GOVERNMENT OF INDIA MINISTRY OF FINANCE DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 3485

ANSWERED ON MONDAY, JULY 15, 2019/ ASHADHA 24, 1941 (SAKA)

CREDIT CARD COMPANIES

3485. SHRI PARBATBHAI SAVABHAI PATEL: SHRI NARANBHAI KACHHADIYA:

Will the Minister of FINANCE be pleased to state:

- (a) the number of companies/banks which are providing credit card facility along with the number of credit card holders at present in the country;
- (b) the number of credit card holders added during each of the last three years and the current year, along with the rate of interest charged by the companies/banks from the payment defaulters during the said period, company/bank-wise;
- (c) whether the Government is aware that due to non-regulation of rate of interest charged by credit card companies/banks, they are charging high rate of interest per annum; and
- (d) if so, the details thereof and the corrective steps taken by the Government to address the issue?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR)

- (a) to (b): The Reserve Bank of India (RBI) has informed that as on 31.03.2019, 34 Scheduled Commercial Banks have issued 48,920,802 credit cards. The number of credit cards increased / decreased during the years 2016-17, 2017-18, 2018-19 and 2019-20 is given in **Annex**. Further, RBI has deregulated the interest rate on advances sanctioned by Scheduled Commercial Banks (excluding Regional Rural Banks) with effect from 18.10.1994 and interest rates are determined by banks with approval of their respective Board of Directors subject to regulatory guidelines on interest rate on advances contained in RBI's Master Direction dated 03.03.2016.
- (c) to (d): In terms of Para 5.1 of Part I of RBI's Master Circular on "Credit Card, Debit Card and Rupee Denominated Co-branded Pre-paid Card Operations of Banks and Credit card issuing Non Banking Finance Companies (NBFCs)" dated 01.07.2015, banks are advised to:
 - be guided by the instructions on interest rate on advances issued by RBI and as amended from time to time, while determining the interest rate on credit card dues, the latter being in the nature of non-priority sector personal loans.
 - prescribe a ceiling rate of interest, including processing and other charges, in respect of credit cards. In case banks/ NBFCs charge interest rates which vary based on the payment/ default history of the cardholder, there should be transparency in levying of such differential interest rates. In other words, the fact that higher interest rates are being charged to the cardholder on account of his payment/ default history should be made known to the cardholder. For this purpose, the banks should publicise through their website and other means, the

interest rates charged to various categories of customers. Banks/NBFCs should upfront indicate to the credit card holder, the methodology of calculation of finance charges.

Further, in terms of Para 5.2(b) of the above stated Master Circular, card issuers should quote Annualized Percentage Rates (APR) on card products (separately for retail purchase and for cash advance, if different). The method of calculation of APR should be given with a couple of examples for better comprehension. The APR charged and the annual fee should be shown with equal prominence. The late payment charges. including the method of calculation of such charges and the number of days, should be prominently indicated. The manner in which the outstanding unpaid amount will be included for calculation of interest should also be specifically shown with prominence in all monthly statements. Even where the minimum amount indicated to keep the card valid has been paid, it should be indicated in bold letters that the interest will be charged on the amount due after the due date of payment. These aspects may be shown in the Welcome Kit in addition to being shown in the monthly statement. A legend/notice to the effect that "Making only the minimum payment every month would result in the repayment stretching over years with consequent interest payment on your outstanding balance" should be prominently displayed in all the monthly statements so as to caution the customers about the pitfalls in paying only the minimum amount due.

In terms of Para 5.2(c) of the above stated Master Circular, banks/NBFCs should step up their efforts on educating the cardholders of the implications of paying only 'the minimum amount due'. The "Most Important Terms and Conditions" should specifically explain that the 'free credit period' is lost if any balance of the previous month's bill is outstanding. For this purpose, banks/NBFCs could work out illustrative examples and include the same in the Welcome Kit sent to the cardholders as also place it on their website.

Annex											
	Table: Scheduled Commercial Banks (SCBs) issuing credit cards and nur					nber of credit cards issued by these banks - As on Credit Cards Increased/Decreased during the year					
Sr No	Bank Name	March 31, 2016	March 21 2017	March 21 2019	March 21 2010	May 21 2010	2016-17	2017-18	2018-19	2019-20@	
	1 AMERICAN EXPRESS BANKING CORPORATION	837,960	1,005,961	1,184,218	1,461,191	1,513,437	-	178,257	276,973		
	2 ANDHRA BANK	149,050	168,394	234,555	301,234	303,397	19,344	66,161	66,679		
	3 AXIS BANK LTD	2,413,568	3,346,735	4,486,394	5,959,857	6,170,677		1,139,659	· · · · · · · · · · · · · · · · · · ·		
	4 BANK OF AMERICA	5,901	12,076		23,038						
	5 BANK OF BARODA	113,554	131,571	125,563	231,277	324,275		-6,008			
	6 BANK OF INDIA	145,084	145,860	208,810	184,276	185,605			-24,534	-	
	7 BANK OF MAHARASHTRA	50,090	145,600	200,010	104,270	103,003	-50,090	02,930	-24,554	1,329	
	8 CANARA BANK	200,416	215,250	223,286	369,339	381,745		8,036	146,053	12,406	
	9 CENTRAL BANK OF INDIA	114,446	106,515	102,514	92,838	92,317	· · ·	-4,001	-9,676		
	O CITI BANK	2,397,114	2,525,548	2,671,617	2,710,776			146,069	39,159		
	1 CITY UNION BANK	2,397,114	626			2,714,145	626		1,683		
	2 CORPORATION BANK	80,381	96,332	5,018	· ·	6,762		4,392 9,546			
	3 DCB BANK LTD	00,301	6,464	105,878	110,594	111,173					
		6,870	<u> </u>	28,610	85,477	100,273		22,146 110			
	4 DHANALAKSHMI BANK LTD	,	7,487	7,597	6,613	6,582					
	5 HDFC BANK LTD	7,281,693	8,544,721	10,686,376	12,486,918	12,679,846		2,141,655	1,800,542		
	6 HONGKONG AND SHANGHAI BKG CORPN	474,164	440,923	578,514	735,385	761,827	-33,241	137,591	156,871		
	7 ICICI BANK LTD	3,653,052	4,253,992	4,997,535	6,645,716	7,013,846		743,543	1,648,181		
	8 IDBI LTD	6,905	21,510	27,025	33,034	33,317		5,515			
	9 INDIAN BANK	73,106	80,229	86,411	87,320	87,772	7,123	6,182	909		
	0 INDIAN OVERSEAS BANK	41,873	43,322	53,172	58,033	58,364	1,449	9,850	4,861	331	
	1 INDUSIND BANK LTD	440,527	582,848	781,486	1,062,264	1,124,701	142,321	198,638			
	2 JAMMU AND KASHMIR BANK	45,906	457,214	127,772	139,657	141,126		-329,442	11,885		
	3 KARUR VYSYA BANK LTD	-	-	-	1,118			-	1,118		
	4 KOTAK MAHINDRA BANK LTD	727,207	1,044,402	1,462,480	2,002,733	2,093,315		418,078			
	5 PUNJAB NATIONAL BANK	194,370	253,951	319,641	334,113	355,448	· · · · · · · · · · · · · · · · · · ·	65,690	14,472		
	6 RATNAKAR BANK LIMITED	149,820	281,236	799,962	1,715,101	1,924,849					
	7 STANDARD CHARTERED BANK LTD	1,010,712	1,092,615	1,253,784	1,290,826	1,305,087		161,169			
	8 STATE BANK OF INDIA	3,620,042	4,569,048	6,258,360	8,271,446	8,734,604	949,006	1,689,312	2,013,086		
	9 SYNDICATE BANK	71,735	73,858	84,339	45,722	45,690		10,481	-38,617	-	
	0 TAMILNAD MERCANTILE BANK LTD	7,369	7,966	20,125	18,465	19,018		12,159	-1,660		
	1 UNION BANK OF INDIA	142,221	182,914	218,242	46,459	48,018		35,328			
	2 UNITED BANK OF INDIA	-	_	1,021	7,505	7,568		1,021	6,484		
	3 VIJAYA BANK*	45,081	49,098	61,246	64,116		4,017	12,148			
3	4 YES BANK LTD	-	93,569	265,508	499,505	550,295	93,569	171,939	233,997	50,790	
	Total	24,500,217	29,842,235	37,484,955	47,088,647	48,920,802					
	Note: Numbers are in Actuals										
	*: Vijaya Bank and Dena Bank merged with Bank	of Baroda w.e.f. A	pril 1, 2019								
	@: Data only for Apr 2019 and May 2019										