

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5188

ANSWERED ON:29.04.2005

SERVICE CHARGES ON CREDIT CARD HOLDERS

Adsul Shri Anandrao Vithoba;Chaudhary Shri Pankaj;Solanki Shri Bharatsinh Madhavsinh

**Will the Minister of FINANCE be pleased to state:**

(a) whether RBI has expressed its concern over the harassment of customers and lack of transparency in levying service charges and other areas and also asked the Indian Banks Association and banks to evolve a code of conduct for banking entities issuing credit cards;

(b) if so, the details thereof;

(c) whether the Government is aware that even the public sector banks like SBI are the biggest flouters of ethical business practices issuing service charges bills for the services which they never provide;

(d) if so, the action proposed in such cases;

(e) whether the Government is aware that foreign banks are charging exorbitant rate of interest from the credit card-holders;

(f) if so, the facts and the reasons therefor and the steps taken by the Government in this regard;

(g) whether the Government has received representations from Bhartiya Samajik Servasena Sahayogi Sanstha, Mumbai in this regard; and (

h) if so, the details thereof and the action taken by the Government thereon?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a), (b), (e) & (f):- Yes, Sir. Reserve Bank of India (RBI) have reported that they have already taken steps like convening meeting of all credit card issuing banks and Indian Banks' Association (IBA). IBA has finalized the Fair Practice Code for Credit Card Operations and Model Code of Conduct for Direct Sales Agents (DSAs). It has also been decided to include credit card complaints within the jurisdiction of Banking Ombudsman.

(c) & (d) :- State Bank of India (SBI) have reported that SBI Card does not levy any service charges other than those clearly advised to the customers at the time of issue of credit cards. Any change in the charges area are also advised to the cardholders before revision. The bank has further reported that all complaints related to the services or charges levied received either through letters or telephone calls are redressed to the satisfaction of the cardholder.

(g) & (h) :- Yes, Sir. RBI have reported that Bharatiya Samajik Sarvaseva Sahayogi Samstha, Mumbai has requested RBI to direct foreign banks to follow rational interest rate guidelines. In this connection, RBI have already advised them on March 15, 2005 about the action being taken by RBI and IBA on the credit card related complaints.