

RBI/ 2005-06/386

RPCD.BOS./81 /13.33.01/2005-06

May 16, 2006

The Chairman/Chief Executive Officer/Managing Director,
All Commercial Banks
(Including RRBs).

Dear Sir/Madam,

Annual Policy Statement for the year 2006-07-Fair Practices Code- Display of Bank Charges

Please refer to the paragraph 162 of the Annual Policy Statement for the year 2006-07, a copy of which is enclosed.

2. As per extant instructions, the decision to prescribe service charges is left to the discretion of the Boards of individual banks. Banks would normally be expected, while fixing the service charges, to ensure that charges are reasonable, consistent with the cost of providing these services and that the customers with low value/volume of transactions are not penalized.

3. The Reserve Bank continues to receive representations from the public about the unreasonable and non-transparent service charges being levied by banks indicating that the existing institutional mechanism in this regard is not adequate. In order to ensure transparency in banking services, you are advised to display and update, on your website, the details of various service charges in the enclosed format in Annex I. The formats could be modified depending on products offered but all service charges as indicated in Annex I should be covered.

4. You are also advised to display the charges relating to certain services as at Annex II in your offices/branches. This may also be displayed in the local language.

5. You may kindly furnish to us by May 31, 2006, the details of service charges presently applicable, to enable us to place them on the RBI website.

Yours faithfully,

(G.Srinivasan)
Chief General Manager

Annual Policy Statement for the year 2006-07 (April 2006)
Fair Practices Code: Reasonableness of Bank Charges

162. The Reserve Bank continues to receive representations from the public about unreasonable and non-transparent service charges being levied by banks indicating that the existing institutional mechanism in this regard is not adequate. In order to ensure fair practices in banking services, it is proposed:

- To make it obligatory for banks to display and update, in their offices/branches as also on their websites, the details of various service charges in a format to be approved by the Reserve Bank. The Reserve Bank would also place such details on its website.

ANNEX- I

Service Charges -Minimum Information to be put on the Bank's website

Name of the bank
Savings Bank A/c - No frills A/c
Minimum Balance
Charges for non maintenance thereof
Saving Bank Accounts with Cheque facility
Minimum Balance
Charges for non maintenance thereof
Saving Bank Accounts without Cheque facility
Minimum Balance
Charges for non maintenance thereof
Other savings bank account facilities
Issue of Duplicate Statement
Issue of loose cheque leaves
Issue of duplicate pass book
Mode of calculation of minimum balance
Remittance Facilities through own bank
DD- Issue
DD-Cancellation
DD-Duplicate
DD-Revalidation
PO - Issue
PO-cancellation
PO-Duplicate
PO-Revalidation
TT - Issue
TT - Cancellation
TT-Duplicate
TT-Revalidation
EFT Charges- inward
EFT Charges- outward
RTGS-Outward
RTGS-Inward
Collection of Cheques

Remittance Facilities through other bank
DD- Issue
DD-Cancellation
DD-Duplicate
DD-Revalidation
PO - Issue
PO-cancellation
PO-Duplicate
PO-Revalidation
TT - Issue
TT - Cancellation
TT-Duplicate
TT-Revalidation
EFT Charges- inward
EFT Charges- outward
RTGS-Outward
RTGS-Inward
Collection of Cheques
Foreign Exchange Transactions
Remittance Outward
Remittance Inward
TCs - Selling
TCs - Encashing
TCs - Foreign Currency
Cheque Collection
Local
Outstation through own bank
Outstation through another bank
Bouncing of cheques- Local
Bouncing of cheques- outstation- through own bank
Bouncing of cheques- outstation- through another bank
Retail Loan
Loan Processing Charges
Prepayment Charges
No due Certificate
Solvency Certificate
Charges for late payment of EMI

Charges for changing from fixed to floating rates of interest
Charges for changing from float to fixed rates of interest
Cards
ATM
Membership fee
Annual Fee
Renewal Charges
Late Payment Charges
Interest Charges
Replacement charges
Transaction Charge for Partner banks
Transaction Charge for Non-Partner banks
Credit Card
Membership fee
Annual Fee
Renewal Charges
Late Payment Charges
Interest Charges
Replacement charges
Cash withdrawal
Debit Card
Membership fee
Annual Fee
Renewal Charges
Late Payment Charges
Replacement charges
Cash withdrawal
MISCELLANEOUS
Balance enquiry
Balance Certificate
Interest Certificate
Account closure
Use of Fax/Telephone/Modem
Photo attestation
Signature attestation
Stop Payment Charges
Inoperative account

ANNEX – II

Service Charges-Minimum information to be displayed in the premises of bank branches.

A. Services rendered free of charge:

B. Others

Minimum Balances to be maintained in the SB account
Charges leviable for non-maintenance of minimum balance in SB account
Charges for collection of outstation cheques
Charges for issue of Demand Draft
Charges for issue of cheque books, if any
Charges for account statement
Charges for account closure, if any
Charges for deposit/withdrawal at ATM locations, if any