

## Media Release

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### **CASE FOUND ONE-SIXTH OF THE GOLD JEWELLERY RETAILERS SURVEYED NOT FULFILLING THE GOLD FINENESS STANDARD**

Between September to October 2008, the Consumers Association of Singapore (CASE) conducted a survey to test for the fineness standard in gold. Out of the 30 gold jewellery pieces surveyed from 30 retailers, one sixth or 5 of the gold jewellery pieces did not fulfil the fineness standard. In addition, more than a quarter or 8 out the 30 retailers surveyed charged more than what it should cost based on the weight and price at the point of purchase. For instance, should a gold article weigh 4.4grams without the price tag, retailers may still quote consumers a price for a gold article weighing 4.8grams instead.

CASE's objective in conducting this survey is to find out whether the retailer has made any false claims about the fineness of the gold jewellery, and whether the retailer has charged consumers more than the actual value of the gold jewellery based on the weight and price at the point of purchase.

For the purpose of the survey, the gold fineness standard is specifically tested. 'Fineness' refers to the percentage of precious metal found in an alloy. In our case, all 30 test items were 22K or 916 gold articles, and hence it meant that the gold articles should contain at least 91.6% by weight of gold.

For the methodology, CASE deployed 5 staff to purchase gold jewellery pieces randomly from 30 gold jewellery retailers across the island. A total of 30 gold jewellery pieces were purchased from retailers situated in Little India, Chinatown, Ang Mo Kio, Toa Payoh, Bedok, Bugis, Tampines, Boon Lay, Ghim Moh and Clementi. Gold jewellery pieces were randomly picked and these included rings, bangles, bracelets, pendants, earrings and necklaces. After purchase, the gold jewellery pieces were sent to the Singapore Assay Office (SAO) to be tested for their fineness standard using fire assay cupellation.

Out of the 30 pieces of gold jewellery surveyed, 5 pieces did not meet the standard of fineness. It meant that the gold content in the jewellery pieces did not add up to a minimum of 91.6% in weight although retailers claimed that those purchased items contain 916 gold. Of the 5 pieces, the gold content in the pieces are 85.94%, 90.18%, 90.9%, 91.18% and 91.04%.

Based on observations, these are additional findings by CASE:

1. Some retailers charge consumers for gold loss or manufacturing loss.
2. Some retailers attribute extra charge for gold loss to manufacturing cost, passing it off as a legitimate cost.
3. Most retailers display reluctance to give a breakdown of the total amount on the receipt. From our survey, a few retailers agreed to give a breakdown but scribbled it at the back of the receipt.
4. Daily gold prices were not standardised even though the gold articles were purchased on the same day. Labour cost, gold loss and gold price (per gram) varies from item to item.

5. Most retailers did not weigh the gold articles unless requested to do so by our officers. Those retailers who weighed the gold articles included the tag to determine the weight.
6. CASE found two shops with the SAO certification on the storefront selling pieces of jewellery that were not hallmarked.
7. Consumers may be asked to pay an extra administrative fee if they choose an alternative payment mode by NETS or credit card instead of cash.

Where consumers' interests are concerned, CASE urges retailers to state and inform consumers upfront the price of gold and any additional charges that will be incurred. Jewellers that sell less refined gold than what was originally claimed are in breach of the Consumer Protection (Trade Description and Safety Requirements) Act. This act makes provisions for prohibiting mis-representations of goods supplied in the course of trade and prescribes requirements relating to informative marking. The two shops that displayed the SAO certification but sold gold without the mark were referred to the SAO office.

CASE would also offer the following tips to consumers:

1. Buy hallmarked jewellery articles. Hallmarked jewellery articles will have three marks stamped on each jewellery article – the SAO mark, standard mark and jeweller's mark.
2. Ensure the jewellery pieces are weighed in your presence and without the price tag.
3. For errant retailers who weigh the jewellery articles with the tag and overcharge consumers, they would be in breach of the Weights and Measure Act, and consumers can take action against such retailers by reporting such unfair practices to SPRING Singapore.
4. Insist for a detailed breakdown to be indicated on the receipt.
5. Avoid jewellers that charge for gold loss as such practices work against the interest of consumers.
6. Should retailers charge administrative or additional fees when consumers pay by NETS, consumers can report such retailers to NETS.

Mr Ho Nai Cheun, President of Singapore Jewellers Association (SJA) expressed his views regarding retailers selling gold jewellery that do not meet the gold fineness standard and/or charging for gold loss as follows: "Singapore has long been regarded as the best place to purchase gold jewellery because members of the trade are able to uphold the standard of reliability, quality and integrity. Errant or unscrupulous jewellers who sell gold jewellery below the specified fineness would tarnish the hard earned reputation of the jewellery trade and they should be taken to task and appropriately dealt with by the relevant authorities. In addition, the practice of charging manufacturing loss on gold jewellery was formally abolished by the Singapore Jewellers Association in August 1995 with a press conference informing members of the media and public. Jewellers who are dealing with 24K or 22K gold jewellery must sell their gold jewellery by nett weight only thereafter. It would be considered as an infringement of trade practice should jewellers continue charging manufacturing loss to the customers."

To conclude, CASE is committed to protect the interest of consumers and will continue to conduct such surveys and highlight retailers who sell gold that are less refined than what was originally claimed. We would like to urge consumers

to take the necessary steps to protect their own interest by buying gold pieces that are hallmarked.

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