

As plastic money gains currency, banks brace to meet demand for card swipe machines

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Look to facilitate migration to plastic money with low rentals, transaction charges



Thiruvananthapuram, November 23:

Bank counters that have barely disposed of the queue for 'note exchange', may soon encounter another queue — that of retail merchants seeking card swipe machines.

The future of plastic money is beckoning already, spokespersons for State Bank of India (SBI) and State Bank of Travancore (SBT) say. The two banks account for a large chunk of the ATMs operating in Kerala.

Spurt in demand

The SBI spokesman said there was huge demand for the machines. "We're not able to square up. At least 700 applications are pending as of Saturday last, and we are still counting."

"We have an L1 vendor based in Bengaluru. We have placed our orders, and are waiting. The initial indent is for 1,000 machines. We're exerting maximum pressure on them to deliver." But it is learnt that the vendor may not be able to supply all at one go. SBI does not expect it to deliver more than 100 in one consignment.

The trend suggests a decisive migration towards plastic money. And the bank is trying to facilitate it with minimum fuss and least charges.

The machines are rented out to business establishments and remain the bank's property. The bank does not charge any monthly fee for those connected to the landline.

GPRS machines are of two kinds — one is the desktop version while the other one is portable. The desktop machine is plugged into a power source. Here, the bank charges ₹ 220, plus taxes per month.

Portable GPRS machines are very handy to use and can be carried around. The rate is ₹ 400 per month plus taxes. The levies are the lowest across all banks, the SBI spokesman said. Other banks charge anything between ₹ 700 and ₹ 1,200.

SBI collects an amount equivalent to two months in advance at one go — a caution deposit and advance rent, equivalent to one month's rental each.

"Not many outlets seem to know that we charge the least. Those who get to know are increasingly turning to us."

Transaction charges

This is the same with transaction charges levied on sales. As for debit cards, the levy is 0.75 per cent of the transacted value up to ₹ 2,000. Anything above will attract 1 per cent. This is the same for all banks.

For credit cards, there is no such limit. SBI charges 1.5 per cent of the transaction value; this too is among the lowest. "Since we're low on charges on the machine, the queues are longer," the spokesman said. A spokesperson at SBT said that it too is witnessing an unprecedented rush for the machines. The demand is from across the spectrum, though it may not have percolated down to the ration shops. "The rush is so much that we can't even apply our minds to judge the profiles of the applicants. This is quite unlike earlier when we used to run after them."

CASA gains

SBT bears the cost of the machine, which comes to a maximum of ₹ 11,000. The rent and other charges are more or less in tune with those of the larger State Bank Group.

The bank needs to pay various networks, such as Mastercard and Visa, the card issuing bank or company, and the service provider handling all these transactions. It doesn't charge the merchant at a rate commensurate with this outgo. "Suffice to say we bear a little extra from our pockets. We see ourselves as a financial supermarket where we provide all services. We don't want a customer to go to another bank for the same service, even if it means something extra." After all, the bank stands to benefit from the float money (low-cost CASA or current account, savings account) that the retail merchant brings in through a current account.