

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3625
ANSWERED ON:16.12.2005
CREDIT CARDS
Mandal Shri Sanat Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether a large number of banks, including nationalized banks, of the country are adopting malpractices towards their customers by overcharging from credit-card holders with charges like exorbitant and flat-rate interests, collection charges, service charges, etc., if they failed to repay in due date;
- (b) if so, the action taken/being taken by the Government to ensure that fair business practices be adopted by the Banks towards their customers;
- (c) whether the Government received any complaints in this regard from such affected customers;
- (d) if so, the details thereof and the action taken against such banks resorting of such practices; and
- (e) the details of various safe-guards available to the genuine banking customers of the country from such malpractices by the banks?

Answer

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

(a)&(c) :- Reserve Bank of India (RBI) has reported that they have been receiving several complaints regarding credit cards against banks, including nationalized banks, alleging improper and unfair practices relating to issues such as unstated and hidden charges, unsolicited cards, usurious nature of interest rates, non-transparent billing procedures and charges, wrong billing, use of harassment and intimidation for recovery of dues, charging of late fees, charging high fees for delayed payment etc.

(b) :- RBI has formulated the 'Fair Practices Code for Lenders', the guidelines in respect of which were communicated to banks for implementation in May 2003. RBI has issued instructions to all Scheduled Commercial Banks regarding Credit Cards Operations vide Circular dated November 21, 2005. This contains detailed guidelines to banks on credit card operations.

(d) :- RBI have further reported that the complaints when received are taken up with the respective banks for explanation and redressal.

(e) :- The RBI Circular of November 21, 2005 quoted above stipulates that the Standing Committee on Customer Service in each bank may review on a monthly basis the credit card operations including credit card related complaints. Further, the card issuing banks are required to constitute Grievance Redressal Machinery within the bank and give wide publicity about it through electronic and print media. The name and contact number of designated grievance redressal officer of the bank is required to be mentioned on the credit card bills. The name designation, address and contact number of important executives as well as the grievance redressal officer is also required to be displayed on the website of the bank.