



Cost Analysis on
Comparability of Bank Fees

As 30 June 2022

September 2022

1 Introduction

The semi-annual survey of retail bank charges for the period ending June 2022, conducted by the Central Bank of The Bahamas, is featured in this report. Highlighted herein are the types of fees that commercial banks charge on the various products and services provided to domestic customers, as part of their normal operations. The illustrated cases are representative of the typical retail, non-commercial customers operating transactional deposit accounts, and expenses related to delinquencies on credit facilities. More detailed information on other fee products are provided via a link in the appendix. Fees on fiduciary services are not compiled.

This exercise is intended to allow users to more readily decipher which institution(s) best align with their financial services' needs. The Bank updates this presentation on a semi-annual basis. As presented, the analysis is based on the information obtained from the Central Bank's **Comparative Schedule of Basic Bank Fees and Charges as at June 2022**.

The analysis, which identifies the commercial banks by name, shows that deposit products offered for students and retired persons continue to carry lower transactions costs in comparison to other users of banking products. On a case-by-case basis, costs on most construed customer profiles were largely unchanged since the December 2021 survey. Essentially, however, the cost ranking across financial institutions resembled the distribution from six months earlier.

While there is some advantage to being able to make comparisons across financial institutions, no institution consistently achieves the same ranking, as either the cheapest or costliest for deposits or credit products. There are also other caveats to the results and therefore, it should not be assumed that consumers have unfettered ability to select their deposit service providers, once credit commitments are factored. Moreover, the combination of uneven access, varying comfort and capacity could hinder the convenience of digital services channels for some consumers.

2 Methodology

In this report, most of the constructed analysis focuses on deposit services, although a comparative summary of credit facilities is also presented. The customer profiles draw on the demographic makeup presented in the Central Bank's **Customer Satisfaction Survey 2018**¹, relative to income, and the number and types of accounts/facilities commonly used. That survey showed that the majority (90 percent) of respondents disclosed using four or less facilities, commonly inclusive of savings deposits, personal loans, mortgages and credit cards. Respondents' day-to-day facilities included the use of the ATM, cheque cashing, and cash and cheque deposits.

¹ A Central Bank of The Bahamas survey on commercial bank fees and customer satisfaction in relation to a select list of fees.

With regard to deposits, the approach taken constructs four scenario profiles, among them are supposed students, retirees and adult customers, from which comparisons of the cumulative costs that transactional services would impose on the profiled users of banking products and services are derived. Moreover, the scenarios present the extremes of optimum use of digital versus the physical delivery channels for banking services. The analysis also captures circumstances in which the accounts are used primarily for transactions, with negligible or no net accumulation of savings. The users, therefore, are also impacted by charges that might apply for failure to maintain account balances. From the profiles, the following scenarios are summarized and ranked across domestic banks.

- **Scenario 1:** A student account holder who has under \$300 in their account, who performs two (2) transactions per month.
- **Scenario 2:** A senior citizen, receiving pension income, and performing two (2) transactions per month. They are assumed to maintain an account balance of just below \$400.
- **Scenarios 3 and 4:** These profiled individuals, respectively possess chequing and savings accounts, with minimum monthly account holdings below \$500 and just above \$1,000. Four (4) monthly transactions are assumed.

In terms of credit services, the constructed scenarios continue to consider the cost of arrears or missed payments on a subset of loans. Specifically, it takes into account a person maintaining three facilities, on which a missed payment is incurred. That is, a credit card with a limit of \$1,500, a personal loan with a monthly payment of \$800 and a residential mortgage with monthly payments of \$1,375.

Additionally, a detailed fee schedule is linked in the appendix to this report that would allow the public to construct other scenarios of both deposit and borrowing profiles from which additional comparisons can be made.

3 Deposit Services Results

3.1 Lowest Cost Outcomes

In terms of deposit account maintenance, a profiled retail-banking customer assuming maximum use of digital or electronic services options would incur, based on the June 2022 fee structure, average monthly charges that range from a low of \$2.49 per month to a high of \$14.66 per month². Students, receive the most concessions, followed by retirees. In comparison to December 2021 and largely reflecting the reduction of Government value-added tax (VAT) from 12.0 percent to 10.0 percent on January 1, 2022, nearly all estimates fell. The one exception being

² Where banks provided a range of values for fees, the highest charge was used for comparison.

the average on the chequing account profile, which remains the most costly to operate, while adult savings accounts remain in the middle of the cost range.

	Use of Electronic Delivery Channels		
	Average Total Monthly Charges		
	June 2021	December 2021	June 2022
Scenario 1 (Student)	\$2.76	\$2.53	\$2.49
Scenario 2 (Retiree)	\$3.28	\$3.92	\$3.56
Scenario 3 (Adult Chequing)	\$14.37	\$15.53	\$14.66
Scenario 4 (Adult Savings)	\$7.60	\$8.20	\$8.17

Profiled customers who either prefer or are restricted to accessing banking services through less efficient physical channels, would as of June 2022, be subject to average monthly charges ranging from \$8.93 to \$22.65 per month. Over the prior six months, rankings were unchanged, with retirees incurring the lowest profiled costs, followed by students and adult-profiled savings and chequing facilities at the higher end of costs. Overall, all averages decreased on account of the lower vat rate.

	Use of Physical / Paper Delivery Channels		
	Average Total Monthly Charges		
	June 2021	December 2021	June 2022
Scenario 1 (Student)	\$9.08	\$9.92	\$9.76
Scenario 2 (Retiree)	\$10.20	\$9.08	\$8.93
Scenario 3 (Adult Chequing)	\$25.47	\$23.02	\$22.65
Scenario 4 (Adult Savings)	\$20.64	\$22.88	\$22.58

3.2 Scenario Comparisons by Bank

Scenario 1: Student with Savings Account

Average balance: less than \$300

Number of monthly withdrawals: 2 per month

The profiled student is assumed to withdraw most or all of the funds received on their account each month, and maintains a balance under \$300 each month.

Scenario 1	Bank of The Bahamas Ltd.	Commonwealth Bank Ltd.	Fidelity Bank (Bahamas) Ltd.	Finance Corp. of Bahamas Ltd.	FirstCaribbean Int'l Bank (Bahamas) Ltd.	RBC Royal Bank (Bahamas) Ltd.	Scotiabank (Bahamas) Ltd.
Use of Electronic Delivery Channels							
Monthly Maintenance Fee	N/C	N/A	\$3.30	\$5.50	N/C	N/C	N/C
Withdrawal Fees via ATM (2)	\$2.20	N/A	\$1.66	2 Free	4 Free	2 Free	2 Free
Electronic Bank Statements	N/C	N/C	N/C	N/C	N/C	N/C	N/C
Minimum Stamp Tax	\$0.80	N/A	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
Total Monthly Charges Jun '22	\$3.00	\$0.00	\$5.76	\$6.30	\$0.80	\$0.80	\$0.80
Comparative Dec '21	\$3.04	\$0.00	\$5.84	\$6.40	\$0.80	\$0.80	\$0.80
Use of Physical / Paper Delivery Channels							
Monthly Maintenance Fee	N/C	N/A	\$3.30	\$5.50	N/C	N/C	N/C
Withdrawal Fees via in-Branch (2)	\$4.96	N/C	N/C	\$5.50	4 Free	\$5.50	\$8.80
Hard Copy Bank Statements	\$5.50	\$5.50	\$5.50	N/C	N/C	\$1.65	\$11.00
Minimum Stamp Tax	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
Total Monthly Charges Jun '22	\$11.26	\$6.30	\$9.60	\$11.80	\$0.80	\$7.95	\$20.60
Comparative Dec '21	\$11.44	\$6.40	\$9.76	\$12.00	\$0.80	\$8.08	\$20.96

Notes:

(i) Finance Corp. of Bahamas Ltd. (RBC FINCO) and Fidelity Bank (Bahamas) Ltd. do not have student accounts, therefore regular fees apply.

(ii) Commonwealth Bank Ltd. does not issue ATM cards to students in an effort to encourage saving. Therefore, no additional charges (i.e. stamp tax) is applicable.

Scenario 2: Retiree/Senior Citizen with Savings Account

Average balance: less than \$400

Number of withdrawals: 2 per month

Retiree is assumed to withdraw most or all of the funds received on the account each month, and maintain a balance of less than \$400 each month. A maintenance fee is usually assessed monthly due to failure of meeting minimum threshold requirements.

Scenario 2	Bank of The Bahamas Ltd.	Commonwealth Bank Ltd.	Fidelity Bank (Bahamas) Ltd.	Finance Corp. of Bahamas Ltd.	FirstCaribbean Int'l Bank (Bahamas) Ltd.	RBC Royal Bank (Bahamas) Ltd.	Scotiabank (Bahamas) Ltd.
Use of Electronic Delivery Channels							
Monthly Maintenance Fee	N/C	N/A	N/C	\$5.50	N/C	\$5.50	\$2.75
Withdrawal Fees via ATM (2)	\$2.24	\$1.66	\$1.66	2 Free	N/C	Free	2 Free
Electronic Bank Statements	N/C	N/C	N/C	N/C	N/C	N/C	N/C
Minimum Stamp Tax	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
Total Monthly Charges Jun '22	\$3.04	\$2.46	\$2.46	\$6.30	\$0.80	\$6.30	\$3.55
Comparative Dec '21	\$3.04	\$2.48	\$2.48	\$6.40	\$0.80	\$8.64	\$3.60
Use of Physical / Paper Delivery Channels							
Monthly Maintenance Fee	N/C	N/A	\$3.30	\$5.50	N/C	\$5.50	\$2.75
Withdrawal Fees via in-Branch (2)	\$4.96	\$1.93	N/C	\$5.50	N/C	Unlimited	5 Free
Hard Copy Bank Statements	\$5.50	\$5.50	\$5.50	N/A	N/C	\$1.65	\$11.00
Minimum Stamp Tax	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
Total Monthly Charges Jun '22	\$11.26	\$8.23	\$9.60	\$11.80	\$0.80	\$6.30	\$14.55
Comparative Dec '21	\$11.44	\$8.36	\$9.76	\$12.00	\$0.80	\$6.40	\$14.80

Notes:

(i) BOB, Fidelity, and RBC FINCO do not have senior citizens accounts, therefore regular fees apply.

(ii) Commonwealth Bank Ltd. offers 1 free in-branch withdrawal.

Scenario 3: Adult Individual with Chequing account

Average balance: less than \$500

Number of withdrawals: 4 per month

Account holder is assumed to withdraw most or all of the funds (such as wages or salaries) received on the account each month, and maintains a balance under \$500. Salary is paid bi-weekly via cheque.

Scenario 3	Bank of The Bahamas Ltd.	Commonwealth Bank Ltd.	Fidelity Bank (Bahamas) Ltd.	Finance Corp. of Bahamas Ltd.	FirstCaribbean Int'l Bank (Bahamas) Ltd.	RBC Royal Bank (Bahamas) Ltd.	Scotiabank (Bahamas) Ltd.
Use of Electronic Delivery Channels							
Monthly Maintenance Fee	\$0.60	\$7.70	\$8.80	\$13.20	\$13.20	\$13.20	\$19.25
Cheque Deposit via ATM (2)	N/C	N/C	N/C	N/A	Free	Free	N/C
Withdrawal Fees via ATM (4)	\$4.40	\$5.52	\$3.32	N/A	Free	\$2.20	6 Free
Electronic Bank Statements	N/C	N/C	N/C	N/C	N/C	N/C	N/C
Minimum Stamp Tax	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60
Total Monthly Charges Jun '22	\$6.60	\$14.82	\$13.72	\$14.80	\$14.80	\$17.00	\$20.85
Comparative Dec '21	\$6.70	\$15.04	\$13.92	\$19.52	\$15.04	\$17.28	\$21.20
Use of Physical / Paper Delivery Channels							
Monthly Maintenance Fee	\$0.60	\$7.70	\$8.80	\$13.20	\$13.20	\$13.20	\$19.25
Cheque Deposit via in-branch (2)	1.00% of value + VAT for cash deposits over \$10,000	\$2.76	N/C	\$6.60	N/C	\$6.60	5 Free
Withdrawal Fees via in-Branch (4)	\$9.92	\$5.52	\$1.60	6 Free Cheques	\$9.24	6 Free Cheques	4 Free
Hard Copy Bank Statements	\$5.50	\$5.50	\$5.50	N/A	N/C	\$1.65	\$11.00
Minimum Stamp Tax	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60
Total Monthly Charges Jun '22	\$17.62	\$23.08	\$17.50	\$21.40	\$24.04	\$23.05	\$31.85
Comparative Dec '21	\$17.90	\$23.44	\$17.76	\$21.76	\$24.44	\$23.44	\$32.40

Notes:

(i) RBC and RBC Finco offer 6 free cheques.

(ii) The Maximum Monthly Maintenance Fee was used for Scotiabank (Bahamas) Ltd.

(iii) The highest number of free ATM withdrawal transactions were used for Scotiabank (Bahamas) Ltd.

Scenario 4: Adult Individual with Savings Account

Average balance: just above \$1,200

Number of withdrawals: 4 per month

Account holder receives monthly salary via direct deposit and makes two (2) additional deposits based on extra earned income. On average, the individual makes four (4) withdrawals per month. The ending account balance is just over \$1,200 each month.

Scenario 4	Bank of The Bahamas Ltd.	Commonwealth Bank Ltd.	Fidelity Bank (Bahamas) Ltd.	Finance Corp. of Bahamas Ltd.	FirstCaribbean Int'l Bank (Bahamas) Ltd.	RBC Royal Bank (Bahamas) Ltd.	Scotiabank (Bahamas) Ltd.
Use of Electronic Delivery Channels							
Monthly Maintenance Fee	N/C	\$3.30	\$3.30	\$5.50	\$2.75	\$5.50	\$8.25
Withdrawal Fees via ATM (4)	\$4.40	\$4.14	\$1.66	\$2.20	N/C	\$2.20	\$2.76
Other Deposit Fees via ATM (2)	N/C	N/C	N/C	N/C	N/C	N/C	N/C
Electronic Bank Statements	N/C	N/C	N/C	N/C	N/C	N/C	N/C
Minimum Stamp Tax	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60
Total Monthly Charges Jun '22	\$6.00	\$9.04	\$6.56	\$9.30	\$4.35	\$9.30	\$12.61
Comparative Dec '21	\$6.08	\$9.16	\$6.64	\$9.44	\$4.40	\$9.44	\$12.24
Use of Physical / Paper Delivery Channels							
Monthly Maintenance Fee	N/C	\$3.30	\$3.30	\$5.50	\$2.75	\$5.50	\$8.25
Withdrawal Fees via in-Branch (4)	\$9.92	\$9.90	N/C	\$11.00	\$6.60	\$13.20	\$17.60
Other Deposit Fees via in-Branch (2)	1.00% of value + VAT for cash deposits over \$10,000	N/C	N/C	\$5.50	N/C	\$6.60	\$8.80
Hard Copy Bank Statements	\$5.50	\$5.50	\$5.50	N/A	N/C	\$1.65	\$11.00
Minimum Stamp Tax	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60
Total Monthly Charges Jun '22	\$17.02	\$20.30	\$10.40	\$23.60	\$10.95	\$28.55	\$47.25
Comparative Dec '21	\$17.28	\$20.64	\$10.56	\$24.00	\$11.12	\$29.04	\$47.52

Notes:

- (i) Commonwealth Bank Ltd. offers 1 free in-branch withdrawal.
- (ii) RBC and RBC Finco and Scotiabank (Bahamas) Ltd. offers 2 free ATM withdrawals.
- (iii) The Maximum Monthly Maintenance Fee was used for Scotiabank (Bahamas) Ltd.

3.3 Summary of Deposit Service Cost Rankings by Bank

In the constructed scenarios, each institution provides the lowest transaction costs to customers who chose to maximize the use of digital services for deposit account transactions.

Overall, student account transactions were simulated as remaining the least costly at Commonwealth Bank Limited (CBL), with First Caribbean International Bank (Bahamas) Limited (FCIB) delivering the second lowest cost alternative, provided that customers relied optimally on digital services channels. However, CBL does not issue ATM cards to student account holders; therefore, the cost was significantly less than the other banks. Costs at FCIB were also the lowest when the same customer profiles relied most heavily on physical channels for transactions.

Further, with regard to non-preferential adult clients, Bank of The Bahamas Limited (BOB) offered the lowest cost for customers operating a chequing account who made use of digital delivery channels, while FCIB was the least costly for adults with a savings account. Fidelity Bank, however, maintained the advantage for both simulated chequing and savings account services, when choosing physical services delivery.

Scenario Summary			
Maximum Use of Digital Services Delivery			
1: Student Savings	2: Retiree Savings	3: Adult Chequing	4: Adult Savings
1. CBL : \$0.00 (ATM cards not issued)	1. FCIB : \$0.80	1. BOB: \$6.60	1. FCIB : \$4.35
2. FCIB: \$0.80	2. Fidelity : \$2.46	2. Fidelity: \$13.72	2. BOB: \$6.00
3. RBC: \$0.80	3. CBL : \$2.46	3. FCIB : \$14.80	3. Fidelity: \$6.56
4. Scotiabank : \$0.80	4. BOB: \$3.04	4. RBC FINCO : \$14.80	4. CBL: \$9.04
5. BOB: \$3.00	5. Scotiabank : \$3.55	5. CBL: \$14.82	5. RBC: \$9.30
6. Fidelity : \$5.76	6. RBC FINCO: \$6.30	6. RBC: \$17.00	6. RBC FINCO : \$9.30
7. RBC FINCO : \$6.30	7. RBC: \$6.30	7. Scotiabank: \$20.85	7. Scotiabank: \$12.61

Scenario Summary			
Maximum Use of Physical Services Channels			
1: Student Savings	2: Retiree Savings	3: Adult Chequing	4: Adult Savings
1. FCIB: \$0.80	1. FCIB: \$0.80	1. Fidelity: \$17.50	1. Fidelity: \$10.40
2. CBL: \$6.30	2. RBC: \$6.30	2. BOB: \$17.62	2. FCIB: \$10.95
3. RBC: \$7.95	3. CBL: \$8.23	3. RBC FINCO: \$21.40	3. BOB: \$17.02
4. Fidelity: \$9.60	4. Fidelity: \$9.60	6. CBL: \$23.08	4. CBL: \$20.30
5. BOB: \$11.26	5. BOB: \$11.26	5. RBC: \$23.05	5. RBC FINCO: \$23.60
6. RBC FINCO: \$11.80	6. RBC FINCO: \$11.80	6. FCIB: \$24.04	6. RBC: \$28.55
7. Scotiabank: \$20.60	7. Scotiabank: \$14.55	7. Scotiabank : \$31.85	7. Scotiabank: \$47.25

With regard to the higher end of costs, simulated customer profiles placed adults with both savings and chequing accounts at Scotiabank as the costliest. This instance was observed for both clients that fully utilize the digital channels and a typical customer with significant reliance on

physical transactions. RBC FINCO ranks at the upper end of costs for retirees and students who use digital channels and ranks second highest for physical services options levied towards standard adult savings accounts, while RBC ranked second highest for adult chequing accounts.

4 Missed or Late Payments

Delinquency charges were simulated for selected credit facilities for customers incurring missed or late payments. The scenarios consider customers with a mix of credit facilities and modest credit card debt, as well as ongoing payments against personal loans and mortgages. All estimated costs were maintained at end June 2022 vis-à-vis December 2021, once the difference in VAT was factored.

Although there was less variance across lenders for delinquency costs on personal loans, Fidelity Bank remains the least costly in all three categories, while BOB had the lowest penalty for late or missed credit card payments. With respect to the higher end of costs, RBC, Scotiabank and First Caribbean all placed highest for credit cards, and RBC tied RBC FINCO for mortgage penalties. Further, above certain thresholds of principal and interest payments, CBL would have placed highest for arrears or late penalties on personal loans.

Missed Payments							
Credit Card Limit-\$1,000 Car Loan-\$750 monthly Mortgage-\$1490 monthly							
Payment Type	Bank of The Bahamas Ltd.	Commonwealth Bank Ltd.	Fidelity Bank (Bahamas) Ltd.	Finance Corp. of Bahamas Ltd.	FirstCaribbean Int'l Bank (Bahamas) Ltd.	RBC Royal Bank (Bahamas) Ltd.	Scotiabank (Bahamas) Ltd.
Late Credit Card Payment Fee (Monthly)	\$33.00	\$49.50	\$33.00	N/A	\$44.00	3.00% or minimum of \$55.00	\$44.00
Late Car Loan Payment Fee	\$38.50	5.25% + VAT	\$22.40	N/A	3.30% or Min of \$27.50	5.00% of principal and interest in arrears after 10 days	\$38.50
Late Mortgage Payment Fee	\$38.50	3.00% + VAT	\$22.00	5.00% or min \$100.00	3.30% or Min \$27.50	5.00% or Min \$100.00	1% of Payment + VAT or minimum \$35+10% VAT

5 Conclusions

As at the June 2022 period, the Central Bank’s commercial banking fees analysis highlights continued variations in costs across financial institutions, predominantly for transactions related to operations of deposit accounts and maintenance of credit facilities. The ability of users to take advantage of digital channels to complete transactions largely reduces such costs in comparison to any substantial reliance on physical or in-branch channels. Additionally, banks continued to offer concessionary arrangements for senior citizens and underage/student customers. Even so, the ranking across clearing banks varies, in many cases, depending on threshold volumes or value

of transactions involved. Other caveats around such comparisons remain, as the choice of provider for deposit services is not always independent of existing credit relationships. Further, access to and comfort with technology can, in instances, undermine the ease of use of digital delivery channels.

With respect to policy measures, the Central Bank's intervention will continue to deepen efforts around reducing obstacles to digital financial inclusion. The Central Bank will continue to consult with stakeholders relative to best practices, on methods to improve baseline access to transactional services, and on transparency and disclosure standards for maintenance of credit facilities.

6 Appendix of Fee Listing

The actual schedules of institutions could contain supplementary items. Within the schedule is comparative estimates for common services such credit applications, various other credit card services and chequing account activities, foreign exchange transactions and mortgage satisfaction documents.

The full schedule of fees requested from commercial banks via separate documentation can be viewed at:

<https://www.centralbankbahamas.com/key-payments-statistics>