



PAYDAY POINTERS

Good News for Consumers

July 2008 Pay Day Pointer

Banking and Lending Charges

The banking and lending industry in South Africa has undergone a dramatic transformation in the last year, and this is great news for consumers.



This transformation started last year with the implementation of the National Credit Act (NCA), which was created to protect consumers from getting into serious financial trouble by making it more difficult to obtain credit and particularly by protecting consumers from unscrupulous credit providers who made large amounts of credit easily available, often at exorbitant interest rates, to consumers who could not afford the repayments and did not understand the terms, conditions and fees involved.

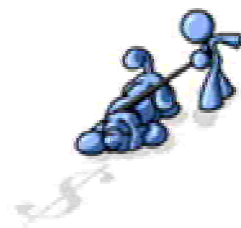
Experts agree that the NCA has prevented many consumers from dire financial difficulties in the current market conditions.

In the meantime, due to the inflation and interest rate increases, many of the banks have also revised their lending criteria for home loans.

While this will make it more difficult for people to buy their own home, it will also serve to ensure that consumers do not buy a home they cannot afford and run into financial trouble a few months down the line.

Competition Commission

Even better news is that the Competition Commission recently completed an inquiry into bank charges and made 28 recommendations to address concerns raised by consumers and other industry stakeholders. The recommendations concern high penalty fees, the current ATM pricing model, and the difficulty consumer's face in making product and price comparisons. The Banking Association of SA, along with its members, will now find ways to implement the recommendations.



Which Account is Better for You?

Take a look at www.bankmonitor.co.za for comparisons that take all these variables into account, so you can form an impression of what the lowest bank fees for your particular needs are.

There are already several cost-effective banking options for consumers. However, as the Competition Commission inquiry revealed, it is not a simple exercise to compare banking products, since the fees are linked to age and income level, the type of account (eg. cheque or savings), the number and type of transactions you make, and a host of other variables.

The Bottom Line

The bottom line is that all the changes in the banking and lending industries will ensure consumers can look forward to lower bank fees as the banks implement the recommendations from the Competition Commission inquiry, in a much safer and better regulated credit environment created by the NCA and the cautious approach of our local banks in ensuring clients are only offered credit they can really afford.

We hope that this positive overview of the changes in our banking system will keep you a little warmer for the remainder of this winter!
Kind Regards,

Your Interface Team



Contact us :
011-326-0060 (JHB)
086-148-3223 (CT)