



State Consumer Helpline Knowledge Resource Management Portal
(SCHKRMP)
(A National Nodal Agency)

Ref. No. IIPA/SCHKRMP/Debit Cards/2016
Dt. 09/12/2016

Sub: Unethical business practices of charging transaction fee by Banks, Card Issuers against usage of Debit Cards and Internet Banking in violation of RBI directives

Dear *Shri Sastoy,*

This is in continuation to the letter No. IIPA/SCHKRMP/Electricity/2016 dtd. 12/09/2016 wherein the Portal brought to the notice that Dakshin Haryana Bijli Vitran Nigam, a PSU Discom in Haryana is charging additional transaction fee for making electricity payment through use of Debit Cards. A copy of the same is attached for ready reference and perusal.

As stated therein, the charging of additional amount for such online transactions using debit cards and internet banking is in violation of the instructions of RBI No. RBI/2013-14/292 DBS CO.PPD No. 3578/11.01.005/2013-14 dtd. 17/09/2013 (a copy of the instructions is attached). A relevant quote of the said instructions is reproduced "There are instance where merchant establishments levy fee as a percentage of the transaction value as charge on customers who are making payment for purchase of goods and services through debit cards. Such fees are not justifiable and are not permissible as per the bilateral agreement between the acquiring bank and the merchants and the merchants and therefore calls for termination of the relationship of the bank with such establishments".

The Portal recently has come across another complaint pertaining to charging of additional fee while transacting through debit card of Bank of Baroda at Petrol Pump wherein the amount of transaction was Rs. 200/- but the bank deducted Rs. 211.40 from his account. This lead the Portal to further study and found that not only the banks are charging transaction fee for transactions at petrol pumps but at various merchants outlets including fast tag as introduced by National Highway Authority of India for toll collection. The information w.r.t transaction fee on use of debit cards/ NEFT/Internet Banking as downloaded from the website of Fast Tag is reproduced below:

1. NEFT: Rs. 15.00 per transaction
2. RTGS: Rs. 25.00 per transaction
3. Credit Card: 1.10% of the transaction value
4. Debit Card: 0.95% of transaction if equal to or less than Rs. 2,000/- and 1.20% if it is more than Rs. 2,000/-
5. Net Banking: Rs. 13.00 (through ICICI and Axis Bank and 1.20% through all other banks.

The Portal has already drawn the attention of Reserve Bank of India vide email dtd. 05/12/2016 (a copy of the same is attached for perusal). Banks are even charging transaction fee for transacting at Railway Stations, Restaurants, IRCTC and even SBI has stated 2.5% for transactions using State Bank Debit cards on other banks POS terminals. Some of the screen shots are attached for ready reference.

Since all such transaction charges being collected from account holders by banks through merchants is in violation of the order of Reserve Bank of India as referred above, Department of Consumer Affairs may consider taking up the issue with Reserve Bank of India / Ministry of Finance or any other appropriate Authority for appropriate directions to the banking industry. A suitable advertisement in "Jago Grahak Jago" publicity campaign may also be considered for release by Department of Consumer Affairs based on above referred RBI orders.

Regards

Yours sincerely,

Suresh Misra

(Suresh Misra)

Project Director



Shri P.V. Rama Sastry, IPS
Joint Secreatry (CA)
Department of Consumer Affairs,
Krishi Bhawan
New Delhi-110 001