

F. No. 9/31/2012-FI (C-300321020)

Government of India
Ministry of Finance
Department of Financial Services

3rd floor, Jeevandeep Building
Sansad Marg, New Delhi – 110 001
Dated 8th August 2017

To:

Chairman
Indian Banks' Association (IBA)
Mumbai

Subject: Promotion of digital payments

Sir,

A Committee of Secretaries deliberated upon the above subject, in a meeting held in the Cabinet Secretariat on 20.7.2017, in which representatives of the Reserve Bank of India (RBI), major banks and National Payments Corporation of India also participated.

2. During the discussions at the previous meeting of the Committee of Secretaries, held on 21.6.2017, it was noted that the cost to banks of servicing transactions was lower for digital transactions than for cash transactions. RBI's Master Circular on Customer Service in Banks provides that while the decision to prescribe service charges is left to individual banks, banks should ensure that the charges are reasonable and not out of line with the average cost of providing services. It further stipulates that banks should take care to ensure that customers with low volume of activities are not penalised.

3. Against this background, IBA is requested to note for appropriate follow-up, the recommendations made by the Committee of Secretaries that—

- (a) except for the charges prescribed by RBI, banks not charge merchants and customers for debit card, UPI and USSD transactions; and
- (b) the cost of payment acceptance infrastructure not be passed onto merchants by banks and instead, be absorbed by cross-subsidisation with savings from reduction in cash transactions.

Yours faithfully,



(Amit Agrawal)
Joint Secretary
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