

**A Myth called ‘*Any Branch Banking*’ - Service Charge Discrimination
Misrepresentation of Monetary Policy Regulatory Stance**

Ashish Das

Department of Mathematics
Indian Institute of Technology Bombay
Mumbai-400076, India

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Indian Institute of Technology Bombay
Powai, Mumbai-400 076, India



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Ashish Das[†]

Department of Mathematics, Indian Institute of Technology Bombay, Mumbai 400076

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Abstract

The term “*Inter-sol charges*” has been used frequently by banks and off late by Reserve Bank of India (RBI). The word ‘*sol*’ means branch. Thus intersol charges mean inter-branch charges. These are charges levied by banks for using service of branches other than the home branch where a customer originally opened his account. With prevalence of core banking solution (CBS), when a customer opens an account at a bank branch, he becomes a customer of the bank and not of the branch. In the CBS environment, the account resides in a central server at a location different from where it is opened. Though it is superficially ‘tagged’ to the parent or home branch it can be operated from any branch of the bank with equal ease. In fact, if CBS is not functioning, no transaction can be carried out in the account either in the parent branch or any other branch. This is the concept of ‘Any Branch Banking’. However, banks on lines similar to toll imposed on newly constructed bridges / roads, devised means to charge toll by interpreting intersol charges as charges for using CBS to get a service at a non-home branch, thereby attempting to rationally differentiate charges at home and non-home locations for a banking service. Incidentally, banks never reasoned (and rightly so) intersol charges as attributable to handling charges— be it, non-home cash handling; non-home cheque handling; non-home passbook handling; non-home customer handling, etc.

RBI through its July 1, 2013 notification directed banks not to impose any intersol charges (or toll). However, the same notification suggested that banks can impose a peculiar toll in the name of cash handling charge (when customers deposit cash into or withdraw cash out of their bank accounts, even if amount involved is small) at a non-home branch while equivalent charges do not exist at the home branch. Getting a cue from the notification, State Bank of India now charges their customers Rs. 50 for every non-home cash deposit, even when the deposit amount is small (say, in the range of Rs. 10 to Rs. 1000). Thus the RBI notification has induced banks to introduce intersol charges for cash handling, discriminating home and non-home charges, in breach of the spirit of its own Monetary Policy Statement of May 3, 2013. Though there is nothing wrong with the concept of cash handling charges, such a notion exists for bulk cash handling and not for small amount cash. Furthermore, a differentiation between home / non-home is implicitly intersol differentiation. In other words, imposition of cash handling charges makes sense so long as the charges are reasonable and that such a charge is made reasonably uniform across home and non-home branches. The action points to address these and related issues are as under.

* The views expressed are those of the author and not necessarily of the institution to which he belongs.

[†] Dr. Ashish Das is Professor of Statistics with the Indian Institute of Technology Bombay. E-mail: ashish@math.iitb.ac.in



--Action Points--

- Though it is clarified that cash handling charges are not part of Intersol charges, RBI's July 1, 2013 circular on the subject amply clarifies that if a particular service is provided free at home branch the same should be available free at non-home branches as well. Accordingly, if cash handling service is provided free at home branch, the same has to be made available free at non-home branches. This is also the essence in the monetary policy statement of RBI on the subject.
- **RBI should implement the monetary policy regulatory stance in spirit.** Thus with a view to ensuring that bank customers are treated fairly and without any discrimination at all branches of banks/service delivery locations, **RBI should mandate banks to follow a uniform, fair, transparent and nondiscriminatory pricing policy for their customers at home branch and non-home branches so as to justify that the cost to provide the service is branch / customer agnostic in-principle.**
- In the spirit of protecting the bank customers, one needs to address the lacuna created by RBI's drafting of the guidelines, which lacks rationale and is inconsistent with the monetary policy regulatory stance. Furthermore, exploiting the freedom given, some banks have even violated the RBI guidelines on ensuring reasonableness of service charges while prescribing the service fees. Thus, **RBI being the guardian of public interest on banking services, should ensure that any monetary loss to bank customers (in form of cash handling charges that may have got imposed at non-home locations while it being zero at home location) be rectified by appropriate reversal of charges.**
- In line with the rationale adopted by RBI while mandating that banks provide five free transactions per month at own ATMs, **RBI has to either take a call as to why a similar mandate for cash deposit machines (CDMs) is not for the good of the payment system of the country or bring in similar mandates for CDMs as that of ATMs.** Furthermore, in order to harness the National Financial Switch for interoperable Cash-Deposits, **National Payment Corporation of India (NPCI) should take up the feature of reverse debit (cash deposit) under its interoperable debit card platform and test case the same among all banks. With the envisaged increase in CDMs in the country, it is the right time to work towards making the CDMs interoperable.**
- Finally, **RBI should allow banks to retain the name of BSBDA even if the banks allow debit transactions beyond the 4 free debits per month and charge for them.** The charges, if imposed, could be in form of penalty. The present requirement of complete ban to allow debits with a fee beyond 4 free debits per month is at a loss not only to banks but to BSBDA customers alike. Furthermore, since BSBDA allows unlimited cash deposits in a month without any fee, and given that there is a severe cost attached to unlimited cash handling, **RBI should allow banks to charge beyond a reasonable number of free cash deposit transactions for a BSBDA. RBI in the interest of the banking policy and public policy should relook at the pros and cons of the existing definition of BSBDA.**



An advance copy of the report was sent for review to few Members of the *Damodaran Committee on Customer Service in Banks* set up by RBI. A view received from one of the Members is as under:

October 21, 2014

I read the report "A Myth called 'Any Branch Banking' - Service Charge Discrimination" carefully and find the analysis very valuable. The report painstakingly highlights the plight of poor and gullible bank consumers. The exploitation faced by these customers due to discriminatory charge at home and non-home branch for the most basic banking service of depositing cash is simply deplorable.

This discrimination is contrary to the recommendations in the Reports of various committees set up by Reserve Bank of India. I hope that RBI, in the true spirit of the Damodaran Committee recommendations, addresses the issue of protecting the interest of vulnerable section of bank depositors.

Various circulars of RBI clearly indicate the intention of the Bank Regulator- for the basic transaction of depositing cash, the discrimination of service charge between home and non-home branches is not justified under the present environment of Core Banking Solution.

Any circular which is open for contrary interpretation to the above intention of RBI, needs to be withdrawn or amended immediately. There is also a need to have a practical approach to ensure reasonableness of bank charges as per recommendations of Working Group under the Chairmanship of Shri N. Sadashivan.

I hope that the excellent report prepared by Dr. Ashish Das is carefully considered by RBI and that RBI initiates steps to correct the situation.

Ashok Ravat

*Member of Damodaran Committee on Customer Service in Banks set up by R.B.I.
Honorary Secretary of All India Bank Depositors' Association*



This work is dedicated to the poor and gullible who are deprived of fair play while 'any branch banking' and for those who do not have the same resources and opportunities that are available to others.

Acknowledgements

The author had been in touch with RBI and some banks on the subject matter since March 2014. Thanks are due to few officers of RBI and banks for some fruitful discussions while working on the project. Interaction with migrant workers of Delhi, Mumbai and Pune, who depend heavily on non-home cash deposits, gave some useful insight of their plight on the issue. The author thanks all such non-home cash depositors. In the paper all possible care has been taken to project the correct picture using the data gathered. Deviations, if any, are inadvertent.



I. Introduction

1. On May 3, 2013, Reserve Bank of India (RBI) in its quarterly Monetary Policy Statement 2013-14 said

“Recommendations of Damodaran Committee – Uniformity in Intersol Charges

74. With the introduction of Core Banking Solution (CBS), it is expected that customers of banks would be treated uniformly at any sales or service delivery point. It is observed, however, that some banks are discriminating against their own customers on the basis of one branch being designated as the ‘home branch’ where charges are not levied for products/services and other branches being referred to as ‘non-home’ branches where charges are levied for the same products/services. This practice is contrary to the spirit of the Reserve Bank’s guidelines on reasonableness of bank charges. With a view to ensuring that bank customers are treated fairly and reasonably without any discrimination and in a transparent manner at all branches of banks/service delivery locations, banks are advised to follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches. Detailed guidelines will be issued by end-June 2013.”

2. Subsequently, on July 1, 2013, RBI brought in the regulation (also see Appendix 1) which said

“Recommendations of Damodaran Committee on Customer Service in Banks- Uniformity in Intersol Charges

...With the introduction of Core Banking Solution (CBS), it is expected that customers of banks would be treated uniformly at any sales or service delivery point. It is, however, observed that some banks are discriminating against their own customers on the basis of one branch being designated as the ‘home’ or ‘base’ branch where charges are not levied for products / services and other branches of the same bank being referred to as ‘non-home’ branches where charges are levied for the same products / services. The charges generally referred to as ‘Intersol’ charges, are also not uniform across home / non-home branches. This practice followed by some banks is contrary to the spirit of the Reserve Bank’s guidelines on reasonableness of bank charges. As ‘Intersol’ charges are charges levied by the bank to cover the cost of extending services to customers by using the CBS/Internet/Intranet platform, the cost should be branch/customer agnostic in- principle. It is clarified that cash handling charges may not be included under intersol charges.



In order to ensure that bank customers are treated fairly and reasonably without any discrimination and in a transparent manner at all branches of banks/service delivery locations under CBS environment, banks are advised to follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches. Accordingly, if a particular service is provided free at home branch the same should be available free at non home branches also. There should be no discrimination as regards intersol charges between similar transactions done by customers at home branch and those done at non-home branches.”

(The emphasis made above is that of the author)

3. Since RBI has always been referring to the "Recommendations of Damodaran Committee on Customer Service in Banks", in order to bring in focus and articulate the issue, it is pertinent to keep in the forefront what the committee really said. In what follows we highlight from the Report of the Committee on Customer Service in Banks all statements / recommendations as contained therein on the subject under consideration (For the full Report see reference [4]).

“page 22 Customer Service Aspects

Charges on Non-Home Branch Transactions - The Committee has observed a general discontent among all the strata of customers about charges levied by banks for getting certain services at non-home branches like pass-book updation, cash deposits etc. Customers feel that under CBS environment, these charges are not justified.

page 49 Recommendations

Charges on Non-Home Branch Transactions: Such charges are not justified under CBS environment. Further, routine services like pass book updation which are of informative nature may be made available to the customers at no cost. Banks can rope in services of BCs for delivery of such services through Information Kiosks in off-branch locations.

Intersol Charges: There is a practice of levying intersol charges on third party banking transactions at non-home branches. In CBS environment, banks should not levy Intersol charges on self / local cheques. Further, for intercity transactions, the Intersol charges should not exceed intercity collection charges.

page 112 Summary of Recommendations

Charges on Non-Home Branch Transactions - Such charges are not justified under CBS environment. Further, routine services like pass book updation which are of informative nature should be made available to the customers free of



charge. Banks can rope in services of BCs for delivery of such services through Information Kiosks in off-branch locations.

Intersol Charges - There is a practice of levying intersol charges on third party banking transactions at non-home branches. In CBS environment, banks should not levy Intersol charges on self / local cheques. Further, for intercity transactions, the Intersol charges should not exceed intercity collection charges."

4. In all the above paragraphs the term “**Intersol charges**” has been frequently used. The word ‘sol’ means branch. Thus intersol charges mean inter-branch charges. These are charges levied by banks for using service of branches other than the home branch where a customer originally opened his account. With prevalence of CBS, when a customer opens an account at a bank branch, he becomes a customer of the bank and not of the branch. In the CBS environment the account resides in a central server at a location different from where it is opened. Though it is superficially ‘tagged’ to the parent or home branch it can be operated from any branch of the bank with equal ease. In fact, if CBS is not functioning, no transaction can be carried out in the account either in the parent branch or any other branch. This is the concept of ‘Any Branch Banking’. However, banks on lines similar to toll imposed on newly constructed bridges / roads, devised means to charge toll by interpreting intersol charges as charges for using CBS to get a service at a non-home branch, thereby attempting to rationally differentiate charges at home and non-home locations for a banking service. Incidentally, banks never reasoned (and rightly so) intersol charges as attributable to handling charges– be it, non-home cash handling; non-home cheque handling; non-home passbook handling; non-home customer handling, etc.

5. With the above backdrop and RBI's guidelines that had been issued on July 1, 2013, there appears to be a serious disconnect leading to unintended but induced discrimination in form of charges that are levied by the bank to cover the cost of extending services to customers, which is *not* branch agnostic. The guidelines inherently suggest that banks are free to follow (in a roundabout fashion) a non-uniform and unreasonable pricing policy thereby discriminating their customers at home branch and non-home branches with respect to any charge that is not in the name of CBS/internet/intranet charge, but in the name of handling charges. However, this does not mean banks are incorrect if they impose cash handling charges, provided the charges are reasonable and that such a charge is made reasonably



uniform across home and non-home branches. It may be noted that as per RBI (see reference [2]), for any basic service rendered to individuals, banks will levy charges only if the charges are just and supported by reason. Furthermore, the banks will levy services charges *ad-valorem* only, to cover any incremental cost and subject to a cap.

6. In what follows, we look into the aspect of charges levied by banks to cover the cost of extending services to customers which is *not* branch agnostic in-principle.

II. What is the problem?

7. As seen in RBI's monetary policy regulatory stance, the only message that RBI is trying to impart is "banks to follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches". Thus, the basic question that arises is what could be the significance of the sentence "It is clarified that cash handling charges may not be included under intersol charges" in RBI's July 1, 2013 mandate to banks?

8. More questions / issues that need to be addressed are:

- a) What exactly is meant by cash handling charges? Could it mean that banks are correct in imposing a service charge if a customer is depositing Rs. 100 cash in ones bank account at a bank branch?
- b) What is the appropriate or reasonable cash handling charge for the service of accepting Rs. 100 cash from a customer? Is a handling charge of Rs. 50, appropriate for this service?
- c) How is it that usually we do not find the concept of "cash handling charges" in savings bank account, for relatively small amounts of cash deposits (despite it being appreciated by all that cash is indeed expensive for the system)?
- d) Why is there no machine to machine variation, with respect to charges (cash handling charges), in case of own ATMs of a bank?
- e) Why would depositing Rs. 100 in self / third-party account in branch A of a bank (in a metro city) incur a different costing for the service (under identical circumstances and environment) when rendered in branch B of the same bank located 1000 meters apart or located in another metro city? Surely, this is not seen to be the case for ATM's.



f) Note that RBI has already encouraged people to open basic savings bank deposit account (BSBDA) for the purpose of depositing cash without any charges (despite RBI knowing that there is a cost to deposit cash). See reference [7]. Furthermore, within the same bank, banks do not charge for transferring funds from one account to another. Thus, there already exists a system where one can open a BSBDA (at whatever location one wants to deposit cash) just to deposit cash and then transfer funds freely to another remotely located account. In other words, it is theoretically redundant to have "cash handling charges" to deposit cash / withdraw cash at a non-home branch when it does not exist in home branch.

g) One can understand that such non-home cash deposit transactions may amount to remittance service (in a hidden fashion) and thus there could be a revenue model built for such remittances so long as similar remittance model exists in the ecosystem, in general. But, RBI has not argued in that fashion in its monetary policy statement.

h) Surely, one would not come across such non-home activity in cash (for non-business entities) if one has access to bank account at every part of India. Since, if one has access, the question of disparity in non-home charges for cash handling would not arise.

i) Thus, RBI at one hand is observing the pain points of ease of opening a bank account, and on the other trying to add further pain to these very category of people (in a recurring fashion) who otherwise have a bank account, but not at the locality where they currently/temporarily reside. Appendix 2 provides an illustration (three option categories) of how banks design their cash handling charge structure based on RBI mandates for differentiating home and non-home branch service for a bank account.

9. The analysis of the above issues boils down to the core questions: (i) What are Intersol charges for? (ii) How can we justify them? (iii) Can we justify non-CBS based differentiated charges, which is not branch agnostic in nature? We try to address them below.

a) The Mumbai-Pune Expressway is made for the convenience of the people and for better developmental opportunity of the country. The users of the Expressway pay a toll to cover for the expenses in building the Expressway. Such a toll remains in force for a reasonable period of time.

b) In the same way CBS is made for the convenience of the bank customers and for the bank to remain in business. The bank may impose a toll to cover for the expenses



involved in building the CBS whenever CBS is being used by a customer. But the present scenario is that every customer is using the CBS to transact any and everywhere (including home branches). Still one may thrust a differentiation and thus impose a toll wherever a service is being provided which would have otherwise not been possible to provide, had CBS not been there. Thus, imposition of toll can still be considered rational for a non-home activity for a reasonable period of time.

c) However, note that CBS was built by banks to remain in business. Thus one could argue that desirably banks should not impose a toll since it was made in their own interest.

d) Banks never reasoned charging such differentiated fees for anything other than CBS charges. Cash handling charges was never an issue for differentiation between home and non-home until RBI wrote the sentence "It is clarified that cash handling charges may not be included under intersol charges". RBI has not provided any rationale for this differentiation with respect to much talked about 'spirit of the Reserve Bank's guidelines on reasonableness of bank charges'.

e) Based on the above arguments, there is no reason for banks to think of charging a differentiated fee and if at all it *can* be reasoned, it has to necessarily be in form of a toll for use of CBS at non-home branch (even though we understand clearly that without CBS, the same activity can also be not done at the home branch).

f) One can understand that such transactions may amount to remittance service (in a hidden fashion) and thus there could be a revenue model built for such remittances, but then it would technically amount to CBS charges while transacting at non-home branches.

g) Currently, banks are free to charge any fee as per its business model. However it has to justify the quantum and rationality of the fees based on the spirit of the RBI's guidelines on the charges being reasonable and that such a charge is not non-uniform across home and non-home branches.

III. Non-home cash handling charges by banks

10. In order to understand how exactly the banks reacted to RBI's confusing move, we present below branch/customer non-agnostic differentiated charges for handling cash for few



banks. Our select banks comprises of major public sector banks and major private banks. We have related eight banks to the three option categories as provided in Appendix 2.

A) HDFC Bank ([Similar to Option A of Appendix 2](#))

Cash Transaction Fees for Regular Savings Account

- a) Number of Cash transactions (**Cash deposits & withdrawals**) by self at home & Non-home branches: 5 free cash transactions per month would be permitted and Rs 100/- per Txn would be levied 6th transaction onwards (plus taxes)
- b) Amount of Cash transactions (**Cash deposits & withdrawals**) by self at home & Non-home branches:
Home Branch - No limit;
Non Home Branch - Value upto Rs. 49,999/ per day - No charge; Above Rs. 49,999/- Rs 5/- per 1,000/- on the full amount (plus taxes)
- c) Amount of **Cash transactions** by Third Party at Home & Non - Home branch:
Upto a limit of Rs.49,999 per day - Rs.100 (plus taxes). Rs.50,000 & Above - Not allowed.

B) Vijaya Bank ([Similar to a combination of Options A, B and C of Appendix 2](#))

Cash Handling Charges for savings account

A. **Cash Deposit** (per day per account)

- a) At parent Branch : Nil
- b) **Cash remittances** at 'other than parent branch' by the account holder (Self)
- i) Remittance to Savings Bank Account (Within the clearing centre) : No Charges
- ii) Remittance to Savings Bank Accounts (Outside the clearing centre) : No charges upto a maximum of Rs.20,000/- and 50% of normal charges, as applicable to DD, for all remittance beyond Rs.20,000/- on the entire remittance, both in rate and cap.
- c) **Cash remittances** at 'other than parent branch' by Third Party
- i) Remittance to Savings Bank Accounts (Within the clearing centre) : No Charges upto Rs.20,000/- and beyond Rs.20,000/- charges, as applicable to DD, on the entire remittance.
- ii) Remittance to Savings Bank Accounts (Outside the clearing centre) : No charges upto a maximum of Rs.20,000/- and beyond Rs.20,000/- charges as applicable to DD, on the entire remittance.

B. SERVICE CHARGES ON CASH WITHDRAWAL

If **cash is withdrawn** at CBS branches in the same clearing zone of the base branch (self-withdrawal within the limit indicated below): Nil

If **cash is withdrawn** at CBS branches outside the clearing centre of the base branch:

- a) Up to Rs. 10,000/- per day : Nil
- b) Above Rs. 10,000/- and upto Rs.50,000/- per day : Rs. 2.30 per thousand or part thereof (to be debited to the drawer's account)



C) ICICI Bank (Similar to Option B of Appendix 2 beyond one free transaction per month)

Cash Handling Charges

Regular Savings

- a) **Cash transactions** at base branch (branches in same city): Nil for the first 4 transactions of a month; Thereafter in the month, Rs. 90 per transaction.
- b) Anywhere **Cash Withdrawals** by customer or customers representative to the debit of the customers own savings Account at a non-base branch i.e. branch in other city: Nil for the first cash withdrawal of a calendar month; Thereafter in the month, Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 (Maximum withdrawal limit – Self: Rs.50,000 per day, Third party: Rs.15,000 per day) .
- c) Anywhere **Cash deposit** by customer or customers representative to the credit of the customers own savings Account at a non-base branch i.e. branch in other city: Nil for the first cash deposit of a calendar month; Thereafter in the month, Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 (Maximum deposit limit – Rs.50,000 per day).

BSBDA

- a) **Cash Deposits** in Accounts at Base Branch (Branch where the account is opened): Unlimited without any charges.
- b) **Cash Deposit** at Non-Base branches within the Base City (Branches in same city where the account is opened other than Base branch): Rs. 90 per transaction.
- c) **Cash Withdrawals** in Account at Base Branch: No Charges for the first 4 withdrawals in a month. Thereafter in the month, Rs. 90 per transaction.
- d) **Cash Withdrawal** at Non-Base branches within the Base City: Rs. 90 per transaction.
- e) Anywhere **Cash Withdrawals** by customer or customer's representative by debiting the customer's own savings Account at a non-base branch outside the Base City: Nil for the first cash withdrawal of a calendar month; Thereafter in the month, Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 (Maximum withdrawal limit – Self: Rs.50,000 per day, Third party: Rs.15,000 per day).
- f) Anywhere **Cash deposit** by customer or customer's representative to the credit of the customer's own savings Account at a non-base branch outside the Base City: Nil for the first cash deposit of a calendar month; Thereafter in the month, Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 (Maximum deposit limit – Rs.50,000 per day).



D) State Bank of India (SBI) (Similar to Option B of Appendix 2)

Electronic Transfer Charges Savings Accounts

Number of **cash deposit** transaction in SB A/c (Excluding Financial Inclusion Accounts), - First 5 free Txns in a month. Thereafter, Rs 50 per Txn in a month. (Excluding Alternate channel transactions)

MONTHLY LIMIT ON NUMBER OF free DEBIT TRANSACTIONS at branch based on AVERAGE MONTHLY BALANCE,

Avg balance Rs 0 to Rs 25,000: 4 free **debit Txns**- fee of Rs 20 per Txn thereafter

Avg bal. >Rs 25,000 to Rs 50,000: 10 free **debit Txns**- fee of Rs 20 per Txn thereafter

Avg bal. >Rs 50,000 to Rs 1,00,000: 15 free **debit Txns**- fee of Rs 20 per Txn thereafter

Avg balance > Rs 1,00,000 : Unlimited free **debit Txns**.

Cash handling charges for P-Segment customers at Home branch: Nil

Inter-Core Charges between branches:

1. Transfer transaction between SBI branches Local/Outstation: NIL

2. **Cash Transaction** between SBI Branches: Local/Outstation:

(i) **Deposit of cash** at non-home CBS branches (P-Segment- Max.limit Rs.25,000/- per day; SME Segment- Rs.2.00 lac per day) Rs.2/- per 1000. min. Rs.50/- per transaction.

(ii) **Encashment of cheque** at non-home branch (P-Segments-Max.limit Rs.50,000/-; SME segment- Max.Limit 1.00 lacs) upto Rs.50,000/- Free, Above Rs.50,000/- and upto Rs.1,00,000/- Rs.2/- per Rs.1000/- Min Rs.50/-per transaction.

At present, cash deposits at cash deposit machine (CDM) are available free of cost to all our customers except when using Green Remit Cards.

E) Punjab National Bank (PNB) (Similar to Option B of Appendix 2)

Cash Handling Charges for savings account

(i) **Cash Deposit** Charges at Base Branch: Free

(ii) **Cash Deposit** at all branches within same clg. centre/city (Other than Base Branch): Rs. 1/- per Rs. 1000/- or part thereof with a minimum of Rs. 25/- per transaction

(iii) **Cash Deposit** at Outstation Non-Base Branches (Other than same clg. centre/city): Rs. 2/- per Rs. 1000/- or part thereof with a minimum of Rs. 25/- per transaction

(iv) CASH DEPOSIT THROUGH CASH DEPOSIT MACHINE (CDM):

CDM at base branch – Free

CDM at all branches within same clg. centre/city (Other than Base Branch): Rs. 1/- per Rs. 1000/- or part thereof with a minimum of Rs. 25/- per transaction

CDM at Outstation Non-Base Branches (Other than same clg. centre/city): Rs. 2/- per Rs. 1000/- or part thereof with a minimum of Rs. 25/- per transaction



- (v) **Cash withdrawal** at Base Branch: Free
(vi) **Cash withdrawal** at local non-base Branch: No Charges for cash withdrawal up to Rs.1 lac per day. Thereafter, Re.1/- per Rs.1000/- or part thereof.
(vii) **Cash withdrawal** at outstation non-base Branch: No Charges for cash withdrawal up to Rs.50000/- per day. Thereafter, Rs.2/- per Rs.1000/- or part thereof.

F) Kotak Mahindra Bank ([Similar to Option C of Appendix 2](#))

Cash Transaction Related Charges

Edge Savings Account

- a) **Cash Deposit** at Home/Non-Home Location: Rs. 2.50 per 1000 (Min. Rs. 100) beyond 5 free transaction per month or Rs. 7.5 lac per month.
b) **Cash Withdrawal** at Home Location : Nil
c) **Cash Withdrawal** at Non-Home Location : Rs. 2.50 per 1000 (Min. Rs. 100) beyond free Rs. 50,000 per month.

BSBDA

- a) **Cash Deposit** at Home/Non-Home Location: Free unlimited number of transactions upto Rs. 100000 per month.
b) **Cash Withdrawal** at Home/Non-Home Location: Upto 4 withdrawals in a month free.

G) Axis Bank ([Similar to Option C of Appendix 2](#))

Transaction Fees for Easy Access Savings Account

- a) Monthly **Cash Transaction** Free Limits (Metro/Urban): First 5 Transactions or Rs 10 lakhs whichever is earlier of cash deposits/withdrawals
b) Monthly **Cash Transaction** Free Limits (Semi-Urban/Rural): First 10 Transactions or Rs 10 lakhs whichever is earlier of cash deposits/withdrawals
c) Fees on **Cash Deposits and Withdrawals** above limits: Rs.4 per Rs.1000 or Rs.100, whichever is higher.



H) IDBI Bank (Similar to Option C of Appendix 2)

Any Branch Banking

Any branch cheque deposits and account to account transfers : Free

Cash deposits (Home Branch) : 15 transactions per month free - Excess charged @Rs 2/1000.
(Min. 25 and Max Rs. 10,000/-)

Cash deposits (Non - Home Branch) (Max. Rs. 50,000/- per day) : 15 free transactions includes
both Home - Non Home Cash deposit

Any Branch **Cash withdrawal** : Free (upto Rs 50,000/- per day only)

IV. Remarks and conclusions

11. In Section II, we have highlighted several questions and issues which RBI needs to address appropriately. As such, it appears that there is a need for RBI to address the defect (lack of clarity, significance and rationality) in its circular of July 1, 2013 when it writes about cash handling charges. The language in the monetary policy statement (which is the basis of the regulation) was elegant enough and there should not be any significant distortion of the same by RBI (while implementing the same) without sufficient reasoning. Or else, it may distort the essence of the monetary policy statement on the subject.

12. It is felt that interpreting the term Intersol charges in RBI's July 1, 2013 circular was not in line with the spirit of the Monetary Policy regulatory stance on the subject, and thus confuses the real policy stance that had been taken by RBI. However, it is a different matter in case RBI considers it appropriate to change its policy stance, but in that case it has to be made transparent highlighting appropriate rationale. Right now, as it stands, if RBI's response is to be taken seriously and meticulously, it would imply that banks can discriminate bank customers in a transparent manner at all branches of banks/service delivery locations by not following a uniform and fair pricing policy between their customers at home branch and non-home branches, not on the basis of Intersol charges but by any other name under handling charges, be it cash handling charges, etc.



13. Ministry of Finance in a written reply to the Parliament of India (November 2010) on 'Levy of Cash Handling Charges by Banks' says (also, see reference [3]),

“Normally banks do not charge from their customer for depositing money to their own account. However, some banks levy charges for cash payment against credit card bills. Charges are collected at the time of accepting cash. As per the Reserve Bank of India (RBI) guidelines banks need to inform about changes in rates or charges to their customer one month before implementation. RBI vide its circular dated September 7, 1999 had given freedom to banks to decide service charges for various services offered to customers. Banks were asked to fix service charges having regard to the cost of rendering the services. Banks were also advised to ensure that the charges are reasonable and not out of line with the average cost of providing these services. Banks should also take care to ensure that customers with low volume of activities are not penalized.

According to RBI, the currency chest holding banks have been allowed to levy service charge of Rs.2 per packet of 100 pieces in cash deposited with their currency chest by non-currency chest branches. Banks have also been advised to put in place a transparent policy in this regard with the approval of their respective boards.”

Thus, from above too we find the spirit of RBI's guidelines on reasonableness of bank charges, with significant highlights being:

- Normally banks do not charge from their customer for depositing money to their own account.
- Banks were asked to fix service charges having regard to the cost of rendering the services.
- Banks were also advised to ensure that the charges are reasonable and not out of line with the average cost of providing these services.
- Banks should also take care to ensure that customers with low volume of activities are not penalized.

14. The concluding paragraph of RBI's July 1, 2013 circular states

“In order to ensure that bank customers are treated fairly and reasonably without any discrimination and in a transparent manner at all branches of banks/service delivery locations under CBS environment, banks are advised to follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches. Accordingly, if a particular service is provided free at home branch the same should be available free at non home



branches also. There should be no discrimination as regards intersol charges between similar transactions done by customers at home branch and those done at non-home branches."

15. There are three significant components to the above paragraph:

- i.) In order to ensure that bank customers are treated fairly and reasonably without any discrimination and in a transparent manner at all branches of banks/service delivery locations under CBS environment, banks are advised to follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches.
- ii.) Accordingly, if a particular service is provided free at home branch the same should be available free at non-home branches also.
- iii.) There should be no discrimination as regards intersol charges between similar transactions done by customers at home branch and those done at non-home branches.

16. Even if it is clarified that cash handling charges are not part of Intersol charges, in view of the RBI's July 1, 2013 circular, the second component of the last paragraph in question, amply clarifies that if a particular service is provided free at home branch the same should be available free at non-home branches as well. Accordingly, if cash handling service is provided free at home branch, the same has to be made available free at non-home branches. This is also made sufficiently clear in the first component of the last paragraph in question and the monetary policy statement of RBI on the subject. Thus, RBI being the guardian of public interest on banking services, it would be appropriate for RBI to ensure that any monetary loss to any bank customer (in form of cash handling charges that may have got imposed at non-home locations while it being zero at home location) due to RBI's peculiar drafting of the guidelines (i) lacking rationale, (ii) being inconsistent with the monetary policy regulatory stance and (iii) some banks not understanding components one and two of the paragraph in question, should be rectified by appropriate reversal of charges.

17. Today, even if PNB / SBI / ICICI Bank / Vijaya Bank discriminate cash handling charges at home and non-home locations, it is pertinent to understand how the bank's board considered it appropriate (rather reasonable) that it costs the bank Rs. 50 (or Rs. 25 or Rs. 150) to handle cash while taking a deposit of Rs. 100 from a bank customer at a non-home bank branch location. Furthermore, even if it is found reasonable, it raises questions on how



the board agreed to do charity for the same customer when the home branch took cash deposits (and of much higher amounts) by not imposing the cash handling charges. The banks' action contrary to establishment of fairness and reasonability of service charges, discriminating cash handling charges between home and non-home locations, has affected millions of migrant population of the country having bank accounts with such banks. This has led to unjustified revenue gain for the banks (more from the poor customers) at the instance of RBI induced discrimination. However, this does not mean that banks are on any wrong footing while imposing cash handling charges, so long as the charges are reasonable and that such a charge is made reasonably uniform across home and non-home branches.

18. SBI has hiked the minimum charges (since March 8, 2014) for cash deposit at non-home branches by 400% to Rs. 50 from Rs. 10 in a bid to boost fee income and deter unnecessary transactions at branches. Though the aim for such a move could be to deter many customers who tend to use the closest available branch for cash deposits instead of depositing at their home branch (or using the CDMs), there appears to be a violation of the RBI's requirement that banks will levy charges only if the charges are just and supported by reason and furthermore, the banks will levy services charges ad-valorem only, to cover any incremental cost and subject to a cap. SBI has a genuine concern that crowds tend to gather at centrally located branches and such large crowds for non-home transactions *often* hurt customer service to the bank's home branch customer. However, this does not mean SBI disincentivises bonafide customers when they have a genuine need to carry out minimal number (one, two or three) of such non-home cash deposit transactions per month. Moreover, no one enters a SBI branch for fun; they do so only to transact. In this regard, we find it appropriate to mention here what the Tarapore Committee on Banking Operations (see reference [1]) said:

"It is often argued that Savings Bank deposit accounts pose a heavy burden on banks and, therefore, the need for higher charges. In this context it is necessary to recall the evolution of the present position on Savings Bank deposit accounts. The Savings Bank Accounts were essentially intended for small depositors but over the years the facilities have been miscued. Way back in the 1960s, balances upto only Rs.50,000 could be maintained in Savings Bank accounts and the number of withdrawals were restricted to 52 per year. In the process of competition, banks abandoned all these rules and allowed Savings Bank Accounts to be used like Current Accounts. The banks need to consider whether, in fairness to



*the **Common Person**, a graded system of service charges could be imposed. The Committee notes that Savings Bank deposits are a stable element and the weaker segments contribute to this stability and in fact their lack of financial acumen results in their inability to undertake in-out movements in the accounts and therefore they earn relatively lower rates of return. In contrast, the larger of the Savings Bank deposit holders shuffle funds around as if these are Current Accounts but masquerade as Savings Bank Accounts. The Committee recommends that banks should prescribe a reasonable number of withdrawals by cheque or cash in a year upto which there would be **no** service charges."*

(The emphasis made above is that of the Committee)

In 2012-13 the author had the opportunity to steer a Ministry of Finance initiative of facilitating remittance needs of migrants in the country through the pilot project on 'Cash NEFT'. Remittance through non-home cash deposits was seen to be a major means for organised remittance prevailing then. Through the project, bank branches and customers were educated to avail the alternate means of Cash NEFT to remit funds by harnessing the full network of banks (in addition to the bank which had the beneficiary account where cash was usually being deposited through a non-home deposit) for facilitating their remittance needs. For more details see references [5] and [6]. To identify remittance clusters in the regions of Delhi, Mumbai and Pune, the author churned a lot of data on non-home cash deposit volumes. The numbers were enormous and a rough and crude estimate for SBI alone (for only the three regions) is about 10 million non-home cash deposits annually.

19. Some banks, for example Vijay Bank and HDFC Bank have created an inherent person-to-person differentiation though the bank's net cost¹ to serve is only account type dependent (like premier account, simple account, BSBDA, etc.). As per RBI (and rightly so) such cost categorization should be customer or person agnostic in-principle. Moreover, the banks have to ensure that the fee prescribed is reasonable and as per the average net cost of providing the service.

20. It is important to understand that there is a need to change the mind set of pre-CBS days when there was revenue inflow for a bank through fees for its inter-branch remittances (which was genuine since it was primarily rendered by means of demand drafts, cheques, etc.). In a CBS environment, all branches (home or non-home) transact through a central

¹ Net cost is the cost to a bank to provide a service based on average expenditure incurred to render the service minus the income generated against deposits held in the account.



server and there can be no differentiation in cost in remitting funds to a home or non-home account. In other words, banks are free to charge a fee for a service uniformly for home and non-home branch based on reasonableness and the net cost of providing the service. Such fees, however, should ensure that customers with low volume of activities are not penalized, and justify that the ascribed cost is branch/customer agnostic in-principle.

21. Now, focusing on cash deposit machine (CDM), PNB (unlike use of own ATM) while facilitating cash deposits at CDMs, discriminates between their own CDMs. Furthermore, PNB does not provide a universal non-zero minimum number of free cash deposits through CDMs. RBI, in line with the rationale adopted while mandating five free cash withdrawal per month through own ATM, should meaningfully mandate a reasonable number of free cash deposits per month through own CDM. Again, unlike PNB and Axis Bank which allows cash deposits through CDMs on the basis of punching the account number alone (no card required), SBI allows such deposits only on the basis of a debit / green-remit card. SBI has set a fee of Rs. 0 (Rs. 30) for each cash deposit done through a debit (green-remit) card at the CDM. Green-remit cards allow only deposits and are issued to third party individuals. Thus, SBI discriminates use of CDM based on person rather than account type alone. Here too, the fee should be based on average net cost of providing the service and should desirably be customer or person agnostic in-principle.

22. In order to harness the National Financial Switch of the National Payment Corporation of India (NPCI) for interoperable Cash-Deposits, NPCI should take up the feature of reverse debit (cash deposit) under its interoperable debit card platform and test case the same among all banks. With the envisaged increase in CDMs in the country, it is the right time to work towards making the CDMs interoperable.

23. There has to be some basic and minimum services attached to an account for which bank should not charge. Accordingly, RBI has defined BSBDA in a certain way, which provides 4 free debits and unlimited credits in a month. RBI, while defining BSBDA, has prohibited debit transactions beyond 4 free debits per month unless any debits allowed by the bank beyond the 4 free debits are also free. See references [7] and [10]. This creates unnecessary complications for banks and BSBDA customers alike. RBI should allow banks to retain the



name of BSBDA even if they allow debits beyond the 4 free debits and charge for them. The charges, if imposed, could be in form of penalty. The present requirement of complete ban to allow debits with a fee beyond 4 free debits per month is at a loss not only to banks but to BSBDA customers alike. Furthermore, BSBDA has design defect since it allows unlimited cash deposits in a month without any fee. Given that there is substantial cost attached to unlimited cash handling, RBI needs to allow banks to charge beyond a reasonable number of free cash deposit transactions for a BSBDA. RBI in the interest of the banking policy and public policy should relook at the pros and cons of the existing definition of BSBDA.

24. Finally, the Consumer Education and Protection Department (CEPD) of RBI should, in general, take up research on such policy issues relating to customer protection and fairness while customers', as bank depositors, deal with banks.

V. Recommendations and action points

25. Even if it is clarified that cash handling charges are not part of Intersol charges, the concluding paragraph of RBI's July 1, 2013 circular on the subject amply clarifies that if a particular service is provided free at home branch the same should be available free at non-home branches as well. Accordingly, if cash handling service is provided free at home branch, the same has to be made available free at non-home branches. This is also the essence in the monetary policy statement of RBI on the subject.

26. **RBI should implement the monetary policy regulatory stance in spirit.** Thus with a view to ensuring that bank customers are treated fairly and without any discrimination at all branches of banks/service delivery locations, **RBI should mandate banks to follow a uniform, fair, transparent and nondiscriminatory pricing policy for their customers at home branch and non-home branches so as to justify that the cost to provide the service is branch / customer agnostic in-principle. Such fees, however, should ensure that customers with low volume of activities are not penalized.**

27. In the spirit of protecting the bank customers, one needs to address the lacuna created by RBI's drafting of the guidelines, which lacks rationale and is inconsistent with the monetary



policy regulatory stance. Furthermore, exploiting the freedom given, some banks have even violated the RBI guidelines on ensuring reasonableness of service charges while prescribing the service fees (unless the banks can claim that the charges are not fees but are penalty). Thus, **RBI being the guardian of public interest on banking services, should ensure that any monetary loss to any bank customer (in form of cash handling charges that may have got imposed at non-home locations while it being zero at home location) be rectified by appropriate reversal of charges.**

28. In line with the rationale adopted by RBI while mandating that banks provide five free transactions per month at own ATMs, **RBI has to either take a call as to why a similar mandate for CDMs is not for the good of the payment system of the country or bring in similar mandates for CDMs as that of ATMs.** Furthermore, in order to harness the National Financial Switch for interoperable Cash-Deposits, **NPCI should take up the feature of reverse debit (cash deposit) under its interoperable debit card platform and test case the same among all banks. With the envisaged increase in CDMs in the country, it is the right time to work towards making the CDMs interoperable.**

29. **RBI should allow banks to retain the name of BSBDA even if the banks allow debit transactions beyond the 4 free debits per month and charge for them.** The charges, if imposed, could be in form of penalty. The present requirement of complete ban to allow debits with a fee beyond 4 free debits per month is at a loss not only to banks but to BSBDA customers alike. Furthermore, since BSBDA allows unlimited cash deposits in a month without any fee, and given that there is a severe cost attached to unlimited cash handling, **RBI should allow banks to charge beyond a reasonable number of free cash deposit transactions for a BSBDA. RBI in the interest of the banking policy and public policy should relook at the pros and cons of the existing definition of BSBDA.**

30. Finally, specific to subject at hand, there is a need for regulatory corrections as per RBI's monetary policy regulatory stance. Also, the CEPD and the All India Bank Depositors' Association need to meticulously look into the regulation in order to bring in a meaningful, reasonable and logical rationale to eliminate any home / non-home discrimination of customers and thus protect millions of small and medium depositors.



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Appendix 1



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/ 2013-14/110

DBOD. No. Dir. BC. 26/13.03.00/ 2013-14

July 1, 2013

All Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir/ Madam

**Recommendations of Damodaran Committee on Customer Service in Banks-
Uniformity in Intersol Charges**

Please refer to paragraph 74 of the Monetary Policy Statement 2013-14 announced on May 3, 2013 (extract enclosed) on 'Recommendations of Damodaran Committee-Uniformity in Intersol Charges'.

2. In this connection, a reference is also invited to our [circular DBOD. No. Dir. BC. 56/13.03.00/ 2006-2007 dated February 2, 2007](#) on 'Report of the Working Group to Formulate a Scheme for Ensuring Reasonableness of Bank Charges' whereby banks were advised to identify basic services on the basis of broad parameters indicated by the Working Group constituted by Reserve Bank of India for the purpose and the principles to be adopted/ followed by them for ensuring reasonableness in fixing and communicating the service charges for the basic banking services.

3. With the introduction of Core Banking Solution (CBS), it is expected that customers of banks would be treated uniformly at any sales or service delivery point. It is, however, observed that some banks are discriminating against their own customers on the basis of one branch being designated as the 'home' or 'base' branch where charges are not levied for products/ services and other branches of the same bank being referred to as 'non-home' branches where charges are levied for the same products/ services. The charges generally referred to as 'Intersol' charges, are also not uniform across home/



non-home branches. This practice followed by some banks is contrary to the spirit of the Reserve Bank's guidelines on reasonableness of bank charges. As 'Intersol' charges are charges levied by the bank to cover the cost of extending services to customers by using the CBS/Internet/Intranet platform, the cost should be branch/customer agnostic in- principle. It is clarified that cash handling charges may not be included under intersol charges.

4. In order to ensure that bank customers are treated fairly and reasonably without any discrimination and in a transparent manner at all branches of banks/service delivery locations under CBS environment, banks are advised to follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches. Accordingly, if a particular service is provided free at home branch the same should be available free at non home branches also. There should be no discrimination as regards intersol charges between similar transactions done by customers at home branch and those done at non-home branches.

Yours faithfully,

(Prakash Chandra Sahoo)
Chief General Manager

Encl: As above

बैंकिंग परिचालन और विकास विभाग, केंद्रीय कार्यालय, 13 माला, शहीद भगतसिंह मार्ग, मुम्बई 400001

Department of Banking Operations and Development, Central Office, 13th floor, NCOB, Shahid Bhagat Singh Marg, Mumbai - 400001

/Tel No: 91-22-22601000 / Fax No: 91-22-22701241 Email ID:cgmicdbodco@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाइए



Extract of Monetary Policy Statement 2013-14

74. With the introduction of Core Banking Solution (CBS), it is expected that customers of banks would be treated uniformly at any sales or service delivery point. It is observed, however, that some banks are discriminating against their own customers on the basis of one branch being designated as the 'home branch' where charges are not levied for products/services and other branches being referred to as 'non-home' branches where charges are levied for the same products/services. This practice is contrary to the spirit of the Reserve Bank's guidelines on reasonableness of bank charges. With a view to ensuring that bank customers are treated fairly and reasonably without any discrimination and in a transparent manner at all branches of banks/service delivery locations, banks are advised to:

- follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches.

Detailed guidelines will be issued by end-June 2013.



Appendix 2

Cash handling charges - Illustration for bank PQR based on three option categories.

Option A: (Similar to practice adopted by HDFC Bank, Vijaya Bank)

1. X holds an Account with PQR in branch "a". If X (in person) deposits cash in branch "a" or any other branch "b" there is no fee to deposit cash.
2. If Y deposits the same cash in X's account, either in branch "a" or in "branch "b", the minimum charge is Rs. 50 for cash deposit.
3. There is no cash deposit fee if cash deposit machine is used to deposit cash.
4. If Y deposits the same cash into X's account through a walk-in into any other (other than PQR) bank's branch and does a NEFT (Cash-NEFT), the fee is a maximum of Rs. 6. Similarly, PQR branches too are required by a RBI mandate to facilitate Cash-NEFT if a walk-in customer wants to deposit cash into a bank account different from PQR.

Remarks (A):

1. For possible operational and security reasons, there are some daily transactional caps imposed on non-home cash deposit.
2. Points 1-2 are implementable but not very convenient to execute by the branch as it amounts to checking the identity of the person depositing cash at the counter. Furthermore, the system is also not very convenient for the customers since the bank would be deducting a minimum fee of Rs. 50 in case the account holder takes help of husband/wife/father/mother/son/daughter/driver/domestic help to deposit cash at a branch counter.
3. Who would ensure that a seamless system is in place for PQR to effectively and correctly implement points 1-2 and 4 and bring in awareness of the same among the public?
4. **The option is in partial agreement to RBI regulations since it is seen that there is an inherent person-to-person differentiation though the bank's net cost to serve is only account type dependent (like premier account, simple account, BSBDA, etc.). As per RBI (and rightly so) such cost categorization should be customer or person agnostic in-principle. Moreover, the banks have to ensure that the fee prescribed is reasonable and as per the average net cost of providing the service. Also, the banks should take care to ensure that customers with low volume of activities are not penalized.**



Option B: (Similar to practice adopted by ICICI Bank, SBI, PNB, Vijaya Bank)

1. X holds an Account with PQR in branch "a". If X (in person) or Y deposits cash in branch "a" there is no fee to deposit cash.
2. If X (in person) or Y deposits the same cash in X's account, in branch "b", the minimum charge is Rs. 50 for cash deposit.
3. There is no cash deposit fee if cash deposit machine is used to deposit cash.
4. If X (in person) or Y deposits the same cash into X's account through a walk-in into any other (other than PQR) bank's branch and does a NEFT (Cash-NEFT), the fee is a maximum of Rs. 6. Similarly, PQR branches too are required by a RBI mandate to facilitate Cash-NEFT if a walk-in customer wants to deposit cash into a bank account different from PQR.

Remarks (B):

1. For possible operational and security reasons, there are some daily transactional caps imposed on non-home cash deposit.
2. Points 1-2 are easy to implement.
3. Who would ensure that a seamless system is in place for PQR to effectively and correctly implement point 4 and bring in awareness of the same among the public?
4. **The option is in violation to the concept and understanding as expressed in the Monetary Policy Statement 2013-14 which writes "With the introduction of Core Banking Solution (CBS), it is expected that customers of banks would be treated uniformly at any sales or service delivery point. It is observed, however, that some banks are discriminating against their own customers on the basis of one branch being designated as the 'home branch' where charges are not levied for products/services and other branches being referred to as 'non-home' branches where charges are levied for the same products/services. This practice is contrary to the spirit of the Reserve Bank's guidelines on reasonableness of bank charges. With a view to ensuring that bank customers are treated fairly and reasonably without any discrimination and in a transparent manner at all branches of banks/service delivery locations, banks are advised to: • follow a uniform, fair and transparent pricing policy and not discriminate between their customers at home branch and non-home branches."**



Option C: (Similar to practice adopted by Kotak Mahindra Bank, Axis Bank, IDBI Bank)

1. X holds an Account with PQR in branch "a". If X (in person) or Y deposits cash in branch "a" or any other branch "b" there is no fee to deposit cash provided the cumulative deposits in a calendar month does not exceed Rs. 1,00,000 in value terms and does not exceed 5 in volume terms.
2. Whenever the threshold set in (1.) is breached, Rs. 2 is charged for every Rs. 1000 or part thereof deposited in cash subject to a minimum charge of Rs. 50 for every cash deposit transaction.
3. There is no cash deposit fee if cash deposit machine is used to deposit cash.
4. If X (in person) or Y deposits the same cash into X's account through a walk-in into any other (other than PQR) bank's branch and does a NEFT (Cash-NEFT), the fee is a maximum of Rs. 6. Similarly, PQR branches too are required by a RBI mandate to facilitate Cash-NEFT if a walk-in customer wants to deposit cash into a bank account different from PQR.

Remarks (C):

1. For possible operational and security reasons, there are some daily transactional caps imposed on non-home cash deposit.
2. Points 1-2 are easy to implement.
3. RBI has to ensure that a seamless system is in place for PQR to effectively and correctly implement point 4 and bring in awareness of the same among the public.
4. **The option is in agreement to RBI regulations.**