

1935

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38130

C0533/459  
KENYA

38130

Rate of Interest & rate of Commission on remittances  
charged by Banks

Previous

23319/34

Subsequent

26527/4/36 etc.

Regd. No.

c.i. FINANCIAL.

*Bank charges on  
remittances*

R.A.T. & I.O.

25/4/35.

c.i. Nominal.

States that Messrs. Naumann, Gepp & Co. have made a complaint regarding the charge by Barclays Bank Ltd. for transfer of the sum of £5,000 to their Nairobi Branch, and have asked that the question of these charges be raised officially.

*Exchange Bank*

*my ... of ... V!*

*[Handwritten signature]*

(This seems to be a currency matter and therefore to fall to General Department rather than Economic Department, but in either event it would come to me). This complaint seems to me ill-informed. Any trader who expects to get remittances all over the world for nothing seems to me extraordinarily ignorant. He may be deceived by the fact that in ordinary currency transactions the actual rate of exchange varies from day to day and the exchange Bank's commission is hidden in the variations of the rate, whereas in East Africa and, of course, other parts of the Colonial Empire, the nominal rate remains unchanged: it is only the commission that varies (and even that only over long periods). Actually the rate charged is 1%, which is the same as the rate of the East African Currency Board for remittances from this country to East Africa. I do not know whether it is the usual rate charged by the Banks, but it does not seem to be excessive. If there were general dissatisfaction with the rate, I assume that the East African Department would have heard about it before.

Unless

Unless there is correspondence about it which has ~~never~~ been attached, there seems to be no reason to regard this as a general grievance, and I think we might explain to Major Dale that we see nothing abnormal in the rate which is the same as that charged by the East African Currency Board.  
Sir C. Bottomley should, of course, see.

S. Lane  
2.5

This isn't a currency matter at all, but an ordinary bank transaction and 1/2% is a very normal charge (it is only a 6 months interest because the pen cost got more than 1% on deposits). So the firm got wrong with the bank and must do best to get a bank that will not

What is meant by "put an end to this is operating and independent operation of working" I have to write people than I do otherwise.

I would not mention the E.A.C.B. rate. The Board does not report for private people in practice.

I simply say the S.F.S. is advised that there is nothing unusual in the rate of commission and is not in a position to intervene.

S. Lane  
2.5

T.V. Varma

Yes. Early this year the S. Board agreed to shorten their "range" of interest & loan and remittance, but the latter reduction was in the comparison rate and, indeed, there has been no change for a long time.

W.S. 3.5.35  
S. Lane

2. W.A.T. 10. (Hanna) 9/10/35

E.A.T. 9.5.0

15 May 35

Ack. No 29 states that Naumann Geph & Co have been informed that the S.F.S. is not in a position to interfere in the matter.

DESTROYED UNDER STATUTE

: P. 02

C. D. J. 20.1.35

Pratt  
22

DM

Communications on this subject  
should be addressed to—

THE UNDER SECRETARY OF STATE,  
COLONIAL OFFICE,  
LONDON, S.W.1.

and the following  
number quoted: 46549/35 E.A.



Downing Street.

19th May, 1935

Sir,

I am directed by Secretary Sir Philip  
Gunliffe-Lister to acknowledge the receipt of your  
letter No. 4292/35 of the 25th of April regarding the  
rate of commission charged by Messrs. Barclays Bank  
Limited (D.C. & O.) on remittances from Kenya and to  
inform you that he is advised that there is nothing  
unusual in rate of commission referred to and he is  
not in a position to intervene in the matter.

I am,

Sir,

Your obedient servant,

J. E. W. FLOOD

THE COMMISSIONER,

EAST AFRICAN TRADE & INFORMATION OFFICE.

TELEPHONE: WHITEHALL 5761/2  
CABLES: SAMATTERS, LONDON.  
TELEGRAMS: SAMATTERS, RAND, LONDON.  
REF. CHD/RMN



TRADE & INFORMATION OFFICE  
GRAND BUILDINGS,  
TRAFALGAR SQUARE, LONDON, W.C.2.  
(ENTRANCE IN THE STRAND)

4292/35

RECEIVED 25th April 1935.

26 APR 1935

O. O. REGI

Sir,

I have the honour to inform you that I have been requested by Messrs. Naumann, Gepp & Co., Ltd. to bring the following question to your notice.

2. Messrs. Naumann, Gepp & Co. informed me on the 6th April that they had just handed to Messrs. Barclays Bank Ltd. (D.C. & O.) the sum of £5,000, requesting them to instruct their Nairobi branch to credit their Nairobi Office with an equivalent amount. They add :-

1/2%  
Answer 2

"For this transaction we are charged £25, or, in other words, six months interest on the capital amount. It would seem to us that a charge of this sort comes very near the somewhat hateful term "usury", and we are of opinion that it is high time that very strong steps were taken in order to bring these Banks into line, and to put an end to their co-operative and independent form of working. In the course of our business we have to make many remittances to various parts of the world, and have never been charged by any banks with whom we work more than the cable charges for such remittances.

If it is a question of an exchange deal, then, as you probably know, there may be a difference of 1/8% or something of that sort to be paid; in our whole business experience, however, we have never yet heard of such an outrageous charge as has been made to us in this instance, and we must say that we feel very put out about it."

3. On receipt of this letter I immediately got into touch with a Director of one of the independent banking houses in the City whom I know, to see if they could make

The Under Secretary of State,  
Colonial Office,  
Downing Street,  
London, S.W.1.

any suggestions by which this heavy charge could be avoided, but whilst they were willing to do anything they could they find it somewhat difficult to give any definite suggestion other than "marrying the orders to remit to Kenya with those for remittance to London".

4. Messrs. Naumann, Gepp & Co., however, have already been endeavouring to make some such arrangements as this but apparently, up to the time of writing, without success, and they have therefore requested me to raise the whole question officially with your Department in order to see whether some fair treatment could not be meted out to East African firms.

5. I shall be greatly obliged, therefore, if you will let me hear from you in due course on this subject.

I have the honour to be,

Sir,

Your obedient servant,

COMMISSIONER