



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2010 -11/272

DBOD. Leg. BC. 61 /09.07.005/2010 -11

November 12, 2010

All Scheduled Commercial Banks / All India Financial Institutions
(Excluding RRBs)

Dear Sir,

**Guidelines on Fair Practices Code for Lenders –
Disclosing all information relating to processing fees / charges**

Please refer to our [Circular DBOD. No. Leg. BC. 86 /09.07.005 / 2008-09 dated November 25, 2008](#) containing guidelines on the captioned subject wherein banks were advised to ensure that all information relating to charges / fees for processing are invariably disclosed in the loan application forms and that banks must inform 'all-in-cost' to the customers to enable them to compare the rates charged with other sources of finance.

2. With a view to bringing in fairness and transparency, banks are advised that they must transparently disclose to the borrower all information about fees / charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned / disbursed, pre-payment options and charges, if any, penalty for delayed repayments if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. Such information should also be displayed in the website of the banks for all categories of loan products.

3. In other words, banks must disclose **'all in cost' inclusive of all such charges involved in processing / sanction of loan application in a transparent manner** to enable the customer to compare the rates / charges with other sources of finance. It should also be ensured that such charges / fees are non-discriminatory.

Yours faithfully,

(P.R. Ravi Mohan)
Chief General Manager