

CCI rules out cartelisation among banks in fixing savings interest rates

The fair trade watchdog examined the parallel behaviour of banks in offering similar savings bank interest rates and levying similar service charges on a suo motu basis

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The Competition Commission of India (CCI) has ruled out cartelisation among banks in fixing savings interest rates, after finding the rates are based on independent assessment of market conditions rather than any collusive arrangement.

The fair trade watchdog examined the parallel behaviour of banks in offering similar savings bank interest rates and levying similar service charges on a suo motu basis. It also looked at the role, if any, played by the Indian Banks' Association in determining these rates and charges.

The regulator was “prima facie satisfied” that under the aegis of the IBA, a majority of banks were acting in concert in relation to savings bank interest rates and banking charges. Finding this in contravention of the Competition Act, the CCI passed an order in January 2015, directing the Director General (DG), to probe the matter.

In a 20-page order, the CCI said it is of the view that there is no reason to disagree with the findings of the DG as the material on record does not suggest any cartelisation amongst banks and/or



IBA, between 2011 to 2016, to determine savings bank interest rates or service charges.