



Debit Cards

How banks charge you for using these

As a banking product, debit cards have gained in popularity over recent years, with more and more consumers swiping these more and more. Sample this – while debit-card usage in ATMs dropped by 18 per cent between August 2013 and August 2018, its usage at point-of-sale (PoS) outlets increased by 200 per cent during the same period. At the same time, this is also true that when a certain product begins to be used extensively, the negative features/fallouts come to the fore. In the following report, we will focus on these aspects and also assess the various banks' offerings on some standard parameters.

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For this study, we chose private banks mainly because they are more aggressive in their approach in providing latest technologies to customers, as compared to nationalized banks. Among the private banks, we

considered their people-to-bank network ratio in the country as measured in the number of branches serving customers. Narrowing it down, we selected those private banks that were operating more than 500 branches in India.

What are e-payments?

An e-payment system is a way of making transactions or paying for goods and services through an electronic medium, without the use of cheque or cash. It's also referred to as an electronic payment system or online payment system.

The final 12 banks were compared on their charges, if any, for services/facilities such as card issue, annual maintenance, PoS transactions, transactions per month at ATMs (own bank), ATM-transaction fee (beyond limit), international card-transaction fee, renewal of card, and issue of duplicate card/PIN. We gave the highest weightage (20 points) to customer feedback, which also helped in determining the most important and beneficial variables. These variables have a direct bearing on the product structure. Our questionnaire covering various features of banks' debit cards received responses from more than 500 customers.

In India, total debit cards in circulation as on November 2017 was 731,332,595 and this grew to 805,522,146 as on August 2018, thereby registering about 109% growth. Consequent growth in rupee value was 2,492,721.70 Mn (November 2017), as against 2,759,761.00 Mn (August 2018), which is a jump of 109.67%.

CV RECOMMENDATIONS

Best Buy

Yes Bank

Good Buy

Tamilnad Mercantile Bank

Fair Buy

Karur Vysya Bank



E-PAYMENTS THROUGH DEBIT CARDS:

CV Weightage Points (100)	e-Payments thru Debit Card	Yes Bank	Tamilnad Mercantile Bank	Karur Vysya Bank	
10	Card-issue fee	149 (4)	Nil (10)	125 (7)	
10	Annual-maintenance fee	149 (4)	100 (7)	175 (2)	
5	Renewal of card fee	149 (3)	NS (0)	Nil (5)	
5	Issue of duplicate PIN fee	50 (3)	50	Nil (5)	
5	Duplicate-card fee	149 (3)	200 (3)	100 (5)	
10	PoS transaction charge (%)	NS (0)	Nil (10)	NS (0)	
10	Free transactions per month at ATMs (own bank) (no.)	Free (10)	Free (10)	Free (10)	
10	Free transactions per month at other banks' ATMs (no.)	5 (4)	5 (4)	5 (4)	
5	ATM transaction fee (beyond limit)	20 (3)	20 (3)	20 (3)	
5	International card-transaction fee (cash withdrawal)	120 (5)	100 (5)	125 (5)	
5	International card-transaction fee (balance enquiry)	20 (5)	NS (0)	25 (2)	
20	Customer feedback	18	6	5	
	Total	62	61	53	

Notes:

- a) Information given here has been sourced from banks' websites and brochures as on 03-12-2018.
- b) Unless specified otherwise, all figures are in rupees.
- c) NS – not specified
- d) For the purposes of this study, we have considered only those private banks that have 500 or more branches in India.
- e) The figures mentioned above pertain to metropolitan branches.
- f) In many banks the GST is included in service charges and is hence not specified here.
- g) Charges for services described differently in nomenclature are grouped under major heads.



A COMPARATIVE CHART

	Federal Bank	Lakshmi Vilas Bank	Karnataka Bank	HDFC Bank	Axis Bank	IndusInd Bank	City Union	South Indian Bank	Bandhan Bank
	Nil (10)	Nil (10)	Nil (10)	NS (0)	Nil (10)	249 (2)	Nil (10)	200 (2)	200 (2)
	150 (4)	100 (7)	150 (4)	200 (2)	Nil (10)	249 (2)	NS (0)	200 (2)	200 (2)
	Nil (5)	NS (0)	NS (0)	200 (1)	NS (0)	249 (1)	Nil (5)	NS (0)	NS (0)
	50 (3)	100 (1)	NS (0)	50 (3)	Nil (5)	20 (3)	NS (0)	100 (1)	NS (0)
	300 (1)	200 (3)	100 (5)	200 (3)	NS (0)	249 (1)	250 (1)	NS (0)	NS (0)
	2.5 (5)	NS (0)	2.5 (5)	Nil (10)	NS (0)	NS (0)	NS (0)	NS (0)	NS (0)
	NS (0)	Free (10)	8 (7)	5 (4)	4 (1)	Free (10)	NS (0)	NS (0)	Free (10)
	Free (10)	3 (1)	8 (7)	3 (1)	4 (2)	5 (4)	5 (4)	5 (4)	5 (4)
	20 (3)	18 (5)	20 (3)	20 (3)	NS (0)	20 (3)	20 (3)	20 (3)	20 (3)
	100 (5)	100 (5)	150 (2)	110 (5)	NS (0)	125 (5)	NS (0)	150 (2)	125 (2)
	25 (2)	25 (2)	25 (2)	25 (2)	NS (0)	NS (0)	NS (0)	25 (2)	25 (2)
	3	4	2	10	8	3	6	2	1
	51	48	47	44	36	34	29	18	29

There are usually two types of charges on a debit card. One is the annual fee that a bank charges for issuing the card to the customer. The other is the convenience fee that is charged at merchant outlets for swiping the card at a point-of-sale (POS) terminal.

A customer is entitled to eight free monthly transactions at an ATM (five at their home bank ATMs and three at non-home bank ATMs) in a metro city. Thereafter, a bank charge is levied on each ATM transaction.

The Advantages in Digital Transactions

- The biggest advantage is convenience. Customers can pay for items on an e-commerce website at anytime and anywhere. They just need an internet-connected device.
- Lower transaction costs and decreased technology costs make it more convenient and simple.
- Transactions are made in seconds without wasting customer's time.

- One can always check their virtual account and keep track of their transaction history.
- One can reach more clients from all over the world, resulting in more sales.

And the Limitations

- Difficult for a non-technical person:** Most of the digital payment modes are based on mobile phones, the internet and cards. These modes may be somewhat difficult for a layperson to understand and accept.
- The risk of data theft:** Hackers can attack the servers of the bank or the e-wallet you are using and get your personal information. They can use this information to steal money from your account.
- Overspending:** You keep limited cash in your physical wallet and may think twice before buying anything. In digital payment modes, you have all your money with you always. This can result in overspending.

Do These

- Sign immediately on receipt of the debit card (at the back).
- Change the PIN at frequent intervals.
- During PoS transactions, ensure that all relevant details are correct before putting your PIN number so that the card does not get declined (some banks make it applicable for international transactions).
- Use the debit card only on reputed websites, be it for using through the internet or through a POS.
- Retain the transaction confirmation receipt after using the debit card.
- Be sure to check the card statement and report immediately to your bank if you find any transaction that is suspicious in nature or has not been authorized by you.
- Keep the bank's phone number handy in case of a lost/stolen debit card so that the card can be immediately blocked from misuse.
- Link your mobile number/email to your debit card/bank account.

**Not Any of These, though**

- Do not click on the 'save' option for storing card details and/or password, as it can become accessible to accidental users.
- Avoid using computers at cyber cafes or at any other public place for online transactions.
- Do not respond to, or continue a call from, any number that requires you to disclose card/account details or any other vital information, as none of the banks would ring you up/send email for seeking such information.

- Avoid obvious/easy-to-guess PIN numbers – for example, car number, date of birth, house number.
- Do not lend your debit card to anyone as this card is non-transferable and there is no guarantee that the user will keep it secure.
- Do not immediately throw the charge transaction slip generated by an ATM; carry it with you and throw it somewhere else. This will ensure that scammers/fraudsters do not misuse the details available in the slip.

Banks have introduced chip-enabled credit/debit cards to enhance data security. Customers need to contact their banks and complete the formalities for exchanging their old cards for the new chip-based debit cards.

How to Report a Debit-Card Fraud?

A fraudulent online transaction in one's bank account through debit-card use when the card is still in their possession? Yes, that's a real possibility and can be done by fraudsters by means of email spoofing, phishing or cloning your card. If that happens, here are the steps for you to follow.

- **Step 1**

The moment you come to know that a suspicious transaction has been done through your debit card (it could be an SMS to your mobile at midnight), ask the card issuer (either by ringing up the customer-care number of the bank or by sending an email) to block the card immediately.

- **Step 2**

File a complaint in writing with the bank with the following documents:

- o Bank statement of your account
- o Copy of the SMS received for the alleged transaction
- o Copy of your ID proof and address proof as given to the bank
- o Copy of the police complaint (narrating the events) that you have filed with the local police station



In case the transaction was conducted through a phone app, furnish the screenshot of the information and the location where it was downloaded.

What if the police authorities refuse to lodge an FIR?

Police authorities are obliged to accept any complaint from any member of public where she/he has been duped or has any public grievance. In case the police refuse to entertain lodging of a written complaint, the consumer has the right to approach the courts under Section 156 (3) of the Code of Criminal Procedure (CrPC). Aggrieved consumers can also lodge a complaint with the cyber cell, in addition to lodging their complaint with the police. The contact details of district cyber cells specific to your place of residence are available on the internet.

Fraudulent Transactions and Liability of the Cardholder

Reserve Bank of India, in its circular dated 06.07.2017, spelled out zero liability and limited liability.

• Zero liability

A customer's entitlement to zero liability shall arise in the following events:

- a) Contributory fraud/negligence/deficiency lies on the part of the bank
- b) Third-party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and where the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorized transaction

• Limited liability

A customer shall be liable for the loss occurring due to unauthorized transactions as under:

- a) **Negligence by customer:** Cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorized transaction to the bank. Any loss occurring after the reporting of this unauthorized transaction shall be borne by the bank.
- b) **Delay in reporting or customer's liability is not proved:** Cases where the responsibility for the unauthorized transaction lies neither with the bank nor with the customer, but lies elsewhere in the system, and where there is a delay (of 4 to 7 working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per-transaction liability of the customer shall be as delineated in the accompanying table.

Type of Account	Maximum Liability (Rs)
Basic SB deposit accounts	5,000
All other SB accounts, prepaid payment instruments and gift cards, etc.	10,000
All other accounts and credit cards (above particular limits)	25,000

Summary of Customer's Liability

Time Taken for Reporting Fraudulent Transaction	Customer's Liability (Rs)
Within 3 working days	0
Within 4–7 working days	The transaction value or the amount as mentioned in the table below (on maximum liability), whichever is lower
Beyond 7 working days	As per bank's board-approved policy

Reversal Timeline for Zero Liability/Limited Liability of Customer

- On being notified by a customer, the bank shall credit (or by reversal of debit) the amount of unauthorized transaction back to the customer's account within 10 days without waiting for the settlement of insurance claim, if any. The credit or reversal of debit shall be value-dated so as not to cause loss of bank interest to the customer on the transaction. *Banks may also at their discretion decide to waive off any customer liability even in cases of customer negligence.*
- Where the bank is unable to resolve the complaint or determine the customer liability within 90 days, it will be liable to pay compensation (the like amount of the alleged unauthorized transaction) to the customer.
- The customer is also entitled to no loss on account of bank interest on the unauthorized transaction (in case of debit cards).



Shape of Things to Come?

- Mobile wallets will soon be linked to your bank account so that there is a two-way funds transfer between them (loading mobile wallets through debit to bank account, and vice versa).
- The quick response code (QR Code) is going to be the future app for all payments in merchandise purchases, as merchants accepting QR code will have to shell out only Rs 50 (a PoS machine can set a merchant back by Rs 6,000 to Rs 10,000).
- Plastic cards (credit/debit/ATM cards) may soon be replaced by Aadhaar-enabled payment systems (AEPS) wherein all you will have to do is affix your fingerprint(s) after feeding your Aadhaar number to withdraw/conduct cash/transactions.
- Some banks have already introduced the finger-identified system in their in-house ATMs, though on a smaller scale, which in future could be the norm for conducting ATM transactions.
- Voice recognition may also become the future norm in personal identification processes.

Takeaways

- Choose a debit card that can be used globally if you are a frequent traveller abroad.
- Choose one where there is no annual fee or a minimum annual fee.
- Go for a debit card with a bank where there is an effective grievance redressal mechanism.