

Consumer Note 10

EFT Transfer Delays





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 merits.

Background

When making an Electronic Funds Transfer or “EFT” 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 that it sometimes only reflects in the beneficiary account a few days later.

Bank customers often ask 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 enquiries into this issue we found that all interbank EFT transactions are processed by an institution called BankServ Africa. 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- to 48-hour delay. The electronic transfer of funds process provides for the money to effectively be kept in suspense 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.

To the best of our knowledge the banks do not benefit in any way from the transaction delay.

Some banks 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 can 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 being delayed in reaching the beneficiary account, we can only suggest that they contact 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 being charged.

The Ombudsman for Banking Services

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