

12 ways to avoid paying more for bank services

The country's top banks could end up paying thousands of crores in tax for the free services provided to customers over the past five years. If the tax department's demand is upheld, customers may be charged for many services in future.

ET Wealth lists 12 steps you can take to avoid paying more to your bank.

Use the ATM wisely

Why: Several banks allow only five free transactions, even at their own ATMs. If you can't do without cash, withdraw larger amounts at a time to avoid paying more.

You save: Rs 10-20 per withdrawal, Rs 5-8.50 for non-financial transactions.

Junk the cheques, switch to Netbanking

Why: Every additional chequebook attracts charges. Transfer funds through Netbanking for free.

You save: Rs 20-150 per chequebook, depending on number of leaves.

Clear credit card bills on time

Why: The outstanding amount will continue to attract hefty interest rates.

You save: 39-42% per annum in interest. Delay of three days could attract charges of up to Rs 750.

Take the auto-debit route for card bills

Why: Set up an auto-debit mandate instructing your bank to deduct a minimum 5% of credit card bill on due date to avoid steep penalty.

You save: 39-42% per annum that would have been levied on the unpaid amount.

Sign up for Bill Pay services

Why: Utility companies levy late payment fee on delayed bill payments. Bill pay services or standing instructions to your bank ensure your bills are cleared on time.

You save: Penalties ranging between from Rs 40 and Rs 100, depending on the utility company.

Opt for duplicate statements on email

Why: Banks charge a fee for issuing duplicate physical statements or passbooks.

You save: Rs 100

Avoid cash transactions at branches

Why: Banks allow 3-4 free cash transactions at branches in a month.

You save: Rs 50-150 per transaction.

Maintain minimum balance at all times

Why: Not maintaining the required balance attracts non-maintenance charges.

You save: Rs 10-600 per month.

Do not issue cheques when the balance is inadequate

Why: Not only can dishonouring cheques attract charges, it is also a criminal offence under the Negotiable Instruments Act.

You save: Rs 500-750 per cheque.

Issue stop payment instructions online

Why: Some banks charge a fee for countermanding cheques through the physical route.

You save: Rs 100-200.

Never withdraw money with your credit card

Why: Issuers levy a transaction fee, in addition to interest payable.

You save: 2.5% of the amount withdrawn or a minimum of Rs 300-500.

Don't exceed your credit limit

Why: If your card usage exceeds the credit card limit granted to you, your card issuer will levy a fee for extending this facility.

You save: 2.5% of the over limit amount or Rs 500.

Note: Charges can vary as per the bank, account and location.

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