

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:699

ANSWERED ON:13.05.2005

CREDIT CARDS

Bellarmin Shri A.V.;Yerrannaidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) had appointed a working group on regulatory mechanism for credit cards being issued by the public sector banks and multinational banks;
- (b) if so, the details thereof;
- (c) whether the working group has submitted its report;
- (d) if so, the main recommendations made by the working group;
- (e) the reaction of the Union Government thereto; and
- (f) the other steps taken by the Government/RBI for regulation of credit cards and to protect the interest of credit card customers?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (f) :- A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.699 FOR 13TH MAY, 2005 REGARDING CREDIT CARDS, TABLED BY SHRI KINJARAPU YERRANNAIDU AND SHRI A.V. BELLARMIN, M.Ps.

(a) & (b):- Yes, Sir. Pursuant to the announcement of Mid-term Review of the Annual Policy statement for the year 2004-05 in October, 2004, a Working Group was constituted in Reserve Bank of India (RBI) to examine the regulatory and customer protection aspects of plastic cards and suggest measures for card usage in a safe, secure and customer friendly manner.

(c) & (d) :- Yes, Sir. The Working Group has suggested regulatory measures which need to be introduced for encouraging growth of Credit Cards in a safe, secure and efficient manner as well as to ensure that the rules, regulations, standards and practices of the card issuing banks are in alignment with best customer practices. The main recommendations of the Working Group cover the issues of Transparency and Disclosure, Protection of Customer Rights, the Right to Privacy of Information, Telemarketing, Unsolicited Cards, and Insurance Cover for Card Outstandings in case of death of a cardholder.

(e):- The recommendations are being examined by RBI and follow up action will be initiated immediately thereafter.

(f):-RBI has taken up the issues relating to customer grievances on credit cards with banks issuing credit cards. A meeting of the major card issuing banks and the Indian Banks` Association (IBA) was convened on December 24, 2004 to discuss issues relating to the credit card operations of banks, particularly in the context of the concerns arising out of a large number of complaints being received from organizations/individual members of the public. In response to the decisions taken in the meeting, IBA formed a Working Group to look into the above mentioned issues and evolve a Fair Practice Code for credit card issuers and a Model Code of Conduct for Direct Selling Agents. The Group has finalised the Fair Practice Code for Credit Card Operations and Model Code of Conduct for Direct Sales Agents (DSAs). Government/RBI also refer specific complaints received from individual/association relating to credit card with concerned banks for redressal and appropriate remedial action.