

A Comparative Analysis of Banking Services Fees in the Southern African Customs Union (SACU) Countries

By Selloane Khoabane¹

Abstract

COMMERCIAL BANKS offer financial intermediation services including accepting deposits from and issuing loans to their clients. They then charge their clients fees for these services, in the form of interest levied on loans or paid to depositors or savers and non-interest charges, which comprise fees charged on fee-based bank services. The main objective of this study is to evaluate the costs of banking services in Lesotho through a comparative analysis of the banks in Lesotho with their peers in the SACU region. The prices of individual products and services and their averages per country showed mixed signals, with the SACU countries taking turns on the 5 fees levels. Further analysis showed that Lesotho is the most expensive in the FNB group and second cheapest in both the Nedbank and Standard Bank groups. Lesotho's average prices are also above the SACU mean and median in a significant number of services categories. Thus policy measures for improving Lesotho's business climate should continue with the objective of increasing competition in the banking industry. Enhanced effectiveness of the regulatory framework on price disclosure would also make it easier for clients to choose the best priced services supplier hence increase the use of prices in competing for clients. Direct controls such as caps on fees should be used as the last option.

Keywords: Bank charges, Commercial Banks, Financial Intermediation, SACU

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1 INTRODUCTION

COMMERCIAL BANKS PLAY an important role in financial intermediation by accepting deposits from holders of surplus funds and issuing loans to those in deficit. To carry out this important role, commercial banks have developed various products and services as well as channels and mediums for providing these products and services to their clients. The banks generate income from fund-based products and services, which mainly refer to the use of deposits and equity to provide financing facilities to clients and from fee-based products generated from banking services such as cash withdrawals, money transfers, credit card facilities, debit card purchases, *inter alia*. The banks charge their clients fees for the services, in the form of interest, which is levied on loans extended to borrowers or paid to depositors or savers and non-interest charges, which comprise fees charged on fee-based bank services.

While banks have to share the profits from fund-based services with depositors and shareholders, it can be argued that the income from the fee-based products belongs solely to the bank. Fees and charges have in recent years become increasingly important as a source of income for commercial banks and increases in retail banking fees are usually a subject of criticism. Nonetheless, research has focused more on interest rates offered by the banking institutions. This is attributed to unavailability or inaccessibility of data on retail banking fees coupled with the fact that there are numerous types of banking products and services hence fees with different characteristics, which make it difficult to compare across institutions.

The main objective of this study is to evaluate the costs of banking services in Lesotho. This is achieved by comparing Lesotho with its peers in the Southern African Customs Union (SACU) region. A similar study was carried out by the Central Bank of Lesotho in 2003. As such this study is intended to provide an update taking into consideration some of the services and products that have recently been introduced in Lesotho's banking industry. This paper is structured as follows. After this introduction is the literature review followed by the methodology. Thereafter is the comparative analysis after which the paper is concluded and policy recommendations are made.

2 LITERATURE REVIEW

2.1 The Importance of Bank Fees

Fee or non-interest income of the banking industry has been growing in different parts of the world in recent times. For instance, four banks in Namibia earn more than half of their revenues from non-interest income, and income from fees and charges contribute over 30.0 per cent of these banks' income (Feasibility, 2010). Similarly, in the United States (US), non-interest income has increased substantially over the years and accounts for close to half of all operating income generated by commercial banks (DeYoung and Rice, 2004). The increase in commercial banks earnings of non-interest income is attributable to efficiency in the provision of traditional financial services as a result of advances in information, communications and financial technologies as well as the introduction of fee based non-traditional financial services such as automated teller machines (ATMs) and online banking (DeYoung and Rice, 2004). Therefore, in general, the non-interest income of the banking industry is a result of the creation of banking products and services, and their pricing.

According to Wruuck (2013), there are two major reasons why pricing of banking products is important. First, clients base their choice of services providers on the price of their products. This implies that prices of bank products play a vital role in the clients' consideration to switch banks. Second, pricing of retail financial products affects the economy as a whole. The price influences supply and demand for financial products because it provides information and signals in the market.



2.2 Determinants of Prices of Banking Products

The prices of bank products are determined by a number of factors over and above the production costs and the rate of return (Swain, 2007).

(i) *The Asset-Liability Composition:*

This factor considers the long term mismatch of a bank's assets and liabilities. A long-term mismatch of assets and liabilities threatens sustainable growth of a bank. Effective management of assets and liabilities minimizes interest rate risk and liquidity risk, hence enables a bank to earn an adequate return.

(ii) *Supply-Side:*

In this case, fees and tariff rates are set according to what the competitors are charging coupled with what the bank estimates it can afford. For instance, in South Africa (SA), competitors in the banking industry do not compete on price but on non-price determinants. The banks follow the market leader in each of the sub-markets, "spreading their overheads and an expected profit margin across all transactions" (Feasibility, 2010).

(iii) *Demand-Side*

The price is analyzed and quantified according to products, geographical locations, competitors and client segmentation, which is currently the most popular approach (Feasibility, 2010). An example in this regard is the product bundling pricing, which involves grouping two or more products and/or services to create an attractive package for customers. It is gaining popularity in the banking world. Different types of bundles include the simple ones where convenience or price is the main consideration, integrated bundles which include non-price benefits such as additional product features that provide added value and lifestyle-oriented bundles that may look at the overarching needs of a customer (Emerald Group Publishing Limited, 2009). The bundling approach, if implemented correctly, promises a number of advantages for the banks. The most important include increases in profits and retaining of customers. These can only

be realized where the packages are interesting and have been priced attractively (Emerald Group Publishing Limited, 2009). This requires a lot of information on individual customers and customer segments to determine the appropriate bundle. The main inhibiting factor to realization of the advantages of bundling is the pairing of bundling with price promotions, which can reduce the perceived savings on the bundle hence attractiveness and demand for the bundle (Emerald Group Publishing Limited, 2009). In some instances pricing is determined by external factors as in the case of government sponsored schemes (Swain, 2007-08).

(iv) *The Regulatory Environment:*

The regulatory environment has a strong influence on price setting in the retail banking market. According to Wruuck (2013), it has an indirect effect on pricing via costs and competitive conditions in the market. Regulations can directly target pricing policy, such as rules with regard to representation of price information, rules for the calculation and adjustment of prices and in some cases even explicit price caps and price floors. Authorities sometimes regulate the price and services providers respond to the regulation of prices. For example, in the US and SA interest rates were regulated to keep them below market rates (Feasibility 2010). Due to the resultant emergence of gaps in the market, the banking services providers circumvented the caps on rates by charging additional fees to supplement their revenues (Feasibility 2010). The US authorities have responded by generally doing away with such caps while in SA they have resorted to capping not only interest rates but the fees on consumer credit loans as well (Feasibility 2010). In Botswana, Bank of Botswana responded to public perceptions that bank charges were high by implementing a two-year moratorium from January 2014 to December 2015 to prevent commercial banks from increasing bank tariffs (Bank of Botswana, 2014).

3 METHODOLOGY

The study covers three commercial banks operating in Lesotho, namely First National Bank (FNB), Nedbank and Standard Lesotho Bank and compares them with their counterparts in other SACU countries. The choice of banks was influenced by easy availability of data for the counterparts in other SACU countries hence the exclusion of Lesotho Post Bank from the



analysis. The study has attempted to include all products and services offered by Lesotho’s commercial banks and for which data was available for at least one SACU country within a specific bank group. The study used published tariffs and fees data for all the banks included in the analysis. Attempts to obtain missing data from the individual banks, especially from countries other than Lesotho were unsuccessful. The dates of validity of the fees differ by banks as depicted in Table A1 in the Appendix. All the fees data are in Maloti unless specified otherwise. Data for Botswana’s banks was converted to Maloti at the M11.30 per Pula, the annual average exchange rate for 2016.

The analysis employs the following three different comparative analysis approaches:

- The ranking criterion through which different colours were used to distinguish the fees levels from the lowest fee to the fifth lowest fee (See Table 1)
- Calculating the average fee per country by different categories of products and services
- Calculating the overall country averages for each bank group and comparing Lesotho’s average fees by services categories with the SACU mean and median.

Table 1 Fees Levels by Colour		
Shade	Colour	Fee Level
	No Fill	Lowest
	Blue	Second Lowest
	Green	Third Lowest
	Orange	Fourth Lowest
	Red	Fifth Lowest

4 METHODOLOGY

4.1 First National Bank (FNB)

A. Pay-As-You- Use Transactional Pricing

The FNBs in the SACU countries have a series of accounts under the pay-as-you-use (PAYU) pricing option. The comparative analysis of the monthly fee considered the savings account that

charges the lowest monthly fee and the cheque account that charges the lowest monthly fee in the PAYU category in each country. The distinguishing factor between the two is that the cheapest is a savings account while the other one is a cheque account. In the lowest monthly fee accounts/ savings accounts, FNB Swaziland's Sicalo account charges the lowest monthly fee among the PAYU products offered by the FNB banks in the SACU region. It charges a monthly fee of M3.50. This is followed by FNB SA's Easy Account at M4.95 and FNB Lesotho's Smart Account is in third position at R11.00. The monthly fee for FNB Lesotho's Smart Account costs less than Botswana's Future Save Account and Namibia's Turquoise Lifestyle Account at M15.13 and M25.00 per month, respectively.

Table 2 Monthly Account Maintenance Fees		
Description	Account	Monthly Fee
Botswana	Standard Savings: Future Save	15.13
	Smart	15.60
Lesotho	Smart	11.00
	Smart Gold	49.00
Namibia	Turquoise Lifestyle	25.00
	Platinum Lifestyle	35.00
South Africa	Easy	4.95
	Premier Cheque	42.00
Swaziland	Sicalo	3.50
	Smart Gold	20.00
Source	Commercial Banks' Pricing Guides	

Looking at cheque accounts in the PAYU category, FNB Botswana's Smart Account charges the lowest fee followed by FNB Swaziland's Smart Gold Account. The monthly fee for Namibia's Platinum Lifestyle Account is lower than SA's Premier Cheque Account's monthly fee. Lesotho's Smart Gold is the most expensive in this category. FNB Lesotho's monthly fee puts it in third position with regard to the savings account and as the highest on the cheque account. Thus

it could be concluded that under the PAYU pricing option Lesotho's monthly fees are high compared to its peers in the SACU region.



Table 3	Payments and Linked Account Transfers				
	Botswana	Lesotho	Namibia	SA	Swaziland
Payments – Electronic Channels					
FNB ATM	3.15	7.50	11.25	3.50	14.00
Online	4.58	7.50	11.25	3.50	14.00
Telephone	N/A	7.50	11.25	3.50	14.00
Scheduled Payments - Online	15.26	7.50	11.25	3.50	14.00
Cellphone Banking	6.25	7.50	1.15	3.50	14.00
Internal Debit Order	8.02	5.50	8.30	0.00	5.65
External Debit Order	8.02	21.50	20.00	3.50	18.00
Stop Payments - Online	176.11	5.00	11.50	5.00	43.00
Average	31.63	8.69	10.74	3.25	17.08
Payments – Consultant Assisted at Branch					
Branch and Telephone Banking	61.93	50.00	55.00	60.00	43.00
Cheque Payments	N/A	60.00	55.00	70.00	43.00
Bank Cheques	59.90	130.00	N/A	100.00	115.00
Stop Payments - Branch	176.11	51.80	125.00	50.00	43.00
Scheduled Payments -Branch - Establishment	15.26	15.50	N/A	15.00	30.00
Scheduled Payments - Branch - Amendment	4.39	11.00	N/A	15.00	15.00
Average	63.52	53.05	78.33	51.67	48.17
Linked Account Transfers					
All Electronic Channels	N/A	5.00	4.20, cellphone 0.00	3.50	10.00
Branch	N/A	50.00	55.00	60.00	43.00
Average	44.92	27.68	29.24	24.97	28.16
Source	Commercial Banks' Pricing Guides and Author's Calculations				

On payments through electronic channels, FNB SA charges the lowest fee on 6 out of 8 services with FNB Namibia and FNB Botswana outperforming it on payments through cellphone banking and FNB ATM, respectively. FNB Lesotho has the highest number of services on which it charges the second lowest fee at 3 out of 8 services. It is followed by Botswana and SA at 2 out of 8 services each and then Namibia with only one service. The highest number of services in the third position was reported by Swaziland with 3 out of 8 services while Lesotho and Namibia had 2 services each and Botswana had 1

service. The highest number of services in the fourth position was reported by Namibia at 3 followed by Swaziland with 2, then Botswana and Lesotho with 1 service each. According to the country averages, FNB SA charges the lowest fees on payments services by electronic channels while FNB Lesotho charges the second lowest fee. Namibia, Swaziland and Botswana are in third, fourth and fifth positions, respectively. Lesotho is cheaper than Namibia, Swaziland and Botswana, which is the most expensive in the category of payments through electronic channels.

With regards to payments carried out over the counter (OTC), with the assistance of a banking consultant, FNB Swaziland had the highest number of services with the lowest fee at 3 out of 6, followed by Botswana with 2 and SA with 1 service. Lesotho dominated in the second lowest fee category with 3 followed by SA with 2 and Botswana with 1. Namibia, Lesotho and Swaziland recorded 2 services each in the third lowest fee category while SA registered only 1 service. SA dominated in the fourth lowest fee category with 2 services while Namibia, Lesotho and Swaziland each reported 1 service. In the highest fee category was Botswana with 2 services and Namibia with 1. According to the country averages, Botswana is the cheapest on OTC payments followed by SA. Lesotho falls in third position and her fees are lower than Botswana's and Namibia's.

The fee for linked account transfers by electronic channels is lowest in FNB SA at M3.50 per transfer followed by FNB Namibia at M4.20. FNB Lesotho charges M5.00 per transfer and it is cheaper than FNB Swaziland, which charges M10.00. FNB Swaziland levies the lowest fee on OTC linked account transfers followed by FNB Lesotho, which is cheaper than Namibia and SA. The average fees on linked account transfers are lowest in SA followed by Lesotho, which is cheaper than Swaziland and Namibia. Data on Botswana was not available. FNB Lesotho is the second cheapest on the fees for linked account transfers.



Table 4 Deposits and Withdrawals		Botswana	Lesotho	Namibia	SA	Swaziland
Deposits						
Cheque - Per Deposit		0.00	35.00	15.00	40.00	19.00
Branch Cash Deposit (Per M1000.00)		N/A	15.50	0.00	60.00	0.00
ATM/ ADT Cash Deposit (per M1000.00)		5.30	8.00	0.00	8.00	0.00
ENC Upliftment Fee		129.61	180.00	150.00	250.00	270.00
Average		44.97	59.63	41.25	89.50	72.25
Cash Withdrawals						
FNB ATM Cash (per M500.00)		3.15	5.35	8.50	9.25	5.50
FNB Branch/ Cheque Encashment (per M1000.00)		N/A	45.00	N/A	60.00	57.00
Other Bank's ATM (per M1000.00)			40.00	30.00	25.00	20.60
International Branch/ ATM (per M1000.00)		N/A	50.00	45.00	77.50	45.00
Average		5.48	35.09	27.83	42.94	32.03
Source	Commercial Banks' Pricing Guides and Author's Calculations					

Cheque deposits attract a fee at FNB banks in all the SACU countries except Botswana where it is free of charge. Of the 4 countries that levy a fee on cheque deposits, Namibia is the cheapest at M15.00 per cheque deposit followed by Swaziland at M19.00, Lesotho is in third position at M35.00 followed by SA at M40.00. The OTC deposit of cash is free in Namibia and Swaziland while Lesotho charges a fee of 1.55 per cent of the deposited amount and SA a higher fee of 1.85 per cent of the deposited amount and a minimum of M60.00. This translates into fees of M15.50 and M60.00 for a deposit of M1000.00 for Lesotho and SA, respectively. Traditionally, cash deposits used to be done only OTC. However, with the advancements in technology, cash deposits can be done at ATMs. In Lesotho, FNB is currently the only bank that provides this service. This service is provided free of charge in Namibia and Swaziland. In Botswana it attracts a fee of 0.53 per cent of the deposited amount while the charge is 0.80 per cent of the deposited amount in both Lesotho and SA. The average fees on deposits indicate that FNB Namibia is the cheapest followed by Botswana. Lesotho's fees are the third lowest and are cheaper than Swaziland and SA.

With regards to cash withdrawals, FNB Botswana is cheapest on the two services for which its data was available. According to the country averages on cash withdrawals, Botswana charges the lowest fees followed by Namibia and then Swaziland. Lesotho's fees are the fourth lowest and cheaper than SA's.

Table 5 Balance Enquiries, Payment Notifications and Statements					
	Botswana	Lesotho	Namibia	SA	Swaziland
Balance Enquires					
FNB ATM, Online	0.00	0.00	0.00	0.00	0.00
Point of Sale	1.44	2.50	N/A	1.50	N/A
Other Bank's ATM	7.24	7.75	9.50	5.00	5.50
Consultant Assisted	N/A	N/A	8.00	5.00	5.70
Payment Notifications					
E-mail	0.31	0.90	0.85	0.80	0.80
SMS	0.30	1.40	1.15	0.95	1.56
Fax	3.56	6.10	5.50	5.50	4.90
Statements					
Provisional Statement per Page	8.02	13.00	15.00	13.00	13.00
Posted Statement	N/A	15.00	17.00	13.00	13.00
FNB ATM Mini Statement	0.52	3.50	4.00	3.50	5.90
E-mailed Monthly Statement	0.00		0.00	0.00	0.00
Average	2.38	5.02	6.10	4.39	5.04
Source	Commercial Banks' Pricing Guides and Author's Calculations				

In the group comprising products and services related to balance enquiries, payment notification and account statements, Botswana has the highest number of services on which its fee is the lowest among SACU member countries at 7 out of 11. It is followed by SA at 5 services and then Swaziland at 3 services. SA and Swaziland dominate in the category of the second cheapest services at 5 out of 11 each. The third lowest service fees are more concentrated in Namibia at 7 services. Lesotho has the highest number of services that charge the fourth lowest fee among SACU countries at 4 services. From the country averages, it can be deduced that Botswana is the cheapest in this category of services, followed by SA. Lesotho is in third position and is less costly compared with Swaziland and Namibia.



Table 6	Prepaid and Card Purchases				
	Botswana	Lesotho	Namibia	SA	Swaziland
Prepaid Airtime - Electronic Banking	0.00	2.15	1.15	1.50	2.25
Prepaid Electricity - Electronic Banking	2.69	5.65	0.00	N/A	5.90
Cheque and Debit Card Purchases	N/A	3.60	4.30	0.00	5.50
International Cheque and Debit Card Purchases (per M1000.00)	N/A	43.00	15.50	27.00	33.00
Average	N/A	13.60	5.24	9.50	11.66
Source	Commercial Banks' Pricing Guides and Author's Calculations				

FNB banks enable their customers to purchase prepaid airtime and electricity using electronic payment channels. Prepaid airtime is obtained free of a service fee for FNB Botswana's clients. FNB Namibia levies a fee of M1.15, which is cheaper than FNB SA's M1.50, FNB Lesotho's M2.15 and FNB Swaziland's M2.25. On the fee for prepaid electricity, Namibia is the least costly as it offers this service free of charge. The second lowest fee is that of Botswana followed by Lesotho while Swaziland's fee is the highest. The fee for SA was not available. Cheque and debit card purchases are free for FNB SA's clients. They cost M3.60 in Lesotho, which is cheaper than Namibia and Swaziland's M4.30 and M5.50, respectively. The international cheque and debit card purchases are cheapest for FNB Namibia's clients followed by FNB SA's and Swaziland's. They are most expensive for FNB Lesotho's clients among the four countries for which data was available. The country averages indicate that in the prepaid and card purchases category, FNB Namibia charges the lowest fees followed by SA and then Swaziland while Lesotho's fees are the highest among the four SACU countries. Botswana was excluded because it did not have data for 2 out of 4 types of products or services considered.

	Botswana	Lesotho	Namibia	SA	Swaziland
Send Money (eWallet)	11.41	11.50	9.00	9.95	9.00 for w 1000.00, 13.50 for 1001.00 - 2000.00, then 18.00
Cash Withdrawal	1st free then 1.35	0.00	1st free then 7.60	1st free then 6.50	1st Free, then 5.00
Prepaid Airtime	0.00	0.00	0.00	1.50	1.50
Prepaid Electricity	2.69	5.65	0.00	1.50	3.00
Dormancy	7.14	5.00	5.00	6.00	5.00
Average	4.52	4.43	4.32	5.09	7.86
Source	Commercial Banks' Pricing Guides and Author's Calculations				

eWallet is a service through which FNB's customers can create and fund an electronic store of value from an FNB account. The funds are then accessible to a nominated beneficiary through a cellphone, via FNB ATMs, cellphone banking, FNB App or FNB online banking. Services that can be carried out with the use of eWallet include sending money, withdrawing cash and buying prepaid airtime and electricity. Concerning the fees, Namibia has the highest number of services on which it charges the lowest fee at 4 out of 5 services followed by Lesotho with 3 services. SA dominates in the category of the second lowest fees with 4 services. Country averages show that FNB Namibia's fees are the lowest followed by Lesotho and then Botswana. FNB SA is in the fourth position and FNB Swaziland is the most expensive.

	Botswana	Lesotho	Namibia	SA	Swaziland
Honouring Fees (per item)	189.80	170.00	250.00	75.00	210.00
POS Declined Transaction	6.19	7.00	6.50	8.50	7.00
Other Bank's ATM Declined Transaction	6.19	9.50	10.00	8.50	N/A
Deposit of Post Dated Cheque	48.02	59.00	80.00	N/A	97.00
Card Replacement Fee	88.05	100.00	116.00	85.00	80.00
Pin Replacement Fee	36.83	40.00	N/A	85.00	45.00
Average	62.51	64.25	92.50		87.80
Source	Commercial Banks' Pricing Guides and Author's Calculations				



Customers are charged penalty fees for violation of the terms of their bank account holder agreement or other requirements related to their bank account. In this category of fees, FNB Botswana has the highest number of services or products on which it charges the lowest fees at 4 out of 6 followed by SA and Swaziland with only 1 service each. Lesotho dominates in the second lowest fee group with 3 services followed by SA with 2 and Namibia with 1. The honouring fee, which is levied where a bank honoured a debit order even though there was not enough money in their client's account to honour it, appears to be the highest among penalty fees. FNB SA charges the lowest honouring fee of M75.00 followed by FNB Lesotho at M170.00. Nonetheless, Lesotho is less costly compared with Botswana (M189.90), Swaziland (M210.00) and Namibia (M250.00). The country averages of penalty fees covered here show that SA is the cheapest followed by Botswana. Lesotho is the third lowest and its fees in this category are cheaper than Swaziland and Namibia's fees.

B. Bundled/ Unlimited Transactional Pricing

The FNB banks in the SACU region offer their customers bank accounts under the bundled transactional pricing option. Under this option, clients are charged a relatively higher monthly banking fee and transactions carried out through electronic channels are offered free of charge or at a highly discounted fee while all other transactions are offered at the same fee as under the PAYU transaction pricing. The bundled transactional pricing option applies to cheque/ current accounts. Each FNB bank offers different cheque/ current accounts under this pricing option, the distinguishing features of which include the income requirements and the services or products offered clients under each. For each country, the account that charges the lowest monthly fee and one that charges the highest monthly fee are considered in this study.

Table 9 Monthly Account Maintenance Fee		
	Account	Monthly Fee
Botswana	Gold	80.70
	Premier Cheque	168.19
Lesotho	Gold	99.00
	Platinum Lifestyle	199.00
Namibia	Turquoise Lifestyle	127.00
	Platinum Lifestyle	150.00
South Africa	Easy	49.00
	Premier Cheque	175.00
Swaziland	Smart Gold	65.00
	Gold Lifestyle	150.00
Source	Commercial Banks' Pricing Guides and Author's Calculations	

Considering comparable accounts under the bundled transactional pricing option, FNB SA's Easy Account charges the lowest monthly banking fee of M49.00 followed by FNB Swaziland's Smart Gold Account at M65.00. The monthly fee on Botswana's Gold Account is M80.73. FNB Lesotho's Gold Account charges the fourth lowest monthly fee of M99.00 and is cheaper than Namibia's Turquoise Lifestyle Account whose monthly fee is M127.00. With regard to the higher monthly fee accounts, FNB Namibia's Platinum Lifestyle Account and Swaziland's Gold Lifestyle Account charge the lowest monthly fee of M150.00 each. They are followed by Botswana's Premier Cheque Account at M168.19 and SA's Premier Cheque Account at M175.00. The monthly fee for FNB Lesotho's Platinum Lifestyle Account is the most expensive at M199.00.



Table 10 Payments and Linked Account Transfers					
	Botswana	Lesotho	Namibia	SA	Swaziland
Payments					
FNB ATM	0.00	0.00	0.00	1st 10 free then 3.50	0.00
Online	0.00	0.00	0.00	1st 10 free then 3.50	0.00
Telephone Banking	N/A	0.00	N/A	1st 10 free then 3.50	0.00
Scheduled Payments – Online	15.30	0.00	N/A	1st 10 free then 3.50	0.00
Cellphone Banking	0.00	0.00	0.00	1st 10 free then 3.50	0.00
Internal Debit Order	7.80	0.00	0.00		0.00
External Debit Order	8.00	0.00	0.00	1st 10 free then 3.50	0.00
Linked Account Transfers					
All Electronic Channels	0.00	0.00	0.00	0.00	0.00
Card Purchases					
Other Bank's ATM (per M1000.00)	7.80	40.00	30.00	25.00	20.60
Cheque and Debit Card Purchases	N/A	0.00	0.00	0.00	0.00
Source	Commercial Banks' Pricing Guides and Author's Calculations				

All the products and services, whose fee under the bundled pricing option was different from under the PAYU pricing option for FNB Lesotho, were considered in this section. They all fall under the payments and linked account transfers category. All the products and services are offered free of charge by FNB Lesotho and Swaziland. FNB SA does not levy a fee on 3 out of 9 types of services. On the rest of the products and services, it offers the first ten transactions free of charge after which it levies a fee of M3.50 per transaction. FNB Botswana appears to be the most expensive in this category of services. It levies fees ranging from M7.75 to M15.26 on 3 types of services and does not levy a fee on only 4 types of services. FNB Lesotho and FNB Swaziland are the cheapest in this group of products and services.

C. Business Accounts

The most affordable business bank account in terms of the monthly service fee is FNB Botswana's Commercial Cheque account at M56.67 followed by FNB SA's Gold Business Account at M69.00. The fee for Namibia's Business Cheque Account is the third lowest while FNB Lesotho's is the highest among four SACU countries for which data on business accounts was available. With regards to services related to payments and linked account transfers, FNB SA is the cheapest on 4 out of 6 services, FNB Lesotho has the highest number of second lowest fees at 4 out of 6 while FNB Namibia is dominating in the third category with 5 out of 6 services. The average fees by country show that FNB SA charges the lowest fees. Even though FNB Lesotho has the highest number of services on which it charges the second lowest fees and FNB Namibia has the highest number of services in the third lowest fee category, in terms of the average fees, FNB Namibia is cheaper than FNB Lesotho, though marginally. This is attributable to FNB Namibia's very low fee on payments by cellphone banking.

Table 11 Monthly Account Maintenance Fee, Payments and linked Account Transfers				
	Botswana	Lesotho	Namibia	SA
	Commercial Cheque Account	Business Account		Gold Business Account
Monthly Fee	56.67	120.00	85.00	69.00
Payments and Linked Account Transfers				
	Botswana	Les		SA
Payments				
FNB ATM	N/A	10.50	11.62	8.95
Online	N/A	10.50	11.62	8.95
Telephone	N/A	10.50	11.62	8.95
Scheduled Payments - Online	N/A	10.50	11.62	4.00
Cellphone Banking	N/A	10.50	1.15	8.95
Linked Account Transfers -				
Electronic Channels	0.00	5.00	Online 4.20, cellphone free	4.00
Average	N/A	9.58	9.53	7.30
Source	Commercial Banks' Pricing Guides and Author's Calculations			



On deposits and withdrawals, FNB Botswana has the highest number of services on which it charges the lowest fees among the four SACU countries for which data was available at 4 out of 7 followed by Namibia with 3 services. FNB Lesotho dominates with services on which the third lowest fee is levied and FNB SA with fees that fall in the fourth category. The country averages reveal that in this group of services FNB Namibia is the cheapest followed by FNB Botswana. Lesotho's fees on deposits and withdrawals are higher than Namibia and Botswana's but cheaper than SA.

Table 12 Deposits and Withdrawals				
	Botswana	Lesotho	Namibia	SA
Deposits				
Cheque - Per Deposit	0.00	50.00	15.00	40.00
Branch Cash Deposit (per M10 000.00)	35.00	155.00	0.00	840.00
ATM/ ADT Cash Deposit (per M10 000.00)	35.00	80.00	N/A	79.75
ENC Upliftment Fee (per M10 000.00)	168.49	180.00	100.00	500.00
Cash Withdrawals				
FNB ATM Cash (per M500.00)	4.10	5.35	8.50	11.20
Other Bank's ATM (per M500.00)	9.67	40.00	21.50	18.75
International Branch/ ATM (per M1000.00)	115.54	50.00	45.00	87.50
Average	52.54	80.05	31.67	261.00
Source	Commercial Banks' Pricing Guides and Author's Calculations			

4.2 Nedbank

A. Pay-as-You-Use Transactional Pricing

Nedbank Lesotho has three types of accounts under the PAYU pricing option, namely the Savings Account, the Cheque Account and the Private Banking Account. The Savings Account charges the lowest monthly fee followed by the Cheque Account and then the Private Banking Account.

Table 13 Monthly Account Maintenance Fee and Internet Banking Fees			
	Lesotho	SA	Swaziland
Monthly Service Fee			
Savings Account	7.00	20.00	30.00
Cheque Account	90.00	30.00	45.00
Average	48.50	25.00	37.50
Private Banking Account	179.00	100.00	N/A
Internet Banking Monthly Fee			
Cheque Account	44.95	0.00	35.00
Private Banking Account	49.80	12.00	N/A
Average	47.38	6.00	35.00
Source	Commercial Banks' Pricing Guides and Author's Calculations		

Nedbank Lesotho's monthly fee of M7.00 for the savings account is the cheapest among the three SACU countries for which data was available. It is followed by Nedbank SA's fee of M20.00 while that of Nedbank Swaziland is the highest at M30.00. With regards to the cheque accounts, Nedbank SA charges the lowest monthly service fee followed by Swaziland. The cheque account monthly fee for Nedbank Lesotho is the most costly among the three SACU countries. Nonetheless, looking at the country averages of the cheque and savings accounts, SA's monthly service fee is the lowest followed by Swaziland while Lesotho's average makes it the most expensive. Data on Nedbank Swaziland's private banking monthly fee was not available. As such only Lesotho and SA could be compared. The private banking monthly fee for Lesotho is 79.0 per cent more costly compared to SA's. With regards to the internet banking monthly fee, SA does not levy any fee for the cheque account and Swaziland charges a fee of M35.00, which is lower than Lesotho's M44.95. For the private banking account, Lesotho's internet banking monthly fee is more than three folds higher than SA's. Nedbank Lesotho's fees in this category of products are highest among comparator SACU countries.



Table 14 Payments and Cheque Deposits			
	Lesotho	SA	Swaziland
Payments			
Debit Orders	20.00	16.00	16.00
Card Purchases	3.45	4.00	N/A
Internet Account Payments - Internal	7.00	8.00	12.30
Internet Account Payments - External	5.00	4.00	13.00
Internet Transfer - Own Account	0.00	4.00	0.00
Cheque Deposit per R10 000.00	25.00	20.00	40.00
Average	10.08	9.33	16.26
Source	Commercial Banks' Pricing Guides and Author's Calculations		

On the fees related to payments and cheque deposits, Nedbank Lesotho and Nedbank SA are at par in terms of the number of services on which their fee is lowest and second lowest with 3 services in both cases. Swaziland has only 2 services in the lowest fee category and dominates in the third lowest fee category. The country averages reveal that Nedbank SA is cheaper than Lesotho, though by a small margin of 8.0 per cent. In addition, Lesotho is less costly compared with Swaziland.

Table 15 ATM Cash Withdrawals and Branch Transactions			
	Lesotho	SA	Swaziland
ATM Cash Withdrawals			
Nedbank ATM per M1 000.00	17.50	18.50	8.00
Other Bank's ATM per M1 000.00*	46.25	25.50	N/A
Branch Transactions			
Cash Deposit Fee per M1 000.00	26.15	25.00	0.00
Cash Withdrawal Fee per M1 000.00	27.65	54.00	15.00
Average (excluding*)	23.77	32.50	7.67
Source	Commercial Banks' Pricing Guides and Author's Calculations		

Cash withdrawals from a Nedbank ATM are cheapest for Nedbank Swaziland's clients followed by Nedbank Lesotho's. Nedbank SA is the most expensive among the three countries on cash withdrawals from a Nedbank ATM. Nedbank Lesotho's fee on withdrawals by Nedbank customers from other bank's ATMs are 81.4 per cent more expensive compared with Nedbank SA's fee. With

regards to OTC cash deposits and withdrawals, Nedbank Swaziland charges the lowest fee on both while Nedbank Lesotho and Nedbank SA have 1 second lowest and 1 third lowest fee product or service each. Looking at the country averages, excluding cash withdrawals from other banks' ATMs because Nedbank Swaziland did not have data on it, Nedbank Swaziland charges the cheapest fee followed by Lesotho while Nedbank SA is the most expensive.

B. Bundled Transactional Pricing

Under the bundled pricing option, Nedbank Lesotho's Private Banking Account is compared with Nedbank SA's Savvy Bundle Account. The published fee schedule for Nedbank Swaziland did not have any information on bundled pricing accounts hence why it is excluded from this analysis. The monthly service fee for Nedbank Lesotho's private banking account is 21.7 per cent more costly than Nedbank SA's fee. Both countries do not charge a monthly fee for internet banking services for the accounts under the bundled pricing option.

	Lesotho	SA
Monthly Service fee	219.00	180.00
Internet Banking Monthly Fee	0.00	0.00
Source	Commercial Banks' Pricing Guides	

Payments transactions made through different payment channels are free of charge in both countries. The cost of a cheque deposit is stipulated as 0.25 per cent, minimum M10.95 and Maximum M315.55 by Nedbank Lesotho and M20.00 per deposit by Nedbank SA. For comparability, the stipulated charges were standardized per cheque deposit of M10 000.00. The results show that the cost of a cheque deposit is higher at Nedbank Lesotho than at Nedbank SA. Specifically a cheque deposit to the tune of M10 000.00 costs 25.0 per cent more at Nedbank Lesotho than at Nedbank SA.



Table 16 Monthly Account Maintenance Fee and Internet Banking Fee		
	Lesotho	SA
ATM Cash Withdrawals		
Debit Orders	0.00	0.00
Card Purchases	0.00	0.00
Internet Account Payments - Internal	0.00	0.00
Internet Account Payments - External	0.00	0.00
Internet Transfer - Own Account	0.00	0.00
Cheque Deposit per R10 000.00	25.00	20.00
Source	Commercial Banks' Pricing Guides and Author's Calculations	

Cash withdrawals from a Nedbank ATM are priced differently by the two Nedbanks. In the case of Nedbank Lesotho, the first five withdrawals per month are free of charge and a fee of M40.00 applies to the rest of the withdrawals during a specific month. In the case of Nedbank SA the fee is stipulated as M11.50 plus 1.40 per cent of the amount withdrawn. These mean that the first five Nedbank ATM withdrawals are cheaper in Lesotho. However, while the sixth withdrawal in a month would cost M40.00 at Nedbank Lesotho, the sixth withdrawal of M1000.00 would cost M15.00 less for Nedbank SA's clients. A cash withdrawal by a Nedbank client from other bank's ATM is more than three folds more expensive to a Nedbank Lesotho's client than to a Nedbank SA's client. An OTC cash deposit of M1000.00 costs 4.6 per cent more in Nedbank Lesotho than in Nedbank SA while SA's clients also enjoy the benefit of a zero charge on the first four OTC cash deposits in a month. With regards to the OTC cash withdrawal, the first transaction per month is free of charge in SA but attracts a fee in Lesotho. However, on the basis of a benchmark of an OTC cash withdrawal of M1000.00, Nedbank Lesotho charges a lower fee of M10.95 compared with M54.00 by Nedbank SA. Nedbank Lesotho is cheaper on two types of services and more expensive on the same number of services. The same is the case for Nedbank SA. Consequently, the paper concludes that the two countries are at par in this category of services.

Table 17 ATM Cash Withdrawals and Branch Transactions			
	Lesotho	SA	
ATM Cash Withdrawals			
Nedbank ATM	1st 5 free then 40.00	11.50 + 1.40% (25.50 for 1000.00)	
Other Bank's ATM	46.25	10.00	
Branch Transactions			
Cash Deposit Fee	1.95%, min 26.15 (26.15 / 1000.00)	1st 4 free then 11.00 + 1.40% (25.00/ 1000.00)	
Cash Withdrawal Fee	0.25%, min 10.95, max 315.55 (10.95/ 1000.00)	1st 1 Free then 40.00 + 1.40% (54.00/ 1000.00)	
Source	Commercial Banks' Pricing Guides and Author's Calculations		

C. Business Accounts

Nedbank Lesotho's Small and Medium Enterprises (SMEs) account is compared with Nedbank SA's Small Business Services Current account. For Swaziland there was no information on a comparable account for businesses in the published fee schedule. The fees for all the services including payments through different channels and cheque deposits, ATM cash withdrawals and OTC transactions are the same as in PAYU pricing. The only different fees in the case of Nedbank's accounts for small businesses are the monthly service and internet banking fees. The monthly service fee for Nedbank SA is cheaper than for Nedbank Lesotho. The same picture is observed with regard to the internet banking monthly fee. In a nutshell, Nedbank Lesotho's monthly fees are higher than SA's for business accounts.

Table 19 Monthly Account Maintenance Fees and Internet Banking Fees			
	Lesotho	SA	Swaziland
Monthly Service fee	139.1	58.00	480.00
Internet Banking Monthly Fee	104.9	0.00	130.00
Source	Commercial Banks' Pricing Guides		



4.3 Standard Bank

Standard Lesotho Bank, which is the reference/benchmark bank for comparison in this Section, contends that all its products and services are offered under the PAYU pricing option. It does not adopt the bundled pricing option. Its products are mainly grouped into 4 categories according to the clients' income levels as follows with incomes in brackets; the blue card category (less than M3000.00), Silver (M3000.00 – M15999.00), Gold (M16000.00 – M35000.00) and private banking (more than M35000.00 and M28000.00 or more for professionals). The accounts for the lowest income earners and the private banking accounts across the SACU standard banks are considered for purposes of this paper.

A. Entry Level accounts for Low income Earners

Under the low income earners group, the TransactPlus Account for Standard Lesotho Bank is compared with Stanbic Bank Botswana's TransactPlus Blue Account, Standard Bank Namibia's Pure Save Savings Account, Standard Bank SA's Access Account and Standard Bank Swaziland's Savings Account. These are savings accounts. The monthly account maintenance fee for this category of accounts is lowest for Standard Bank Swaziland's clients at no charge, followed by Standard Bank SA's at M4.99. Standard Bank Namibia charges the third lowest monthly fee followed by Botswana. Standard Lesotho Bank's fee is the highest.

Table 20 Account Maintenance Fee		Botswana	Lesotho	Namibia	SA	Swaziland
Monthly Account Maintenance Fee		16.55	45.00	14.00	4.99	0.00
Source	Commercial Banks' Pricing Guides					

On OTC services, Standard Lesotho Bank and Standard Bank SA are the only ones that charge a fee for cash deposit and Lesotho's fee is lower than SA's. Own bank's cheque deposits are offered free of charge in Botswana, Lesotho and Swaziland while Namibia charges a lower fee of M15.00 compared with M30.00 for SA. Fees are levied on OTC withdrawals in all the five SACU countries. Botswana's fees in this group of services are the most affordable

followed by Lesotho and Namibia. Balance enquiries are free of a service fee in Swaziland. SA charges the lowest fee followed by Botswana. In the absence of data for Namibia, Lesotho's fees on balance enquiries are the highest. The country average fees show that Botswana's fees are the lowest followed by Swaziland's fees. Namibia is in third position though it lacks data on a number of services. SA is the fourth lowest while Lesotho levies the highest fees in this category of OTC services.

Table 21 OTC Deposits, Withdrawals and Balance Enquiries					
	Botswana	Lesotho	Namibia	SA	Swaziland
Deposits					
Cash Deposit - per M1 000.00	0.00	20.00	0.00	24.00	0.00
Cheque Deposit - Own Bank's	0.00	0.00	15.00	30.00	0.00
Withdrawals					
Cash Withdrawal per M1 000.00	10.40	40.00	40.00	51.00	54.50
Cheque Encashment per M1 000.00	10.40	40.00	N/A	53.00	50.50
Cheques/ Service Fee per M1 000.00	10.90	15.00	43.00	21.00	N/A
Balance Enquiry					
Balance Enquiry	9.44	50.00	N/A	7.25	0.00
Provisional/ Mini Statements	9.69	35.00	N/A	7.25	0.00
Average	7.26	28.57	24.50	27.64	17.50
Source	Commercial Banks' Pricing Guides and Author's Calculations				

With regards to services accessed with the use of an ATM, Botswana has the highest number of services on which it charges the lowest fees at 5 out of 7 followed by SA with 2. Lesotho and SA dominate on the second lowest fees category with 3 services each. Namibia has the highest number of services with the third lowest fees at 3 services and Lesotho shows its head again in the fourth lowest fees category with 3 services. The country averages reveal that Botswana levies the lowest fees among the five SACU countries followed by SA. Lesotho is the third lowest and is cheaper than Swaziland and Namibia.



	Botswana	Lesotho	Namibia	SA	Swaziland
ATM Cash Withdrawal - Own ATM (per M1 000.00)	4.42	5.00	25.00	16.00	21.00
ATM Cash Withdrawal - Other Local Bank's ATM (per M1 000.00)	7.14	28.75	36.00	22.70	56.00
ATM Cash Withdrawal - International (per M1 000.00)	24.22	50.00	45.00	22.70	N/A
Declined ATM Cash Withdrawal - Other Banks	3.35	10.00	9.00	4.90	N/A
ATM Balance Enquiry - Own Bank's printed	1.94	2.00	0.00	1.50	N/A
ATM Balance Enquiry - Other Bank's	N/A	9.00	9.00	5.50	5.50
ATM Statement	2.22	3.00	4.00	5.00	4.50
Average	7.22	15.39	18.29	11.19	17.40
Source	Commercial Banks' Pricing Guides and Author's Calculations				

Standard banks in the SACU region offer internet banking services to their clients. For the countries where data was available, all Standard banks in SACU countries do not charge their clients the internet banking activation fee and monthly subscription fee. Internal transfers including to local banks attract a fee of M3.81 in Botswana, M10.00 in Lesotho and SA's fee is highest at M12.00. With regards to transfers between linked accounts, Botswana and Lesotho offer this service free of a service fee while Namibia charges M4.20 and SA M5.00. In this group of services, Stanbic Botswana is the cheapest followed by Standard Bank Namibia. Standard Lesotho bank is the third cheapest while Standard Bank SA levies the highest fees.

	Botswana	Lesotho	Namibia	SA
Activation Fee	0.00	0.00	N/A	0.00
Monthly Subscription	N/A	0.00	0.00	0.00
Internal Transfers incl. Local Banks	3.81	10.00	N/A	12.00
Transfers between Linked Accounts	0.00	0.00	4.20	5.00
Source	Commercial Banks' Pricing Guides			

Foreign exchange transactions, including purchase and sale of foreign notes are both offered at the lowest service fee by Botswana followed by Namibia. Lesotho's fee is the third lowest among the four countries for which data was available and SA's fee is the highest. The use of telegraphic transfers in carrying out foreign exchange transactions is charged the lowest fee by Lesotho followed

by Botswana and then Namibia. The country averages indicate that Botswana's fees are the lowest followed by Lesotho's, which are cheaper than Namibia and SA's.

	Botswana	Lesotho	Namibia	SA
Purchase of Foreign Notes	42.00	77.00	69.00	155.00
Sale of Foreign Notes	42.00	77.00	62.50	155.00
Inward Telegraphic Transfer/SWIFT	88.40	74.00	117.00	N/A
Average	57.47	76.00	82.83	155.00
Source	Commercial Banks' Pricing Guides and Author's Calculations			

B. Private Banking Accounts

In addition to targeting the high income clients, the other main feature/characteristic that distinguishes the private banking products from the rest is that a client is assigned a dedicated personal banker. Additional benefits enjoyed by private banking clients in the case of Standard Lesotho bank include access to an overdraft facility and a revolving line of credit, amongst others. According to Standard Lesotho bank's published pricing schedule, PAYU prices that apply to accounts for lower income groups also apply to Private Banking account holders, except in a few cases including ATM cash withdrawal and OTC balance enquiry on which Private Banking clients enjoy a lower fee and on the monthly account maintenance fee on which they pay more than the lower income account holders. As such, the comparison of Lesotho with other SACU countries is made only on these three.

The choice of comparable accounts for the comparator SACU countries was difficult because of a number of factors. First, as mentioned earlier, Standard Lesotho Bank is of the assertion that all their products are priced on PAYU basis. Nonetheless, their Private Banking Account has features of a bundled product including a higher monthly service fee in return for some free banking and non-banking services. Stanbic Botswana has a private banking current account under the PAYU option with a monthly service fee of M236.47 and a bundled private banking account at a monthly service fee of M338.00. Standard Bank



Namibia offers its private banking current account under both the PAYU option at no monthly service fee and the bundled option at M465.00. In SA's case, the private banking account is offered on bundled terms with a monthly service fee of M325.00. This notwithstanding, a choice was made as indicated in Table 25 below. Swaziland is not included in this analysis because data on its pricing schedule is classified by saving and basic cheque account only and there was no information on private banking.

Table 25 Monthly Account Maintenance Fees, OTC Balance Enquiry and ATM Cash Withdrawal Fee				
	Botswana	Lesotho	Namibia	SA
Monthly Account Maintenance Fee	236.47	215.00	465.00	325.00
OTC Balance Enquiry	9.44	30.00	0.00	7.25
ATM Cash Withdrawal - Own ATM (per M1 000.00)	4.42	0.00	20.00	18.00
Average	83.44	81.67	161.67	116.75
Source	Commercial Banks' Pricing Guides and Author's Calculations			

Standard Lesotho Bank's monthly account maintenance fee is the lowest among standard banks in the SACU region followed by Stanbic Bank Botswana and then SA. Standard Bank Namibia's fees are the highest. Nonetheless, Standard Lesotho Bank's fee on OTC balance enquiry is the highest among the 4 SACU countries at M30.00. It is followed by Stanbic Botswana at M9.44. Namibia is the cheapest as it offers this service free of charge to its private banking clients. With regard to ATM cash withdrawals, Standard Lesotho Bank is the cheapest at a zero fee. The second lowest fee is that of Stanbic Bank Botswana followed by SA's. Namibia charges the highest fee on ATM cash withdrawals. The country averages of these two services indicate that Lesotho's fees are lowest followed by Botswana's and then SA's. Namibia is the most expensive.

C. Business Accounts

Standard Lesotho Bank has two current account options for business enterprises, namely the Molleloa Current Account and the Business Current Account. Banking services offered under these accounts are charged the same service fees as under the entry level accounts. The same situation was observed for

other SACU countries on the products and services considered in this analysis. Thus, it is concluded that the results of the comparative analysis of business accounts would not be any different from that of the entry level accounts under the PAYU pricing option.

4.4 The Overall Average Fees by the Three Bank Groups

In this Section, the country product fees and services category averages by banks are put together to calculate the countries' overall averages across bank groups. This is with the objective of assessing the countries' fees levels within the bank groups. All the services and product fee averages covered in the foregoing analysis are included here.

FNB Namibia has the highest number of products/service fee averages that are highest among SACU countries. FNB Lesotho dominates with fee averages in the third category at 6 out of 17 and in the fourth category at 5 out of 17. Nonetheless, FNB Lesotho's overall average is the highest among comparator SACU countries and exceeds that of FNB Namibia. FNB Swaziland overall average fee is the lowest followed by that of SA and then Botswana. At the aggregate level, FNB Lesotho is the most expensive compared with its peers in the SACU region.



Table 26 FNBs Overall Average Fees					
	Botswana	Lesotho	Namibia	SA	Swaziland
PAYU Pricing Option					
PAYU Savings Account Monthly Fee	15.13	11.00	25.00	4.95	3.50
PAYU Cheque Account Monthly Fee	15.60	49.00	35.00	42.00	20.00
Payments Electronic Channels	31.63	8.69	10.74	3.25	17.08
Payments - Consultant Assisted at Branch	63.52	53.05	78.33	51.67	48.17
Linked Account Transfers	44.92	27.68	29.24	24.97	28.16
Deposits - ATM and Branch	44.97	59.63	41.25	89.50	72.25
Withdrawals - ATM and Branch	5.48	35.09	27.83	42.94	32.03
Balance Enquiries, Payment Notifications & Statements	2.38	5.02	6.10	4.39	5.04
Prepaid and Card Purchases	N/A	13.60	5.24	9.50	11.66
eWallet Related Fees	4.52	4.43	4.32	5.09	7.86
Penalty Fees	52.51	64.25	92.50	52.40	87.80
Bundled Products					
Low Monthly Fee Account Monthly Service Fee	80.73	99.00	127.00	49.00	65.00
High Monthly Fee Account Monthly Service Fee	168.19	199.00	150.00	175.00	150.00
Payment and Linked Account Transfer	5.17	0.00	0.00	2.33	0.00
Business Accounts					
Monthly Fee	56.67	120.00	85.00	69.00	N/A
Payments and Linked Account Transfers	N/A	9.58	9.53	7.30	N/A
Overall Average	42.24	47.44	45.44	39.58	39.18
Source	Commercial Banks' Pricing Guides and Author's Calculations				

Nedbank SA has the highest number of products/services fee averages that are lowest among the 3 SACU countries included in the analysis at 9 out of 12. The majority of Nedbank Lesotho's products/ services fee averages are in the second lowest group at 7 out of 12. Nedbank Swaziland is dominant in the third lowest average fee category though it is missing data on a number of products/ services. As such Nedbank SA is the cheapest followed by Nedbank Lesotho.

Table 27 Nedbanks' Overall Average Fees			
	Lesotho	SA	Swaziland
PAYU Products			
Monthly Service Fee Savings Account	7.00	20.00	30.00
Monthly Service Fee Cheque Account	90.00	30.00	45.00
Monthly Service Fee Private Banking Account	179.00	100.00	N/A
Internet Banking Monthly Fee	47.38	6.00	35.00
Payments and Cheque Deposits	10.08	9.33	16.26
ATM Cash Withdrawals and Branch Transactions	23.77	32.50	7.67
Bundled Products			
Monthly Service Fee	219.00	180.00	N/A
Internet Banking Monthly Fee	0.00	0.00	N/A
Payments and Cheque Deposits	25.00	20.00	N/A
ATM Cash Withdrawals and Branch Transactions	30.84	28.62	N/A
Business Account			
Monthly Service Fee	139.10	58.00	480.00
Internet Banking Monthly Fee	104.90	0.00	130.00
Overall Average	73.01	40.37	106.28
Source	Commercial Banks' Pricing Guides and Author's Calculations		

Stanbic Botswana records the highest number of products/service fees that are lowest compared with other Standard banks in the SACU region. Consequently, its overall average is the lowest in the region. Lesotho's overall average is in second position despite recording the highest average fees on two product/service categories. It is followed by Standard Bank Namibia. The overall average for Standard Bank SA puts it in fourth position as the most expensive standard bank in the SACU region, excluding Standard Bank Swaziland, which lacked data on a number of services.



Table 27 Standard Banks' Overall Average Fees					
	Botswana	Lesotho	Namibia	SA	Swaziland
Entry Level Account					
Monthly Account Maintenance Fee	16.55	45.00	14.00	4.99	0.00
OTC Deposits, Withdrawals and Balance Enquiries	7.26	28.57	24.50	27.64	17.50
ATM Transactions	7.22	16.39	18.29	11.19	17.40
Internet Banking - Funds Transfers	1.90	5.00	4.20	8.50	N/A
Foreign Exchange Transactions	57.47	76.00	82.83	155.00	N/A
Private Banking Account					
	83.44	81.67	161.67	116.75	N/A
Overall Average	28.97	42.11	50.92	54.01	N/A
Source	Commercial Banks' Pricing Guides and Author's Calculations				

4.5 The Overall Average Fees – A Closer Look at the Statistics

As a way of cross verifying the findings of the paper we calculated and analyzed some statistics on the overall average fees of services categories by SACU countries, for each bank group. These statistics include the Coefficient of Variation (CV) with the objective of evaluating the nature of the data involved, the mean and median to assess Lesotho's position in relation to SACU under two scenarios, the first one including Lesotho and the second one excluding Lesotho.

The following assumptions were made about the CV; Let $X = CV$, then

CV	Description	CV	Description
$X < 30$	Very Low	$60 < X < 90$	High
$30 < X < 60$	Low	$X > 90$	Very High

The results, as depicted in Appendix 2 show that, for all the bank groups, under the two scenarios of including Lesotho and excluding Lesotho, majority of the services categories have a very low or low CV indicating that the individual countries' average prices lie close to the mean, that is, there is less variation in the data. For example, there are only 3, 2 and 1 services category (ies) with a high or very high CV for the FNB, Nedbank and Standard bank group,

respectively, under both scenarios. In addition, comparing Lesotho's average prices by services categories with the SACU mean and median by services categories, we find that Lesotho's average prices are higher than the SACU mean and median on a significant number of services categories. Specifically, the average prices of 37.5 (50.0), 50.0 (66.7) and 50.0 (66.7) per cent of services categories for the FNB, Nedbank and Standard Bank groups, respectively, are higher than the SACU mean under the including Lesotho (excluding Lesotho) scenario.

5 CONCLUSION

The analysis of individual products and services and their averages per country emitted mixed signals throughout the three bank groups covered by the study. The countries took turns on the 5 fees levels within and across products and services categories for all the 3 bank groups. Even on countries' averages for products and services categories, countries took turns on the fees levels. Thus, further analysis of country averages was undertaken to rank the countries at a higher level across the bank groups. The results revealed that FNB Lesotho is the most expensive among FNBs in the SACU region. This was despite recording the highest average on only 1 out of 15 products or services categories. FNB Lesotho registered the highest number of categories in the third and fourth lowest fee categories at 6 and 5 out of 15, respectively. FNB Swaziland is the cheapest followed by FNB SA. FNB Botswana is in third position and FNB Namibia in fourth.

Nedbank SA has the highest number of products/services fee averages that are lowest among the 3 SACU countries included in the analysis at 9 out of 12. The majority of Nedbank Lesotho's products/services fee averages are in the second lowest group at 7 out of 12. Nedbank Swaziland is dominant in the third lowest average fee category though it lacked data on a number of products/services. As such Nedbank SA is the cheapest followed by Nedbank Lesotho.



Stanbic Botswana records the highest number of products/service fees that are lowest compared with other standard banks in the SACU region. Consequently, its overall average is the lowest in the region. Lesotho's overall average is in second position despite recording the highest average fees on two product/service categories. It is followed by Standard Bank Namibia. The overall average for Standard Bank SA puts it in fourth position as the most expensive standard bank in the SACU region, excluding Standard Bank Swaziland, which lacked data on a number of services.

The comparative level of Lesotho's bank fees differs by bank group. Lesotho is the most expensive in the FNB group and second cheapest in both the Nedbank and Standard bank groups. However, the statistical analysis reflects that Lesotho's average prices are higher than the SACU mean and median on a significant number of services categories, under both the including Lesotho and excluding Lesotho scenarios. Consequently, one could conclude that banking fees in Lesotho are high relative to other SACU countries.

6 RECOMMENDATIONS

The analysis of the prices of individual products and services and their averages per country showed mixed signals, with the SACU countries taking turns on the 5 fees levels. In addition, the countries' average prices by products or services categories revealed that Lesotho is the most expensive in the FNB group and second cheapest in both the Nedbank and Standard Bank groups. Furthermore, the paper found out that Lesotho's average prices are above the SACU mean and median in a significant number of services categories. Consequent to these findings, the paper makes the following recommendations;

- Efforts to improve Lesotho's business climate should continue with the objective of attracting more investors into the banking industry, hence increase competition.

- The literature pointed out that the prices of banking products are an important consideration by clients in choosing amongst services providers at their disposal. Hence the importance of an effective regulatory framework on price disclosure and transparency. While the commercial banks in Lesotho publish their pricing schedules on their websites and in printed brochures, which are available at their branches, they often lack comprehensiveness in their coverage of products/services. In addition, measures should be undertaken to improve public awareness of prices and how they could utilize this information to make informed choices of services suppliers. This could encourage the banks to price their products reasonably.
- Direct controls such as caps on fees can be distortionary and services providers often find ways to circumvent them. Thus they should be used as the last option.

Further research is required to understand the determinants of banking prices in SACU countries. This is important for understanding why prices differ from one country to another. It will also assist in determining country specific factors so as to come up with more relevant policy recommendations.



APPENDICES

Appendix I Table A1: Effective Dates of Banking Fees and Charges	
Bank	Effective Dates of Banking Fees and Charges
FNB	
FNB Botswana	From August 2016
FNB Lesotho	1 st December 2016 to 30 November 2017
FNB Namibia	1 st July 2016 to 30 th June 2017
FNB South Africa	1 st July 2016 to 30 th June 2017
FNB Swaziland	1 st July 2016 to 30 th June 2017
Nedbank	
Nedbank Lesotho	Not stipulated, labeled Pricing Guide
Nedbank South Africa	From 1 st January 2017
Nedbank Swaziland	From 5 th December 2016
Standard Bank	
Stanbic Bank Botswana	From 12 th July 2016
Standard Bank Lesotho	2 nd January 2017 to 31 st December 2017
Standard Bank Namibia	1 st January 2017 to 31 st December 2017
Standard Bank South Africa	1 st January 2017 to 31 st December 2017
Standard Bank Swaziland	Not stipulated, labeled Pricing Guide 2016
Source	Central Bank of Lesotho

Appendix 2		Table A2.2: FNB Group Statistics					
Bank	Lesotho	Mean	Median	Coefficient of Variation	Mean	Median	Coefficient of Variation
PAYU Pricing Option		Including Lesotho			Excluding Lesotho		
PAYU Savings Account Monthly Fee	11.00	11.92	11.00	72.88	12.15	10.04	82.43
PAYU Cheque Account Monthly Fee	49.00	32.32	35.00	44.04	28.15	27.50	44.12
Payments Electronic Channels	8.69	14.28	10.74	76.26	15.68	13.91	76.83
Payments - Consultant Assisted at Branch	53.05	58.95	53.05	20.79	60.42	57.60	22.55
Linked Account Transfers	27.68	30.99	28.16	25.62	31.82	28.70	28.02
Deposits - ATM and Branch	59.63	61.52	59.63	32.37	61.99	58.61	37.04
Withdrawals - ATM and Branch	35.09	28.67	32.03	49.16	27.07	29.93	58.15
Balance Enquiries, Payment Notifications and Statements	5.02	4.59	5.02	30.04	4.48	4.72	34.97
Prepaid and Card Purchases	13.60	10.00	10.58	35.88	8.80	9.50	37.12
eWallet Related Fees	4.43	5.24	4.52	28.46	5.45	4.81	30.13
Penalty Fees	64.25	69.89	64.25	27.44	71.30	70.16	30.64
Bundled Products							
Low Monthly Fee Account Monthly Service Fee	99.00	84.15	80.73	36.00	80.43	72.87	41.82
High Monthly Fee Account Monthly Service Fee	199.00	168.44	168.19	12.08	160.80	159.10	7.94
Payment and Linked Account Transfer	0.00	1.50	0.00	152.42	1.88	1.17	130.98
Business Accounts							
Monthly Fee	120.00	82.67	77.00	33.21	70.22	69.00	20.23
Payments and Linked Account Transfers	9.58	8.80	9.53	14.79	8.42	8.42	18.74
Overall Average	47.44	42.78	42.24	8.45	41.61	40.91	6.95
Source	Central Bank of Lesotho						



Appendix 2		Table A2.2: Nedbank Group Statistics					
Bank	Lesotho	Mean	Median	Coefficient of Variation	Mean	Median	Coefficient of Variation
PAYU Pricing Option		Including Lesotho			Excluding Lesotho		
Monthly Service Fee Savings Account	7.00	19.00	20.00	60.70	25.00	25.00	28.28
Monthly Service Fee Cheque Account	90.00	55.00	45.00	56.77	37.50	37.50	28.28
Monthly Service Fee Private Banking Account	179.00	139.50	139.50	40.04	100.00	100.00	#DIV/0!
Internet Banking Monthly Fee	47.38	29.46	35.00	72.09	20.50	20.50	100.03
Payments and Cheque Deposits	10.08	11.89	10.08	31.99	12.80	12.80	38.30
ATM Cash Withdrawals and Branch Transactions	23.77	21.31	23.77	59.10	20.09	20.09	87.42
Bundled Products							
Monthly Service Fee	219.00	199.50	199.50	13.82	180.00	180.00	#DIV/0!
Internet Banking Monthly Fee	0.00	0.00	0.00	#DIV/0!	0.00	0.00	#DIV/0!
Payments and Cheque Deposits	25.00	22.50	22.50	15.71	20.00	20.00	#DIV/0!
ATM Cash Withdrawals and Branch Transactions	30.84	29.73	29.73	5.28	28.62	28.62	#DIV/0!
Business Account							
Monthly Service Fee	139.1	225.70	139.10	99.22	269.00	269.00	110.93
Internet Banking Monthly Fee	104.9	78.30	104.90	88.07	65.00	65.00	141.42
Overall Average	73.01	73.22	73.01	45.01	73.32	73.32	63.56
Source	Central Bank of Lesotho						

Appendix 2		Table A2.3: Standard Bank Group Statistics					
Bank	Lesotho	Mean	Median	Coefficient of Variation	Mean	Median	Coefficient of Variation
Entry Level Account		Including Lesotho			Excluding Lesotho		
Monthly Account Maintenance Fee	45.00	16.11	14.00	108.53	8.89	9.50	86.94
OTC Deposits, Withdrawals and Balance Enquiries	28.57	21.09	24.50	42.05	19.23	21.00	46.98
ATM Transactions	16.39	14.10	16.39	33.55	13.53	14.30	38.87
Internet Banking - Funds Transfers	5.00	4.90	4.60	55.84	4.87	4.20	68.84
Foreign Exchange Transactions	76.00	92.83	79.42	46.12	98.43	82.83	51.41
Private Banking Account	81.67	110.88	100.10	33.83	120.62	116.75	32.55
Overall Average	42.11	44.00	46.51	25.49	44.63	50.92	30.58
Source	Central Bank of Lesotho						

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