

# Some banks begin levying MDR charges on debit card payments

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NEW DELHI:

A few banks



*This would cover transactions through Immediate Payment Service (IMPS), USSD-based \*99# and Unified Payment Interface (UPI) systems.*

have restored levy of transaction fee for use of debit card for payment in absence of any clear direction from the government or the [Reserve Bank](#).

However, a few others like Citi is still providing waiver on Merchant Discount Rates (MDR) till January 7.

"The MDR charges waiver has been extended till January 7 and the review would be done after that," Citi India spokesperson said.

With regard to cap on free-of-charge withdrawals from ATMs, which also varies from banks to banks. Some of the public sector banks like [Bank of India](#) have extended this facility on their own till March 31, 2017.

Prior to [demonetisation](#), bank customers in six metros -- Delhi, Mumbai, Chennai, Kolkata, Hyderabad and Bengaluru -- were allowed to withdraw money free of charge only five times a month from their home ATMs and every transaction beyond this limit was charged Rs 20 per use.

However, ATM transactions were made free-of-charge during the demonetisation period. Thus, the waiver was applicable on transactions (inclusive of both financial and non-financial transactions) done at ATMs from November 10 till December 30.



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Although cash withdrawal limit from ATMs has been reviewed and raised by RBI to Rs 4,500 from the earlier limit of Rs 2,500 on December 30, there is no official communication as far as free-of-charge transaction limit is concerned.

According to December 16 notification, RBI lowered MDR charges on payments made through debit

cards to 0.25 per cent for payment up to Rs 1,000 from January 1 to March 31.

The MDR for debit card payments, including payments made to government, will be capped at 0.25 per cent for transactions up to Rs 1,000 and 0.5 per cent between Rs 1,000 and Rs 2,000, RBI had said.

Similarly, it had asked banks and prepaid payment instrument issuers not to levy any charges for transactions up to Rs 1,000 from January 1 to March 31.

This would cover transactions through Immediate Payment Service (IMPS), USSD-based \*99# and [Unified Payment Interface \(UPI\)](#) systems.

The relaxations, RBI had said, are in tandem with initiatives taken by the government to "incentivise greater adoption of digital payments by large sections of the society."