

Dear Editor

We refer to the letter "Heavy GIRO charges may send wrong signal" by Mr. Denis Distant on 6 November 2008.

2 We would like to clarify several issues raised in the letter.

3 Not all GIRO payments setup processes are electronic as these depend on the arrangement between the Billing Organisation (BO) and the customer's bank. A GIRO application is initiated from the BO, which will process the application form it receives from the customer and then forward it to the customer's bank within 7 to 14 days.

4 Banks would process the application forms within 7 days, which is in line with the Association's "Guidelines on Operating a GIRO". Therefore, a GIRO application should generally be approved within 21 working days from the date of the application, provided the customer has completed the form correctly.

5 However in practice, as the next payment due to the BO could be less than 21 days from the time of the GIRO application, the BO would advise the customer that the GIRO deduction would take effect in the next billing cycle and request that the next immediate payment be made via other modes. This is to avoid the occurrence of the customer being charged for a technical late payment. As such, this practice may result in customers having an incorrect perception that the GIRO payments arrangement takes 30 days to set up.

6 As regards to the charges for an unsuccessful GIRO deduction, banks would generally only impose a \$10 service fee for the cost of processing each failed GIRO deduction due to insufficient funds. On the other hand, the BO may impose additional administrative and late payment charges.

7 The writer may wish to contact his bank and BO to obtain specific information on the GIRO transactions and charges. Thank you.

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Director
The Association of Banks in Singapore