

Most customers upset over service charges levied by banks: RBI study

G Naga Sridhar Hyderabad | Updated on May 01, 2019 Published on May 01, 2019

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More than 30% of the respondents said that information about service charges was not shared by banks at the time of a/c opening

A majority of customers are upset over the service charges being levied by banks under various categories.

This is one of findings of a pilot study commissioned by the Reserve Bank of India on charges levied for basic banking services.

More than 25 per cent of the respondents expressed their discontent over charges such as penalty on non-maintenance of minimum balance, cash deposit charges at home and non-home branches, cheque return charges (deposited by the customers), and for signature verification.

The study revealed that 72 per cent of the respondents felt the frontline staff of the branch was the main source of information in this regard.

No transparency

There is a need for greater transparency on the quantum of charges being levied. More than 30 per cent of the respondents indicated that information about service charges and fees was not shared by the banks at the time of opening an account. Any subsequent changes were also not informed to them.

The findings of the study, revealed by the RBI last week, have also been corroborated by the quantum of complaints received by the banking ombudsman during 2017-18, which was released by the central bank last week. Complaints on ‘non-observance of fair practice code’ continued to account for the highest share of total complaints received across the country at 22.1 per cent.

This, along with other grounds, such as ‘failure to meet commitments’ and ‘non-adherence to BCSBI codes’, constituted 31.3 per cent of the total complaints.

“Focussed action by banks is necessary in this regard to ensure that the staff, especially at customer touch points, are equipped with the requisite skills and are adequately trained,” the RBI said.

The purpose of the pilot study, conducted in Mumbai city, was to ascertain customer feedback and need for rationalisation of charges.

Penalty collected

During 2017-18, public sector banks and major private sector banks collected nearly ₹6,000 crore as penalty for non-maintenance of minimum balance charges, as per the data available with banks.

If ATM withdrawal charges and cash transaction fees, among others, are also included, this escalates to an even bigger amount.

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