Berhan Bank

Digital Financial Services Term and Tariff Revision

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Berhan Bank
Board of Directors Office

1. Background

These days the innovations of technology fundamentally changes the ways banks functions and delivers value to customers and provides competitive advantage for the first movers in the banking industry. Digital transformation in the banking industry has consistently optimized operations from process streamlining to increased customer accessibility and customer satisfaction. Moreover, digital transformation in the banking is changing the expectations of the next generation of bank clients. Financial institutions that fail to get ahead of the digital curve will become uncompetitive and face narrower paths to profitability.

Recognizing the importance of digital transformations Berhan Bank recently invested in three tiered state-of-the art database technology and different digital banking platforms in the efforts to meet the expectations of existing and potential customers. However, the investment return on digital banking for the Bank is minimal in margin improvement than enhancing its competitiveness in service delivery.

This proposal document is prepared to get revision of the Bank's prevailing digital financial services (DFS) terms and tariff to help the Bank maximize revenue potential and improve margins and profitability.

2. Rationale

The current DFS terms and tariffs of the Bank served for the last four years starting from March 2019. Most local banks' revise their terms and tariff every year considering trends in the financial services industry to bring competitive pricing. We believe our Bank's DFS terms and tariff is low as compared to other local banks players in the industry. Moreover, most of DFS is not included in the Bank's prevailing terms and tariff and its contribution become insignificant in the Bank's bottom-line.

In the efforts to revise the prevailing DFS terms and tariff and introduce competitive pricing, we undertake quick survey on five local banks and benchmarked their price to be fair for the Bank's profitability and consumer protection in the digital banking market place.

3. The Scope

The revision of Bank's DFS terms and tariff proposal considers those digital services that run within the Bank platform, on the Premier Switch Solution member banks' platform and telebirr outgoing services. Ethswitch service fees and charges implemented on July 24, 2023 remains AS IS due to the fact that it clearly presented the modalities of sharing fees and charges between Ethswitch and participating banks. The proposed revised DFS terms and tariff shall not apply to Berhan Bank staff and the digital services are provided free of fees and charges.

4. Local Banks' Experiences

The experiences of the under listed local banks is considered and annexed to this proposal document to indicate the competitiveness of the Bank's proposed pricing and provide insights for decision makers.

1.1 Awash Bank SC
1.2 Commercial Bank of Ethiopia
1.3 Oromia Bank SC
1.4 Lion International Bank SC
1.5 Debub Global Bank SC
1.6 Addis International Bank SC

5. Proposed DFS Terms and Tariff

The proposed DFS terms and tariff is presented as follows for each major digital banking service.

5.1 Card banking Terms and Tariff

Proposed PSS Member Banks' ATM Services Terms and Tariff						
SN	Type of services	Fees Basis	Existing Berhan Fees	Revised Proposed Fees	Paid to Berhan Bank	Existing Fees Paid to PSS
1	New normal card & PIN printing	per card	ETB 30	ETB 100	ETB 88	ETB 12
2	Card replacement	per card	ETB 50	ETB 100	ETB 88	ETB 12
3	PIN reissuance	Per PIN	ETB 10	ETB 15	ETB13	ETB 2
4	Liyu Card with Green PIN	Per PIN	ETB 30	ETB 100	ETB 95	ETB 5
5	Prepaid Card Issuance	per card		Birr 300		
6	On-us ATM mini statement	Per view	ETB 0.50	ETB 0.50	ETB 0.25 cents	ETB 0.25 cent
7	Off-us ATM mini statement	Per view	ETB 1	ETB 1	ETB 0.75 cents	ETB 0.25 cent
8	On-us ATM balance inquiry	Per view	ETB 0.50	ETB 0.50	ETB 0.25 cents	ETB 0.25 cent
9	Off-us ATM balance inquiry	Per view	ETB 1	ETB 1	ETB 0.75 cents	ETB 0.25 cent
10	On-us ATM cash Withdrawal	per 100 birr	ETB 0.25	ETB 1	ETB 0.62 cents	ETB 0.38 cent
11	Off-us ATM cash Withdrawal	per 100 birr	ETB 0.50	ETB 1.25	ETB 0.75 cents	ETB 0.50 cent
12	ON-US Money send on ATM	per 100 birr	ETB 0.25	ETB 1	ETB 0.75 cents	ETB 0.25 cent

5.2 Point of Sales (POS) Service Terms and Tariff

Pss member Banks' POS Services Terms and Tariff						
SN	Type of services	Fees Basis	Existing Berhan Fees	Revised Proposed Fees	Paid to Berhan Bank	Existing Fees Paid to PSS
1	On-us cash Advance	Per 100 birr transaction		ETB 0.35 cents	ETB 0.25 cents	ETB 0.10 cents
2	Off-us cash Advance	Per 100 birr transaction		ETB 0.50 cents	ETB 0.25 cents	ETB 0.25 cents
3	Fund transfer within Berhan Bank	Per 100 birr transaction		ETB 0.20 cents	ETB 0.10 cents	ETB 0.10 cents
4	On-us mini statement	For each request		ETB 0.25 cents	ETB 0.25 cents	
5	Off-us mini statement	For each request		ETB 0.50 cents	ETB 0.50 cents	
6	On-us balance inquiry	For each request		ETB 0.25 cents	ETB 0.25 cents	
7	Off-us balance inquiry	For each request	ETB 0.50 c	ETB 0.50 cents	ETB 0.50 cents	
8	International POS transactions	Per 100 birr transaction		ETB 1	ETB 0.75 cents	ETB 0.25 cents
9	Preautoraization & complete	For each request		ETB 1	ETB 1	

5.3 Mobile Banking Terms and Tariff

Proposed Mobile Banking Service Terms and Tarif				
SN	Type of Services	Fees Basis	Existing Berhan Fees	Proposed Revised Fees
1	Fund transfer to other accounts within Berhan Bank			
1.1	For Transaction value less than or equal to 5,000 Birr	per 100 birr txs	-	0.30 ETB
1.2	For Transaction values between 5,001 and 25,000 Birr	per 100 birr txs	-	0.20 ETB
1.3	For Transaction values between 25,001 and 100,000 Birr	per 100 birr txs	-	0.15 ETB
1.4	For Transaction values morethan 100,000 ETB	per 100 birr txs	-	0.10 ETB
2	Fund transfer to own account	Per 100 birr txs	Free	Free
3	Fund transfer from bank accounts to telebirr			
3.1	For Transaction value less than or equal to 5,000 Birr	per 100 birr txs	-	0.35 ETB
3.2	For Transaction values between 5,001 and 25,000 Birr	per 100 birr txs	-	0.25 ETB
3.3	For Transaction values between 25,001 and 50,000 Birr	per 100 birr txs	-	0.15 ETB
3.4	For Transaction values morethan 50,000 ETB	per 100 birr txs	-	0.10 ETB
4	Account mentenance fee	per month	-	ETB 10

5.4 Internet Banking Service Terms and Tariff

Proposed Internet Banking Service Terms and Tariff				
SN	Type of service	Fees basis	Existing Fees	Proposed Revised Fees
1	View/print Bank Account statement	Per order	-	ETB 1
2	View/print daily currency exchange rate	Per order		Free
3	Account to account fund transfer within the Bank	Per 100 birr txs	-	ETB 0.10 cents
4	Fund transfer to own account	Per transaction	Free	Free
5	Outgoing fund transfer Real Time Gross Settlement(RTGS) MT103	Per transaction	ETB 35	ETB 100
6	Bank to Bank fund transfer(MT 202) both incoming and outgoing transactions	Per transaction		ETB 50
7	Cheque book request	Per order	-	ETB 15
8	Cheque stop payment	Per order	-	ETB 100

6. Conclusion and Recommendation

The proposed revised fees will diversify and enhance the Bank's existing revenue streams and contributes to its profitability. The fees are also fair and competitive as compared to local competitors' banks pricing. And hence, we propose the approval the proposed DFS terms and tariff to gain the expected revenue from service provision digital banking services.