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CASE: Banks can do better without questionable market conduct

We refer to the letters by Mr Arvind Agarwalla (Always at the losing end when fixed deposits auto-renewed, ST, April 25), Mr Lim Poh Seng (Is Case looking into 2-tier FD rates?, ST, April 24) and Mr Tan Kee Chye's (FD counter rate: 2.3%; auto-renewal: 1.8%, ST, April 21).

We are concerned with frequent reports of consumers getting lower returns had they not renewed their fixed deposits (FD) personally at the bank's counter but allowed the bank to renew it automatically. Complainants have told us that they chance upon these better rates only when they call at the banks. Consumers should not have to discover such better returns by chance. Depositors certainly would expect the banks to inform them of such differential rates. Omission of such material information is not acceptable.

According to consulting firm Bain & Company in a Business Times report dated 29 Mar 2007, and I quote, "Financial services firms here and elsewhere in Asia are shooting themselves in the foot by aggressively courting new customers then failing to meet their needs properly". We agree. In fact, we have written to the banks in the past when we receive such feedback. However, the banks prefer to deal with such complaints on a case-by-case basis with no intention to address the issue across the board knowing fully well that depositors are not happy with the status quo.

We believe our banks can do better. They can serve the needs of depositors here without such questionable market conduct. They should adopt a more transparent approach and inform all consumers that better rates can be offered if they renew their FDs at the counters or, better still, offer the best rates at any point in time to all their customers regardless of whether the FDs are renewed automatically or over the counter, like one foreign bank is doing at the moment.

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