

*Government Notice No. 41 of 2001***BANK OF BOTSWANA ACT**
(Act No. 19 of 1996)**Disclosure of Bank Charges Notice**

IN PURSUANCE of the powers given under section 40 (1) of the Bank of Botswana Act, notice is hereby given by the Governor of the Bank of Botswana, with the approval of the Minister of Finance and Development Planning, that the procedure to be followed by registered banks in making disclosures of bank charges is as set out hereunder --

DISCLOSURE OF CHARGES AND INTEREST

1. (1) Every bank shall have a display board that displays, electronically or otherwise, selected bank charges in a conspicuous place within the banking hall at every place where the bank carries out its business.
 - (2) The display board shall also contain a statement to the effect that a complete book of all the charges or selected charges (hereinafter referred to as 'tariff guide') is available to customers on request.
 - (3) The display board shall be of no less than 450 mm * 450 mm in size.
2. Every bank shall provide each customer with a tariff guide, which shall include a description of the bank charges, the amount of each charge and how such charge is computed, and the tariff guide shall be provided to a customer --
 - (a) when the customer opens an account;
 - (b) at any time on request; or
 - (c) before a change in any charge is introduced.
3. A charge for a service outside the published tariff guide shall be provided to a customer on request or at the time the service is offered.
4. (1) A bank shall disregard the charge to be applied to a customer's account, for any charging period if that charge is incurred solely as a result of the application of charges for the previous charging period.
 - (2) The provisions of paragraph 4 (1) shall not apply where a customer has effectively been notified in advance of the charge and has been given a reasonable opportunity to fund the account.
5. Every bank shall --
 - (a) group related charges, where appropriate, so as to avoid multiplicity of charges to the extent possible;
 - and
 - (b) ensure that the charges are distinctly identified.
6. (1) Every bank shall --
 - (a) endeavour to cause charges for basic banking and development services to be as affordable as possible;
 - (b) adopt a disciplined and uniform approach to the disclosure of banking charges so as to ensure full disclosure of costs to the customer at the time the transaction is concluded; and
 - (c) establish a comprehensive schedule of charges that allow limited discretion of individual branch variation of charges.
 - (2) Notwithstanding the provisions of paragraph 6 (1) variations in charges may be made where institutions offer specialised services to clients of specified categories, such as corporate customers, for competitive purposes.
7. A detailed explanation of the bank charges, set out in a leaflet, shall be attached to the statement issued by a bank, showing the total amount of finance charges, commissions or service fees and the manner of computation of the charges or fees.
8. A bank shall provide to a customer, on request, a copy of the original record of a transaction, including a voucher, document or such other means of legally admissible evidence to substantiate a deposit or withdrawal of funds into a customer's account, subject to such fee, if any, as the bank shall have published in its bank charges or tariff guide.

9. (1) Every bank shall inform its customers of —
 (a) the lending and deposit interest rates applicable to an account;
 (b) the basis on which such interest is calculated; and
 (c) when such interest would be charged or credited to the customer's account.

(2) The interest rates referred to under the preceding sub-paragraph may include the rates applicable when an account is overdrawn without prior agreement with the bank or where a customer exceeds the borrowing limit.

10. A bank shall provide information to its customers to enable the determination of the true cost to the borrower of the credit provided or to be provided under an actual or prospective loan agreement.

11. (1) Where arrangement fees, insurance or other fees are charged, such fees shall be included in the computation of the cost of borrowing, and shall be shown as part of the Annual Percentage Rate (APR).
 (2) Every bank shall, with regard to deposits, ensure that disclosure of both the nominal interest rate and the effective rate (annual percentage yield) is detailed on the relevant bank's product information sheet, made available at any branch and given to a customer when an account is opened.

12. (1) A bank shall inform every customer, in writing, of any amendments to bank charges, except those related to prime and prime rate, at least 21 banking days before implementation.
 (2) When a bank changes its interest rates such changes shall be publicised with immediate effect, by notice at its branches and in at least two newspapers of national circulation.
 (3) Where the Bank of Botswana considers that introduction of a specific banking charge may be onerous, or deemed to be inconsistent with public policy on financial intermediation or, generally, not in the public interest, the Bank may enter into discussion with the bank concerned with a view to reaching a compromise on the matter.

13. Every bank shall adhere, strictly, to interest rates on deposits as published or advertised as well as to the published or advertised method of computation of interest, frequency and timing of crediting the interest payable.

14. Every bank shall honour standing arrangements with its customers and act on such arrangements in a timely and effective manner.

15. Every bank shall submit a copy of its tariff structure to the Bank of Botswana, at least 21 days before introducing such a tariff structure or before the implementation of any amendments to such tariff structure.

GENERAL PROVISIONS

16. (1) 'The Annual Percentage Rate' (APR) means the annual percentage being the total cost of credit to the customer, expressed as an annual percentage of the amount of credit granted.
 (2) The calculation of the cost of credit shall include finance charges, credit investigation fees; arrangement fees and other fees or charges related to that credit, including insurance to protect the lender.
 (3) Once the total finance charge has been determined, it is to be converted into APR by comparing it to the amount of the loan.

17. (1) 'Annual Percentage Yield' (APY) means the amount of interest, expressed as a percentage rate a deposit (or a share draft account) would earn in a year at a stated interest rate.
 (2) The APY disclosure, showing the effect of interest compounding, assumes that funds remain on deposit for a full 365 day year at the advertised rate, and no additional deposits or withdrawals are made.

18. The term 'Bank' refers to the Bank of Botswana, and 'bank' refers to any financial institution engaged in banking business and subject to supervision of the Bank of Botswana.

19. 'Effective Annual Interest Rate' means the rate of interest paid on a loan, or earned on an interest bearing deposit, as distinguished from the nominal rate.

20. (1) 'Nominal Interest Rate' means, in the case of banking, the stated rate of interest earned or paid, without taking into account compound of interest of other factors.
(2) 'Nominal Interest Rate' means, in the case of investment, the stated rate of interest on an investment or security, without adjusting for inflation or inflationary expectations, as opposed to real interest rates and the real rate of interest shall be equal to the nominal rate less inflation.
21. 'Prime Rate' means a reference rate that a bank may use in pricing short term maturity commercial loans to customers in good standing and of the highest credit-worthiness.
22. A bank shall inform each customer of the complaint procedure to be followed by a customer wishing to complain about, or to appeal against, a decision made on bank charges.
23. A bank is required to correct billing and other transaction errors within 90 days of receiving a customer's complaint, or such time as may be agreed to by the Bank of Botswana.
24. Any unresolved dispute on the interpretation and application of this Notice shall be referred to the Governor of the Bank of Botswana.
25. Failure by any bank to comply with the provisions of this Notice shall constitute an offence under section 40 (5) and (6) of the Bank of Botswana Act, 1996.
26. The provisions of this Notice shall come into force on 1st February, 2001.

MADE this 23rd day of January, 2001.

LINAH K. MOHOHLO,
Governor of the Bank of Botswana.

APPROVED this 23rd day of January, 2001.

B. GAOLATHE,
*Minister Finance and Development
Planning.*