

# PSBs mop-up over ₹10,000 crore from people not maintaining minimum balance, using ATMs more

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Twenty-one public sector banks (PSBs) have collected more than ₹10,000 crore in 42 months from the general public for not maintaining minimum balance and charges for additional ATM transactions beyond the permitted free facility.

These charges contribute to banks' profitability. Information made available to the Lok Sabha, on Friday, revealed that 21 PSBs collected ₹1,000 crore in the first six months (April-October) of 2018-19 as charges for not maintaining minimum balance in saving accounts.

Similarly, these banks got over ₹850 crore from customers using ATMs more than the permissible free numbers. Both Finance Ministry and banks do not see any wrong in it as everything has been worked out on the basis of RBI guidelines and board approved policy.

<b>Collection through charges (in ₹ cr)</b>			
<b>Years</b>	<b>Charges for not maintaining minimum balance</b>	<b>Charges for ATM use beyond permitted free numbers</b>	<b>Total</b>
<b>2015-16</b>	<b>841.41</b>	<b>921.64</b>	<b>1,763.05</b>
<b>2016-17</b>	<b>926.36</b>	<b>938.13</b>	<b>1,864.49</b>
<b>2017-18</b>	<b>3,489.52</b>	<b>1,413.29</b>	<b>4,902.81</b>
<b>2018-19*</b>	<b>989.45</b>	<b>871.93</b>	<b>1,861.38</b>
<b>Grand total</b>			<b>10,391.73</b>



Source: Lok Sabha

\*April-Sept

The Reserve Bank of India in a circular dated July 1, 2015, had permitted banks to fix service charges on various services rendered by them, as per their board approved policy, while ensuring that the charges are reasonable and not out of line with the average cost of providing these services.

Accordingly, banks levy charges in the case of not maintaining minimum balance in saving accounts, excluding salary package accounts, basic savings bank deposit (BSBD) accounts and Jan Dhan accounts. Banks also collect fee for using ATMs more than the permitted free numbers.

State Bank of India charges between ₹5 and ₹15 (plus GST) for various levels of shortfall. Its customers are required to maintain an average monthly balance of ₹3,000 for savings bank accounts in metro and urban areas, ₹2,000 in semi-urban and ₹1,000 in rural areas. In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank notifies the customer clearly by SMS / e-mail / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable. As per the RBI's direction on 'Usage of ATMs – Rationalisation of number of free transactions', dated August 14, 2014, a minimum of three free transactions at any other bank's ATMs at six metro location, viz. Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad and a minimum of 5 free ATM transactions at a bank's own ATM at any other location is permitted during a month. Beyond this, banks have their board approved policy on charges from customers on ATM transactions, subject to a cap on customers' charges of ₹20 per transaction.

According to officials, banks have been advised to identify basic services and the principles to be adopted or followed by them for ensuring reasonableness in fixing such charges. They are to take steps to ensure that customers are made aware of the service charges upfront and changes in the service charges are implemented only after prior notice to the customers.

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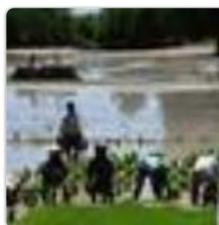
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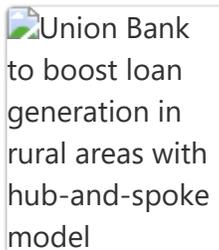
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