

## **Cap on online transaction service fee likely**

*Airtel payments bank charge a fee of 0.65% on all cash withdrawals above Rs 4,000 from the account*

The Narendra Modi government is considering a cap on service charges levied on online transactions, as it looks to encourage further digital means of payments for goods and services. According to a senior government source, rules are to be amended to put a limit on service charge as volume of transactions increase. "The government has received feedback from consumers and stakeholders on how high rates of service charges are disincentivising them to shift to a less cash economy." said the person, and added that there would be notification on the matter soon.

Some of the mobile wallets charge around one per cent service charge for KYC (know your customer) and around four percent service charge for non-KYC account holders for using their services, said shopkeepers using mobile wallets.

Airtel payments bank charge a fee of 0.65 per cent on all cash withdrawals above Rs 4,000 from the account. India Post payments bank is not planning to charge anything on transactions.

In respect of debit card transactions on PoS devices, between January 1 and March 31, merchant discount rate (MDR) has been capped at 0.25 per cent for transaction value up to Rs 1,000, and for debit card transactions value between Rs 1,000 and Rs 2,000, MDR has been capped at 0.5 per cent. It is otherwise maximum to the tune of two per cent.

The Reserve Bank of India also decided that till end of March prepaid payment instrument issuers shall not levy any charges on customers for transactions up to Rs 1,000 settled on Immediate Payment Service (IMPS), Unstructured Supplementary Service Data (USSD) and Unified Payments Interface (UPI).

*(Business Standard)*