



Consumer information note 10
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EFT Transfer delays

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Please note that the information provided does not constitute expert legal, financial or technical advice. You should consult a relevant professional legal, financial or technical adviser for expert advice.

The purpose of the document is to provide you with practical information based on our experience. Each case we investigate is however assessed on its own merits.

Background

When making an a payment or transfer from your bank account to an account held at another bank electronically (for example via the internet), you may notice that your account is immediately debited with the money but it sometimes only appears on the beneficiary account a few days later. This is generally known as an Electronic Funds Transfer or “EFT”.

Bank customers often inquire whether the banks are not profiting from this delay.

The Ombudsman resolves disputes between banks and individual customers. We do not regulate the banking industry as such. However, based on our inquiries into this issue we found that all interbank EFT transactions are processed by an institution called BankservAfrica. This is a central clearing facility (system operator) for the millions of EFT transactions that take place every day. Due to the high volumes of EFT transactions, it is not only practical, but also more efficient to process these transactions in batches, rather than individually. In addition to this, interbank EFT transactions are also subject to certain checks for fraud and risk purposes, and therefore are processed with a 24 hour to 48 hour delay. The electronic transfer of funds process provides for the money to be kept in suspense as such until the actual transfer takes place. This process does not allow the banks access to the money in any way so that it can be used or profited from.

Based on our knowledge the banks do not benefit in any way from the transaction delay.

Some banks, however, also offer the payment or transfer of funds from your bank account to that of an account held at another bank, on a real-time basis. This means that a customer is able to transfer money that will be available in the beneficiary’s account within 60 seconds. Due to the urgency of the transaction, customers will need to contact their bank to enquire about the specific service offering.

If a bank customer has a specific problem with his transfers reaching the beneficiary account late, we can only suggest that they ask their bank for advice in this regard. In our experience one can arrange with the bank to deduct the money due on any beneficiary account via automatic debit order, on a date specified by the customer. The bank will then deduct the specified amount from the customer’s account in time to avoid any extra interest charged.