

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

**Government of India**  
**Ministry of Finance**  
**Department of Financial Services**

3<sup>rd</sup> floor, Jeevandeep Building  
Sansad Marg, New Delhi – 110 001  
Dated 5<sup>th</sup> July 2017

To:

Chairman  
Indian Banks' Association (IBA)  
Mumbai

Subject: Promotion of digital payments

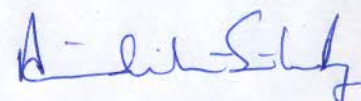
A Committee of Secretaries deliberated upon the above subject, in a meeting held in the Cabinet Secretariat on 21.6.2017, in which representatives of the Reserve Bank of India (RBI), major banks and National Payment Corporation of India also participated.

2. During the discussions in the meeting, 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 appropriately follow up on the following recommendations made by the Committee of Secretaries:

- (i) Banks may re-examine the charges levied by them on cash handling, withdrawal and deposits, with the objective of incentivising digital transactions over cash transactions.
- (ii) Banks should proactively promote digital transactions and take all necessary steps to make them cheaper for customers than cash transactions. If necessary, cross-subsidisation of low value digital transactions by high value digital transactions or by cash transaction may be considered for this purpose.
- (iii) Banks may re-examine the current policy of allowing certain number of free cash transactions, while charging for every digital transaction.

Yours faithfully,



(Anindita Sinharay)  
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