not just the names of its accounts that have changed. In recent years, Nedbank has often been noticeably more expensive than other banks. This year, Nedbank is the cheapest in the 30-transaction profile, with an easy-to-understand fees page on its website. However, FNB and Absa's fees pages are more difficult to figure out this year than in the past, due to a layout that forces one to scroll around between specific fees and included fees, especially in their bundled accounts.

As an extra topic in this year's report, the costs associated with PayShap, the new immediate payment channel, were also analysed.

## 1. Method and comparison of transaction profiles

Solidarity's annual bank charges report only analyses ordinary transaction profiles – accounts that are available to any member of the public. This means that accounts for the youth, students, the elderly and specific religious groups and private bank accounts are not covered. The report also does not include accounts where minimum or maximum monthly income is specified, unless it is the only one in the category offered by a specific bank. Some accounts that do not cover full banking services, such as those that do not allow debit orders, are excluded from this report. The cost of credit facilities – in the form of credit cards,

overdraft facilities, vehicle financing, home loans and personal loans – consequently are not covered by the report either. With some of the bundled accounts aimed at the higher income groups, such services, or discounts to them, are included in the package. More and more bundled accounts also include benefits that were previously reserved only for credit card holders, such as life insurance and discounts on certain products and services, as well as access to banks' reward programmes. This added value is also not discussed in the report. Consumers must therefore make sure that they know what they are paying for and try to get as much value as possible from their packages.

This year it was decided to include one prepaid electricity purchase in the transaction baskets with a view to staying in touch with consumer trends. To reflect the cheapest possible transaction options, messages to beneficiaries have been adjusted to reflect email notifications rather than SMSs where available, as the former are usually free or at least cheaper. SMS notifications have also been changed to transaction notifications, seeing that all the banks now offer the option to receive free notifications through the bank's cellphone application.

	12 transactions	17 transactions	14 online transactions	25 transactions	30 transactions
Monthly administration fees	1	1	1	1	1
Send money under R500	1	1	2	2	3
Withdraw cash at point of sale	2	2	0	2	2
Withdraw from own ATM (R500)	0	1	0	1	1
Withdraw from own ATM (R1 000)	0	0	0	1	2
Withdraw from own ATM (R1 500)	0	0	0	1	1
Buy prepaid electricity (R1 000)	1	1	1	1	1
Balance inquiry at own ATM	0	0	0	1	1
Buy prepaid airtime	1	2	2	2	2
Internet banking payment	2	3	5	5	6
Scheduled payment (internal)	1	1	0	1	1
Scheduled payment (external)	1	1	0	1	1
Debit order (internal)	1	2	0	3	4
Debit order (external)	2	3	4	4	5

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

As in the past, the transaction accounts are compiled on the basis of guidelines that correspond to the savings tips that banks provide on their websites and in promotional material. These guidelines include the following:

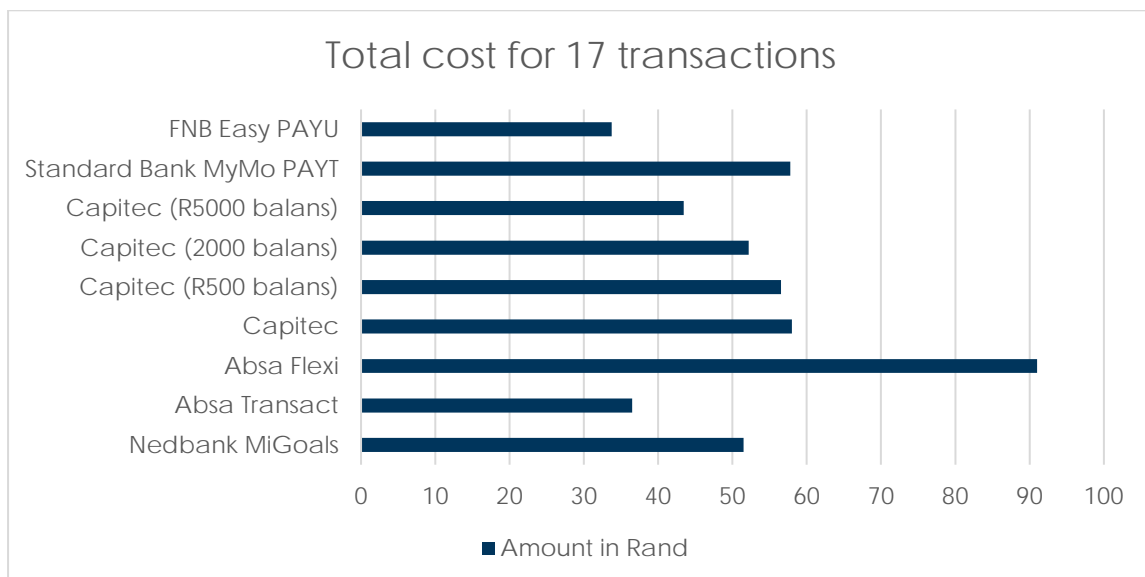
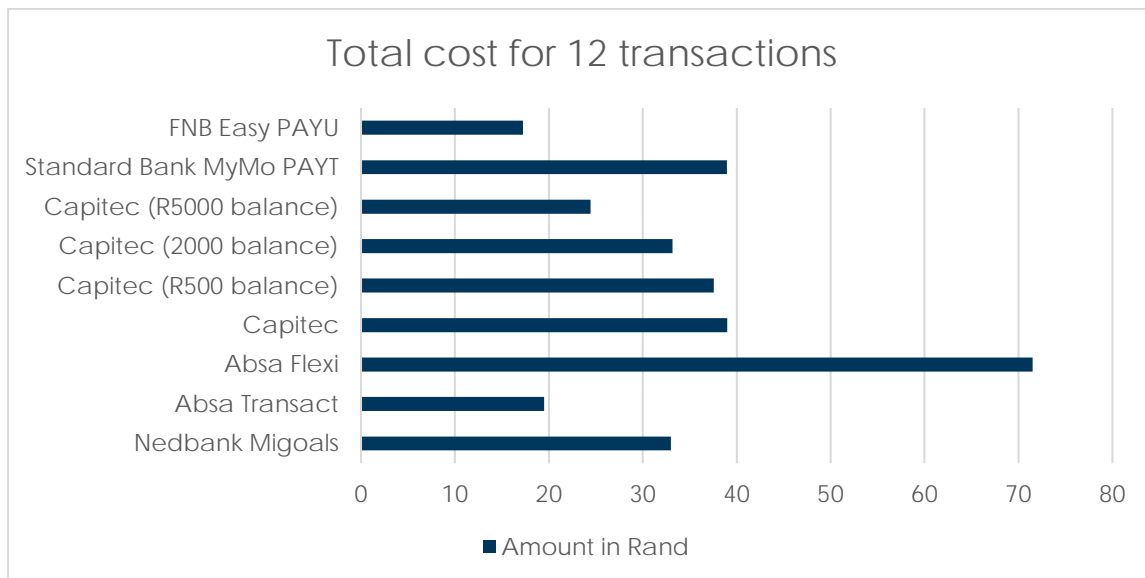
- Few cash withdrawals and no cash deposits
- Little or no cash at ATMs, preferably at shop counters
- No physical visits to a branch, use internet banking services instead
- Where purchases, such as airtime purchases, are made, they are made via online platforms such as the bank's cellphone application
- Using cellphone application notifications rather than SMS notifications, as well as email rather than SMS notifications when sent to beneficiaries

This is followed by a comparison of the monthly banking costs of consumers with different consumer profiles, at different banks and with a transaction account that is most suitable for the profile. The accounts and options covered in the report are divided into the following four categories. These four categories are the same as the categories in previous years' reports, with the addition of purely online banking, which is included from 2023.

1. Accounts marketed to people with a low income and fairly basic banking needs (profiles with 12 and 17 transactions per month)
2. Accounts that, regardless of how they are marketed, are used for online transactions only (14 cashless and contactless transactions)
3. Accounts marketed to people with a middle-class income and sophisticated banking needs (profiles with 25 transactions per month)
4. 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 different categories together with a more detailed analysis of the options in the different categories is given below.

## 1.1 Low income and fairly basic banking needs



In this category, FNB's Easy PAYU account is the clear winner. The biggest factor that distinguishes this account from the others is the number of free transactions that are included in the monthly fee of R5,25. This is the only account in this category where airtime purchases are free. Cash withdrawals at shop counters are also free at FNB.

Like FNB, Absa Transact also gives one free transfer of money to a cellphone number per month. Cash withdrawals from shop counters are also free from both Absa accounts. Although the Absa Transact account is in second place for the 12- and 17-transaction profiles, this may be an unfair comparison because the account is only available to people who earn less than R3 000 per month. After that it is upgraded to the Flexi account. The Absa Flexi account is by far the most expensive in these categories.

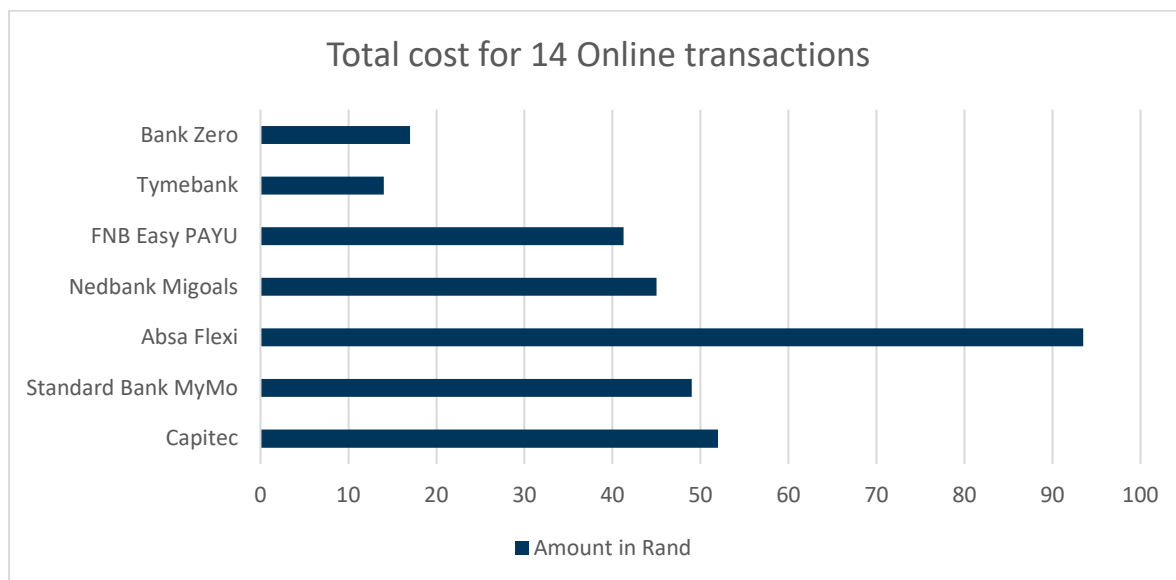
Capitec is still the only bank in this category to offer interest on the balance. However, at 3,5% it is not enough to outweigh the fees charged, and Capitec is no longer really competitive compared to the leader.

## 1.2 Purely online banking needs

In this section it is assumed that no cash transactions are made. The transactions include only digital transactions and the monthly administration fees, while all debit orders and internet banking payments are assumed to be external, to put the new banks on an equal footing with traditional banks.

The main factor determining the winner is the number of transactions that carry no cost. In this case, TymeBank is slightly ahead of Bank Zero. In the case of both banks, the only transaction on our list that has a cost is sending cash to a cellphone number. As with other banks, there also are differences in the costs charged for immediate banking transactions at other banks, as well as the costs for immediate payment to accounts at other banks. This is discussed later in the report.

For customers who do not need physical branches, these banks therefore are ideal. The cost difference speaks for itself.



## 1.3 Middle-class income and sophisticated banking needs

The transaction profile with 25 transactions per month is used for this comparison. This category contains banks' flagship accounts – the accounts marketed to the core customer base. Accounts in this category all qualify for the banks' respective loyalty programmes, although Capitec's programme is not nearly as extensive as those of the other banks. It also includes other forms of added value, such as linked credit

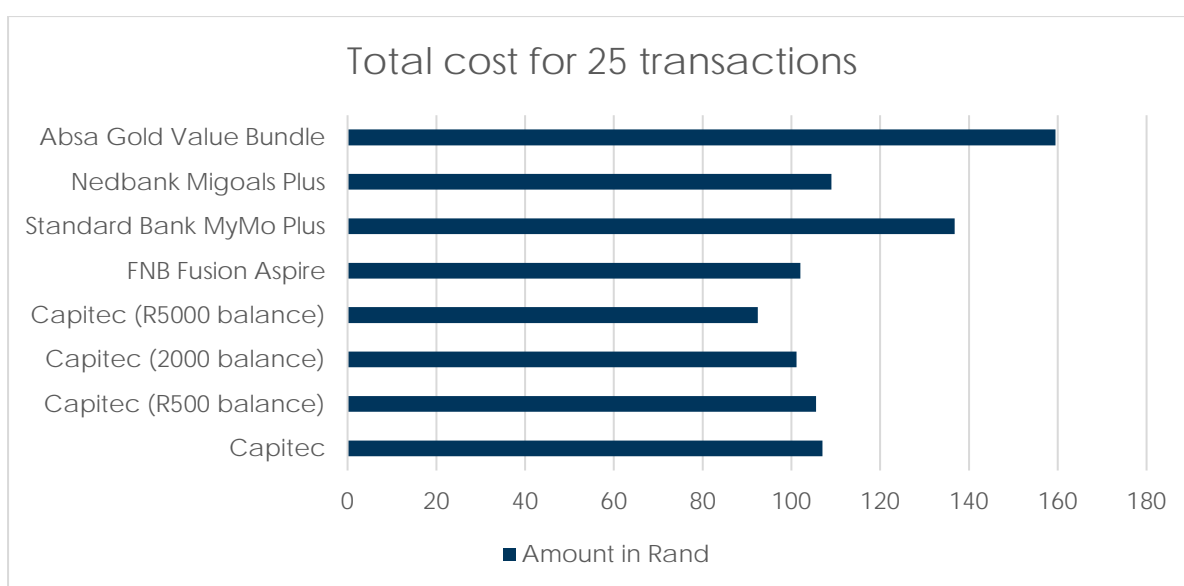


cards, insurance at a discount, access to airport lounges and other packages that vary widely from bank to bank. Although Capitec does not have such an extensive loyalty programme, this bank is still included because it has many customers in this consumer segment.

When looking purely at costs, Capitec is the clear winner in this category, especially if we assume that consumers in this category would have a balance that would earn interest in their transaction accounts for at least part of the month.

However, when we look at banks with a proper value proposition, FNB is once again the cheapest. This is again owing to the comprehensive list of costs that are included in the monthly fee of R99. Only the purchase of electricity brings an extra cost of R3.

In second place is Nedbank, which was in last place last year. At Nedbank, all transactions on our list, apart from sending cash to a cellphone number, are included in the monthly fee of R99.



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

The consumer profile with 30 transactions per month is used for this comparison. Accounts in this category are much more focused on added value and rewards programmes than purely on cost. However, the aim of our report is to compare costs, and consumers are therefore encouraged to check whether the added value justifies the extra cost.

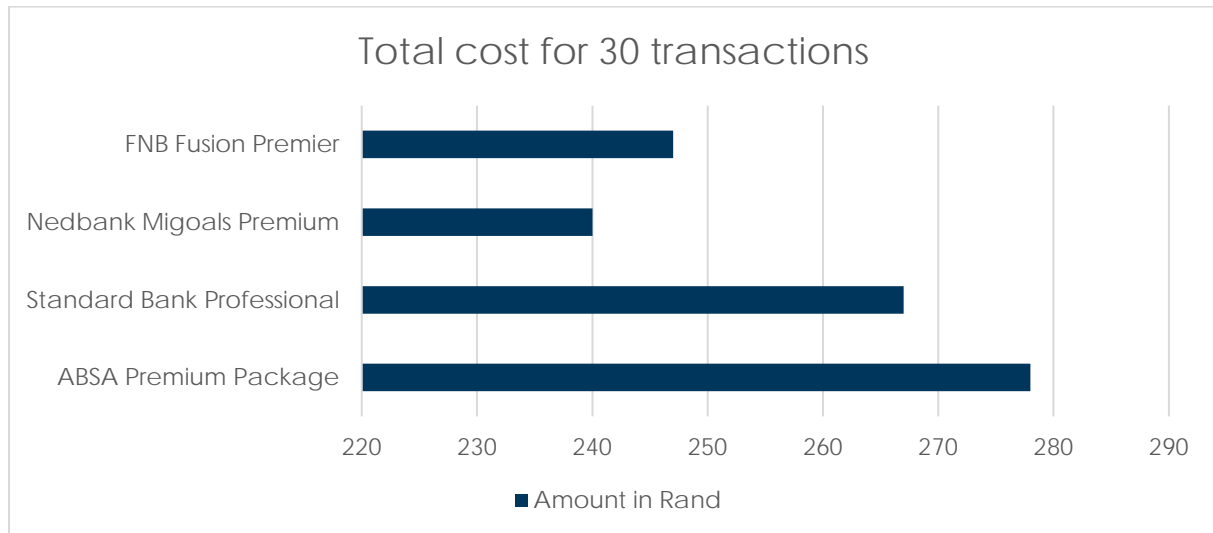
While cost is probably not the main factor for consumers in this category, it is still useful to look at it before considering other factors. Other factors are things such as how busy the bank is if one has to visit branches regularly, services such as 24-hour access to bankers and the rewards programme, as well as access to airport lounges, linked credit cards and home loans, and also discounts for married couples.

In this section, the most competitive accounts are determined by the number of free transactions included in the monthly fees. Although Nedbank's Migoals Premium account therefore appears to be the most expensive, with a monthly amount of R240 compared to R230 per month for the other three banks, it easily

wins this category, as all transactions on our list are included in that amount. Nedbank has greatly simplified its offering and thus also reduced the total cost.

Next to Nedbank, FNB's Fusion Premier account is the cheapest. Sending money to a cellphone number and buying electricity are the only services that incur extra costs apart from the monthly fees.

In this category it is also strange to note that at Absa and Standard Bank there are still fees when proof of payment is sent to the beneficiary, while it is included in all other banks' packages and, in Standard Bank's case, in its MyMo Plus account it is also included.



## 2. Exceptional charges such as Saswitch fees and immediate payments to accounts at other banks

For this comparison, the accounts marketed to banks' core customer base were used. This may vary from account to account. Because these are transactions that are not conducted regularly by everyone but that do show significant differences between banks, it was decided to include them in a separate section in the report. Bank Zero promises immediate payment as a rule and therefore does not charge fees for immediate payments. Because TymeBank and Bank Zero do not have their own ATMs, they clearly prioritise Saswitch costs for when their customers want to withdraw cash at low cost after hours, when participating shops are closed.

Saswitch costs	R500	R1 000	R2 000
Capitec	10,5	10,5	21
Absa	22,5	35	60
Nedbank	20	20	30
Standard Bank	12	24	48
FNB	24	36	60
TymeBank	10	10	20
Bank Zero	9	9	18

<b>Immediate payment</b>	R500	R2 000	R5 000
<b>Capitec</b>	7,5	7,5	7,5
<b>Absa</b>	7,5	7,5	40
<b>Standard Bank</b>	10	50	50
<b>Nedbank</b>	10	10	10
<b>FNB</b>	30	30	30
<b>TymeBank</b>	7	14	35

### 3. Costs and discussion of PayShap payments

PayShap is a new immediate payment channel launched in 2023. Besides being generally significantly cheaper than the usual immediate payment channels, it also promises to always be immediate, even when consumers are doing business with each other for the first time. In such cases, the usual channel often has a delay of around an hour. The disadvantage of PayShap is that there is a transaction limit of R3 000. However, the Reserve Bank has promised to expand the offer in the future for immediate accommodation of larger amounts.

	<b>Nedbank</b>	<b>Capitec</b>	<b>Standard Bank</b>	<b>FNB</b>	<b>Absa</b>	<b>TymeBank</b>
<b>Send R80 to ShapID</b>	0	0	3	0	0	0
<b>Send R150 to ShapID</b>	1	1,5	7	1,3	1	0
<b>Send R3 000 to ShapID</b>	1	3	30	19,5	7,5	0
<b>Send R80 to bank account</b>	7,5	0	3	0	7,5	0
<b>Send R150 to bank account</b>	7,5	1,5	7	1,3	7,5	0
<b>Send R3 000 to bank account</b>	7,5	3	30	19,5	7,5	0

## Appendix A – Additional information on method and approach

This is the final and correct version of the Solidarity Bank Charges Report 2024.

The aim of this study is not to comment on the fact that South African banks charge fees or to criticise them. Bank fees as a direct mechanism to recover the cost of transaction banking services are not necessarily worse than indirect mechanisms such as using the cost of credit to cross-subsidise transaction banking services. This report is only a comparison of the different options available to South African transaction account holders.

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

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

Throughout the report, an attempt has been made to use the latest information and to convey it accurately. The information was obtained from the electronic brochures on the banks' websites when each bank announced its charges for 2024 at the end of 2023, and was further checked to ensure that any later changes were taken into account. Minor inaccuracies could have crept into the transmission of information, although accuracy was aimed at throughout. For these reasons, the information in this report cannot necessarily be regarded as an exact reflection of what will appear on the statement of a bank customer with any of the different accounts. There may have been changes after completion of the report, the websites and electronic brochures may contain erroneous information, and errors may have crept in during transcription and/or interpretation of correct data.

The five largest banks in South Africa that offer transaction accounts, as well as online banks that target the general public as customers, are included in this report. There are several other commercial banks, co-operative banks and non-bank providers of financial services that compete with the seven banks compared here. However, most of these institutions have a small geographic footprint, offer only limited services or focus only on limited market segments. For these reasons, only the above seven institutions were included in this analysis.

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

Exceptional fees such as for the replacement of lost cards were not included in the analysis. The inclusion of such fees, which most customers rarely encounter, will 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 only available to these groups and they usually are cheaper. Younger and older people should therefore take the trouble to inquire with banks about products designed specifically for them. These products are often almost free of charge.