

Three private banks pip PSBs in earnings from penalties

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According to Reserve Bank of India (RBI) guidelines, banks do not have any minimum balance requirement for basic savings bank deposit (BSBD) accounts. (Reuters)

The three largest private banks — HDFC Bank, ICICI Bank and Axis Bank — earned more than all 21 of their state-owned peers put together from penalties levied for non-maintenance of minimum balance in savings accounts between FY15 and FY17.

According to data put out by the ministry of finance in response to a Rajya Sabha question, the scales tipped only in FY18, when State Bank of India (SBI) imposed a levy on non-maintenance of minimum balance. The three private lenders together collected Rs 1,031.85 crore in FY15, Rs 945.07 crore in FY16, Rs 1,008.79 crore in FY17 and Rs 783.98 crore in the nine months ended December 2017 as penalties for shortfall in account balances. For public-sector banks (PSBs), the figures were Rs 687.57 crore, Rs 801.07 crore, Rs 203.78 crore and Rs 2,533.72 crore, respectively. SBI alone collected Rs 1,982 crore between April 2017 and December 2017.

According to Reserve Bank of India (RBI) guidelines, banks do not have any minimum balance requirement for basic savings bank deposit (BSBD) accounts. For other savings accounts, banks are allowed to decide the policy on levy of charges on non-maintenance of minimum balances with the approval of their boards. In April 2017, SBI reintroduced the average monthly balance (AMB) that it had done away with in 2012. Outgoing chairman Arundhati Bhattacharya had in October defended the imposition of the penalty saying the charges would cross-subsidise financial-inclusion accounts opened by the bank.

Amounts earned

| | 2014-15 | 2015-16 | 2016-17 | 2017-18* |
|-------------------|-----------------|---------------|-----------------|---------------|
| Axis Bank | 223.3 | 160.3 | 195 | 206.5 |
| HDFC Bank | 454.75 | 449.67 | 460.73 | 336.51 |
| ICICI Bank | 353.8 | 335.1 | 353.06 | 240.97 |
| Total | 1,031.85 | 945.07 | 1,008.79 | 783.98 |
| SBI | 0 | 0 | 0 | 1,982 |
| Other PSBs | 687.57 | 801.07 | 203.78 | 551.72 |

All figures in ₹ crore; *up to Dec 2017



Source: Ministry of finance

“Except SBI, all the banks were charging for non-maintenance of minimum average balance,” she had said, adding, “Because there were certain number of accounts that we were supporting without any charges, it was necessary. Overall if there is need for improving or increasing charges it will be done.” Earlier this month, SBI announced an up to 75% reduction in charges