

**RETURN OF FEES AND CHARGES
LEVIED BY BANKS**

PURPOSE

The stability of any Financial System rests on the confidence the stakeholders have in it. As a result, the Central Bank has the obligation not only to build confidence in the system but to maintain it. The publication of the fees and charges levied by commercial banks by way of public information will improve upon the transparency in the system and will enhance confidence and competition in the industry.

STATUTORY

The Financial Institutions Act 1992 under Section 18(2) empowers the Central Bank to request for any information that it deems necessary. The information shall be submitted to the Central Bank of The Gambia and a copy exhibited in the public part of each of the places of business in The Gambia.

FREQUENCY/SUBMISSION DATE

Quarterly (March 31, June 30 September 30 and December 31) – within 14 days after the last business day of each quarter.

RECIPIENT

Central Bank of The Gambia. Attention – Manager, Banking Supervision Department – submitted in duplicate or as advised otherwise.

SIGNING AUTHORITY

The Chief Executive of the institution concerned must sign the completed return, or in his absence, the officer deputizing, certifying the accuracy of the information submitted.

I N S T R U C T I O N S 13

RETURN OF FEES AND CHARGES

It is the duty of banks to disclose to the general public, the fees and charges that are levied on all forms of services. Such fees and charges are numerous, considering the diverse nature of banking. In light of this, Instructions 13 seeks to highlight the key areas of banking business in this country, notwithstanding the importance of other areas in which charges are levied.

Certain types of fees and charges have been selected from these areas, which banks are required to report to the Central Bank, as well display a copy in a public place within the bank's places of business. Such information is to be reported on a quarterly basis as per Annex A of this Instruction. As in other parts of the manual of Guidelines and Instructions, Annex A shall be subjected to constant review, and where necessary, amendments shall be made. The Central Bank shall communicate such amendments to all the banks, as and when appropriate.

ANNEX A – RETURN OF FEES AND CHARGES

DEFINITION OF TERMS

1 CURRENT ACCOUNTS

Debit Interest

Interest income earned by the bank as a result of lending to the customer. All accounts in debit positions attract such interest. Such interest is charged on overdrafts, unauthorized overdrawn balances, loans etc.

Ledger Fees

Charges levied by banks on their customers for transaction cost associated with the maintenance of a current account.

Charge for Cheques Dishonoured

Charges levied by paying banks on customers for drawing cheques on such banks, in favour of third parties without adequate funds in the account.

Certified Cheques

These are bankers' cheques drawn on behalf of customers for the settlement of transactions.

2 LOAN ACCOUNTS

Arrangement Fees

Fees payable by the customer to the bank, in compensation for the man-hours and other resources spent during the initial negotiation of a loan facility.

3 FIXED DEPOSIT ACCOUNTS

Minimum Balance Charge

The charge levied by a bank on customers not complying with the minimum balance requirement for fixed deposit account holders.

Penalty on Withdrawal before Mandatory Notice

Regulations governing the operation of fixed deposit accounts require a fixed period of maturity. Any violations of this requirement through withdrawal before the maturity date, is punishable by a financial charge, as may be specified by the bank.

4 SAVINGS ACCOUNTS

Commission on Account closed

Commission payable by customers for closing their accounts. In some cases, this may be a charge for closing an account within 3-12 months of opening. This amount is deductible automatically from the customer's credit balance prior to the closure of the account.

Minimum balance charge

The charge levied by a bank on customers not complying with the minimum balance requirement for savings deposit account holders.

5 CLEAN PAYMENTS AND CHEQUES PURCHASED OUTWARD REMITTANCES

Handling Charge

Bank charges for effecting the remittance of funds out of the country on behalf of its client. Handling charges may include cost of initiating the transfer, and processing it up to the end. Handling charges must be published for all forms of remittances.

Telex Charge (if applicable)

In addition to the handling charge, clients may be required to pay for the telex/communication cost during the remittance of funds.

FOREIGN CHEQUES PURCHASED**Handling Charge**

Charges for initiating the transaction of buying a foreign cheque from a customer, the processing of such cheque (*eg sending it the issuing bank for collection*), up to the payment of the value of such cheque to the customer in local currency.

6 COLLECTIONS

Collection items are those drafts, notes, acceptances, and so forth, that are accepted by a bank against receipt, for which actual payment must be received before the proceeds will be credited to the depositor's account (*as distinguished from cash items*). Collection items are usually subject to special instructions.

Commission

Charges levied by the bank for realizing the proceeds of a collection transaction on behalf of a customer.

Postage

The cost of posting details of a transaction to a correspondent bank or a third party.

7 DOCUMENTARY CREDITS**Establishment Fee**

Charge payable by the customer for entering into negotiation with the bank regarding the terms and conditions of a Letter of credit (L/C). Establishment fee may also be payable on expiry of the LC, which is subject to renewal by the bank.

Amendment Fee

Fee paid for seeking alterations to the terms and conditions governing the operation of an L/C facility with the bank.

Amendment Fee (Discrepancy Advice)

Fee payable to the bank either for making alterations to the terms of the L/C on request, or in correction of a discrepancy in the terms and conditions of the L/C.

8 CHEQUES SENT FOR SPECIAL PRESENTATION

Fee is payable for the collection of funds, by a bank, on behalf of its customer within specially agreed conditions to be fulfilled by the bank.

9 GUARANTEES

Like L/Cs, banks may give an undertaking to effect payment on behalf of a customer if he or she fails to execute his/her part of a contract. The bank in effect enters into a bond and is liable upon default by the customer. Various types of commissions may be payable to the bank for granting such a facility, as well as commission for re-bonding plus charges on outstanding bonds and guarantees.

10 TRAVELLERS CHEQUES

Commission is payable to the bank for issuing travellers cheques to its customers which may be sent back for collection from the bank at a later date.