

**RESERVE BANK OF INDIA**

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RBI constitutes Working Group to formulate a scheme for ensuring reasonableness of the bank charges

The Reserve Bank of India today constituted a Working Group to formulate a scheme for ensuring reasonableness of bank charges and to incorporate them in the Fair Practices Code. The compliance of Fair Practices Code would be monitored by the Banking Codes and Standards Board of India. The members of the Working Group will be:

1. Shri N. Sadasivan, Banking Ombudsman, Mumbai – Chairman
2. Shri S. Diwakara, All India Depositors' Association
3. Shri H.N. Sinor, Chief Executive Officer, Indian Banks Association
4. Shri P. Saran, Chief General Manager, DBOD
5. Shri Kaza Sudhakar, CGM, RPCD – Member Secretary

The terms of reference of the Working Group will be:

- (i) To enumerate the various basic banking/financial services rendered to individual customers for which the scheme should be applicable.
- (ii) To study the basis/methodology adopted by banks for fixing the quantum of charges/fees for such services and to enunciate the principles that could be considered as fair.
- (iii) To evolve a scheme for ensuring the reasonableness of fixing/changing and notifying service charges based on the principles enunciated under (2) above.
- (iv) To suggest suitable additions to the Fair Practices code in regard to the scheme to be evolved in terms of (3) above.
- (v) To suggest measures for monitoring compliance to the relative provisos in the Fair Practices Code by the Banking Codes and Standards Board of India.
- (vi) Any other relevant matter.

The Group is expected to submit its report by the end of July 2006.

It may be recalled that Paragraph 162 of the Annual Policy Statement 2006-07 observed that the Reserve Bank continued 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 was not adequate. The Policy also proposed to constitute a working group to formulate a scheme for ensuring reasonableness of bank charges.

Alpana Killawala
Chief General Manager