

Factual position in respect to Service Charges levied by banks

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There have been several media reports alluding to steep increase in service charges by certain Public Sector Banks (PSBs). In this context, the factual position is as follows:

Basic Savings Bank Deposit (BSBD) accounts including Jan Dhan accounts - No service charge is applicable on the 60.04 crore BSBD accounts, including 41.13 crore Jan Dhan accounts opened by the poor and unbanked segments of society, for the free services prescribed by RBI.

Regular Savings accounts, Current Accounts, Cash credit accounts & Overdraft accounts: In this regard, while the charges have not been increased, Bank of Baroda had made certain changes w.e.f. 1st November, 2020, with regard to the number of free cash deposits and withdrawals per month. The number of free cash deposits and withdrawals, have been reduced from 5 each per month to 3 each per month, with no change in the charges for transactions in excess of these free transactions.

Bank of Baroda has since informed that in the light of the current COVID related situation, they have decided to withdraw the changes. Further, no other PSB has increased such charges recently.

Although, as per RBI guidelines, all banks, including PSBs, are permitted to levy charges for their services in a fair, transparent and non-discriminatory manner, based upon costs involved, other PSBs have also intimated that they do not propose to raise bank charges in the near future in view of the COVID pandemic.