

RBI/ 2005-06/392

UBD. (PCB).Cir.No.54/09.39.000/05-06

May 26, 2006

The Chief Executive Officers of
All Primary (Urban Co-operative Banks)

Dear Sir/Madam,

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

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, scheduled banks are advised to display and update, on their website, the details of various service charges in the enclosed format in Annex I. The formats could be modified depending on products offered.

4. Further, all other UCBs including scheduled UCBs are also advised to display the charges relating to certain services as at Annex II. This may also be displayed in the local languages.

5. Scheduled UCBs may furnish to us by June 15, 2006 the details of service charges presently applicable (Annexure II) , to enable us to place them on the

RBI website. Further, changes in service charges from time to time may also be furnished to us to update the information.

Yours faithfully,
(N.S.Vishwanathan)
Chief General Manager-in-charge.

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 |