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SBI may cut minimum balance requirement for savings accounts

BY ET ONLINE | UPDATED: JAN 05, 2018, 05.30 PM IST

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The [State Bank of India](#) is planning to trim its [minimum balance](#) requirement after a report that said the lender profited from fines. The minimum balance limit is currently Rs 3,000 in urban centers.

SBI had originally increased the minimum balance requirement to Rs 5,000 in June. However, following public backlash the bank brought down the minimum balance requirement to Rs 3,000 in metros, Rs 2,000 in semi-urban and Rs 1,000 in rural centres.

Under pressure from the government for reintroducing [monthly average balance](#) (MAB), the country's largest lender had earlier defended the charges and said the bank's profits on such accounts was paltry as compared to the services it offered free of cost.

The charges were re-introduced after a gap of five years during the current fiscal.

SBI is also changing the requirement from monthly average balance to quarterly average balance. The move follows finance ministry reports which showed SBI collected Rs 1,771 crore during April-November 2017. This is more than the bank's July-September quarter net profit of Rs 1,581.55 crore and nearly half of the Rs 3,586 crore it earned as net profit April-September.

According to sources, the bank is looking at bringing down the minimum balance requirement to around Rs 1,000 but is yet to take a

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call. While SBI's Rs 3,000 minimum balance requirement is higher than what is charged by several public sector banks, it is the lowest among large private banks.



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If you are an SBI customer, here's what you need to know:

How much minimum balance you should have?

For metro cities, initially the minimum balance was Rs 5,000 but later in September brought down to Rs 3,000. In urban, semi-urban and rural areas, it is Rs 3,000, Rs 2,000 and Rs 1,000, respectively. The bank had exempted pensioners, beneficiaries of social benefits from the government and accounts of minors from levy of these charges with effect from October 1.

What if you don't have the stipulated balance?

As per the list of revised charges of SBI, failure to minimum balance in accounts attracts a penalty of up to Rs 100 plus service tax. In metro cities, there is a charge of Rs 100 plus service tax, if the balance falls below 75 per cent of the minimum balance. If the shortfall is 50 per cent or less, then the bank charges Rs 50 plus service tax. For rural areas, the penalty ranges from Rs 20-50 plus service tax.

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