

RBI warning of free ATM dealings in metropolis

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Abstract

Automated teller machine (ATM) is one among the foremost widespread delivery channels because it permits customers to do anyplace, anytime banking. Both, the bank and customers stand to achieve in many ways that. Many of us have a habit of retreating little amounts of cash from the ATM to curb disbursement tendencies, however usually find you with a high frequency of withdrawals. There are some others who are reluctant to use web banking or mobile banking facilities and depend upon ATMs for bank account balance. RBI has issued new rules and tips limiting the quantity of times to use the ATM in a very month. The new ATM dealings rules issued by the banking concern of India are applicable to all ATM transactions together with retreating money, bank account balance or obtaining a mini financial statement. This study is a shot to grasp the changes introduced by run batted in for ATM dealings.

Keywords: ATM, ATM usage fee, ATM usage rules, Fees for ATM withdrawals

1. Introduction

Indian banking has evolved from money economy to cheque economy and currently to plastic card economy. So as to survive in a very competitive surroundings, banks are left with no different choice however to adopt the technological changes. Technology that includes Core Banking Systems (CBS) are place in place by non-public banks at the time of origin, whereas Public Sector endeavour (PSU) banks compared were laggards however have currently enforced CBS utterly. However, cooperative banks are still within the method of implementing CBS. CBS prepares the bank to implement e-delivery channels like ATMs, net Banking, Mobile Banking, Tele banking etc. These channels supply customer's convenience, anywhere, anytime banking. one amongst the foremost fashionable channels of banking service delivery is through the ATMs or the automated teller machine (ATM) that permits user to access 24 hours every day seven days every week. An automated teller machine is additionally referred to as automated banking machine or money purpose or cash machine. First bank to introduce ATM in India was Hongkong and Shanghai Banking Corporaion (HSBC) in 1987, Mumbai. ATM is such style of innovation which will automatically settle for deposits, issue withdrawals, transfer funds between accounts, collects cheques, recharge mobiles and supplies a massive type of facilities to customers. Traditionally, payments were created in money however currently numerous electronic primarily based payments through ATMs cards, EFT, ECS have created their presence. Because of technology advancement potency of banks have improved retail banking and quality of services. Technology not solely edges banks however additionally alternative stakeholders like workers and customers. Thus, delivery channels like ATM are place up by banks and became popular customers.

1.1 Features of ATM

- Cash withdrawal
- Mobile phone recharge vouchers are available
- Deposit cash and cheques (at selected ATMs)
- Obtain a summary of balances for all your accounts
- View and print a mini-statement (last 10 transactions)
- Transfer money between linked accounts

1.2 Advantages of Using an ATM

In an ever changing world of technology, everything gets faster, more convenient, and more technologically advanced. The debit card has now been main stream in most financial institutions for almost 20 years now. The advantages of using an automated teller machine are

1. **Convenience:** A debit card is often convenient in numerous ways in which. If you wish access to money and are either far-flung from your bank or once bank hours, you'll still get money if you wish it. Employing a debit card quickens lines at anywhere of business by saving you from having to write a check; simply swipe and your purchase is completed. Most debit cards have the VISA or Master card brand that is accepted virtually any place, worldwide.
2. **Protection:** There is many ways in which a debit card offers protection. First, if your money is lost or taken, it cannot be replaced, it is gone. A debit card on the opposite hand is often off and a brand new one are often ordered. If somebody did get the cardboard or card variety before you understand it is gone, it's daily limit of Rs.500 for money or Rs.3000 for purchases. Additionally, you're not liable for deceitful purchases. An unauthorized group action will continually be controversial and refunded.
3. **Budget:** When a debit card is employed suitably, it will help you budget way more than a MasterCard. Most debit

cards stop permitting transactions once your balance is at zero that can also save on fees like overdrafts.

1.3 Changes Made By Reserve Bank of India (RBI)

On 15 August, 2014, the 68th Independence Day, our Prime Minister Narendra Modi proclaimed a scheme referred to as Pradhan Mantri Jan-Dhan Yojana within the reason for monetary inclusion in our country for the good thing about a lot of families who don't have bank accounts to date. below this scheme each checking account holder are given a RuPay complete positive identification with an accident insurance cowl of Rs1 lakh secure for every poor family, in order that all such families are lined with accident insurance to fulfill any crisis in their lives. A day before this announcement by the Prime Minister, the reserve bank of India (RBI) proclaimed bound changes to the ATM facility offered to bank customers and therefore the charges levied for withdrawals through ATMs with result from 1 november, 2014. According to the

new run batted in tips that come into result from 1st november 2014, savings checking account holders in metropolitan cities would be allowed solely 3 transactions from ATMs of different banks and 5 from constant bank in a very month. For any ATM dealings higher than the stipulated limit, a dealings fee of Rs. 20 would be charged to the account holder. The new dealings fee is applicable just for folks living in six metropolitan cities as well as mumbai, Delhi, Bengaluru, Chennai, Hyderabad and kolkata. People living in smaller cities and different centers would still get pleasure from 5 free monthly transactions per month from the ATM of different banks and therefore the charges for them embrace Rs. 20 for each cash withdrawal and Rs 9 for non-cash transactions. Account holders of zero balance and different essential accounts in non-metros are exempted from such dealings charges as of currently.

1.4 Comparison of ATM Usage Charges

Table 1: For people living in metropolitan cities including Mumbai, Delhi, Bengaluru, Chennai, Hyderabad and Kolkata

Bank	Transaction Type	Transaction limit
Same Bank	Cash withdrawal	5 Free transactions per month. Additional transaction will be charged at Rs. 20 per transaction
	Balance Enquiry	
	Change of PIN	
	Mini Statement	
Different Bank	Cash withdrawal	3 Free transactions per month. Additional transaction will be charged at Rs.20 per transaction.
	Balance Enquiry	
	Change of PIN	
	Mini Statement	

Table 1: For People Living in Non-Metropolitan Cities, Smaller Towns and Holders of Zero Balance and Other No-Frills Accounts

Bank	Transaction Type	Transaction limit
Same Bank	Cash withdrawal	5 Free transactions per month. Rs.20 is applicable for each cash withdrawal and Rs.9 for non-cash transactions.
	Balance Enquiry	
	Change of PIN	
	Mini Statement	
Different Bank	Cash withdrawal	Free transactions per month. Rs. 20 is applicable for each cash withdrawal and Rs.9 for non-cash transactions charged at Rs.20 per transaction.

1.5 New rules for bank customers

The transaction fee has been raised from the sooner limit of Rs. 15 to Rs.20 and therefore the range of free transactions attenuated from five to a few for ATMs of different banks and 5 from identical bank during a month. Another vital modification within the new run guideline policy for ATM transaction fee is that the fact that all ATM transactions as well as money withdrawal, balance enquiry and dynamical of number etc would be thought-about as an ATM transaction not like within the past once balance enquiry wasn't thought-about a transaction as such. The inter banking fee charged by varied banks through ATM services will increase since banks are victimization the fee as an incentive to put in a lot of range of ATM machines. whereas all the on top of reasons have vie their role within the call to some extent the game clincher has been reserve bank of India's long run attempt to promote the employment of transfers and cashless transactions the maximum amount as attainable to avoid the employment of any black cash within the system. The increase in ATM group action fee is basically seen by monetary specialists as a total fruits of the entire on top of factors.

1.6 Banks are the biggest beneficiaries of proliferation of ATMs

According to RBI, the quantity of automated teller Machines (ATMs) that stood at to a small degree over 27,000 as at end-March 2007 has raised to over one. 6 lakh across the country by end-March 2014. At the price of repetition, that the largest beneficiaries of proliferation of banking facility through this route of ATMs are none aside from banks themselves for the subsequent reasons:

1. The most reason for banks to open additional and additional branches in smaller cities is to draw in additional customers, who can keep their surplus funds in these styles of accounts. In fact, opening of a current or bank account is that the starting of a relationship with a bank and banks are variable with one another to urge most range of those accounts to boost their low value deposits that facilitate them to extend their web interest margins. however as fixing of fully fledged branches is extremely big-ticket therefore the simplest way to achieve bent the individuals by fixing of ATM, which attract individuals to open their account albeit the branch of the bank may be a

very little far-off from their place of residence, as in operation the account becomes easier through close ATMs. Therefore the main purpose of fixing ATMs is to attract individuals to open their accounts, and it's extremely benefited banks by getting cheap deposits during a cost effective method.

2. With an oversized range of ATMs being put in by banks, it's helped to significantly cut back pressure of labour on the counters of bank branches, facilitating fast disposal of consumers, and lesser paper work and longer for employees to attend to different pressing jobs. This has resulted in transfer down the quantity of staff in every branch of a bank, saving sizable worker value that is that the second highest expenditure for any bank once interest value.

1.7 Sufferer's from This Issue

It is clear that the ordinary middle class and the lower middle class who keep their surplus funds in savings bank accounts suffer most, as they're who use the ATMs for his or her money necessities. The made and also the radical made usually don't need to draw money from ATMs, because they hold adequate take advantage their tills as they are doing not would like to deposit money usually in banks for worry of obtaining enquiries from the revenue enhancement (I-T) department. The higher middle class prefer to invest their surplus take advantage different investment avenues like mutual funds or stock markets, that yield abundant higher returns than bank deposits, deed very little balance in savings accounts. It's the centre and also the lower middle class, who represent nearly 300 million of our country men and girls keep all their savings in banks, though it's earning nearly negative real returns for them thanks to the prevalence of high inflation within the economy. It's they who are suffering most by the amendment in ATM rules.

1.8 Reasons for Framing New Rules by RBI

The charges for ATM usage could also be an unpopular call taken by the reserve bank of india, the limit in free transactions is even by the apex body considering high expenses for managing ATMs across the country. With an increasing variety of theft makes an attempt on varied ATMs particularly in isolated areas and in semi urban and rural areas, the banks are forced to give funds to put in a security mechanism excluding exploitation CCTVs and manual security guards where potential. With the depository financial institution of India laying down strict security tips to not leave any ATM unmanned or while not security cameras and different measures, banks face higher overheads to manage the ATMs. The inhome banking fee charged by varied banks through ATM services will increase since banks are exploitation the fee as an incentive to put in additional variety of ATM machines. While all the higher than reasons have compete their role within the call to some extent the sport clincher has been reserve bank of India's future commit to promote the employment of transfers and cashless transactions the maximum amount as potential to avoid the employment of any black cash within the system. The increase in ATM dealings fee is essentially seen by monetary consultants as assume fruits of all of the higher than factors.

1.9 Way to reduce ATM usage

- Avoid ATM transactions whenever possible
- Change the habit of withdrawing smaller amounts
- Visit bank branch for cash withdrawals
- Use online banking for statement

2. Conclusion

Banking through ATM has not solely transformed traditional banking however has conjointly brought a paradigm shift within the perspective of banks to banking operations. The customers like ATM with time and price utility that provides economical services. Despite the changes planned are, therefore, neither within the interest of bank customers nor the banks themselves, and it's a retrograde step, because it adversely affects the spreading of banking habit among the poor and therefore the down trampled, WHO will sick afford to pay these high charges levied by banks for the employment of ATMs. There's actually no case for banks to curtail the existing facilities obtainable to ATM users, imposing extra charges on the depositors can solely end in negating the efforts of the government in spreading money inclusion that is being tried at a very significant value to the treasury. There's little doubt that by limiting free usage of ATMs, banks are "biting the hands that feed them", pain each the banks and their customers.

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