

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1092
ANSWERED ON:28.11.2014
ATM TRANSACTIONS
Mohammed Shri Faizal P.P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government/Reserve Bank of India (RBI) has received any proposal from the Indian Banks Association (IBA) to limit free transaction through Automated Teller Machines (ATMs) for both their own and other banks customers;
- (b) if so, the details thereof and the response of the Government/RBI thereto;
- (c) whether the IBA has also proposed to increase charges that banks pay to each other when their customers use third-party ATMs;
- (d) if so, the details thereof and the reaction of the Government/RBI thereto; and
- (e) the corrective measures taken by the Government to protect the interest of customers?

Answer

The Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

(a) and (b) Yes, Madam. Reserve Bank of India (RBI) has informed that Indian Banks' Association (IBA) had requested to withdraw the existing policy of five free transactions at another bank's ATMs at the Centres which have more than ten lakh population as per 2011 census. Based on IBA's request, RBI had issued revised guidelines dated 14.08.2014 on rationalization of ATM transactions. As per the revised guidelines, the number of mandated free transactions for savings bank account holders at other bank ATMs has been reduced from five to three per month w.e.f. November 01, 2014. This will apply for transactions done at ATMs located in six metro centres only, namely, Mumbai, New Delhi, Chennai, Kolkatta, Bengaluru and Hyderabad. Banks are also free to offer free transactions above the mandated limit of free transactions per month.

This reduction will, however, not apply to customers having no-frills/small/Basic Savings Bank Deposit Account (BSBDA) type of accounts as well as for transactions done by savings bank account-holders at ATMs situated outside these six metro centres.

(c) to (e) Yes, Madam. IBA had requested to increase the interchange fee (which banks pay to each other when their customers use third-party ATMs). However, as ATM interchange fee is decided by ATM network operators in consultation with their member banks, RBI has not issued any instructions in this regard.