



CHEQUE COLLECTION POLICY

Introduction: -

Technological progress in payment and settlement systems and qualitative changes in operational systems and processes that have been undertaken by Banks has necessitated the framing of a comprehensive Cheque Collection Policy.

The primary objective of this policy is to bring transparency in the systems & processes adopted by the Bank for collection of cheques and other instruments. It is also a reflection of our on-going efforts to provide better service to our customers & set higher performance standards.

Scope:-

This policy document covers the following;

- 1) Collection of local cheques/outstation cheques and other instruments.
- 2) Time frame for collection of local / outstation cheques and cheques payable abroad
- 3) Interest payment for delayed collection
- 4) Cheques / Instruments lost in transit
- 5) Procedure for dishonored cheques

1. Collection of local cheques/outstation cheques and other instruments

1.1 Local Cheques

- a. All CTS Compliant cheques and other negotiable would be presented through the CTS clearing system.
- b. Cheques deposited at branch counters and in Cheque collection boxes placed within the branch premises, before the specified cut-off time will be presented for clearing the same day.
- c. Cheques deposited after the specified cut-off time and in collection boxes outside the branch premises including off-site ATMs will be presented in the next clearing cycle.
- d. Cut-off time for deposit of cheques will be branch-specific, depending on location and based on local practices.
- e. Cut-off time will be displayed on the collection counter.
- f. Bank branches situated at centers which are not members of any CTS Grid or where no clearing-house exists, will present local cheques on drawee banks across the counter and proceeds would be credited on same day of realization.

1.2 Outstation Cheques

- a. Cheques drawn on Bank's own branches at outstation centres are NOT required to be presented in clearing. Same day credit will be given to its customers in respect of cheques drawn on Bank's own branches covered under CBS network provided cheques/instruments are presented within business hours of both branches.
- b. Cheques drawn on other Banks at outstation centres are collected through national grid.
- c. Cheques drawn on other Banks at outstation centres where Bank does not have a branch of its own, are also collected using national grid.

1.3 Immediate Credit of Local / Outstation Cheques /Instruments

- a. With the availability of CBS and NPCI's One Grid One Nation Policy, Immediate Credit of Local / Outstation Cheques / Instruments is not to be encouraged.
- b. Bank may consider giving immediate credit of outstation cheques / instruments drawn on Banks not on CBS platform, based on the merits of the case.
- c. Prepaid instruments like Demand Drafts/Interest/Dividend Warrants will be treated at par with cheques for providing the facility of immediate credit.
- d. Bank shall levy normal collection charges and out of pocket expenses while providing the facility of immediate credit of outstation cheques / instruments.
- e. In the event of dishonor of Cheque against which immediate credit was provided, Bank will recover original credit along with interest from the customer for the period for which Bank remained out of funds. Interest will be charged at the rate 4% above BPLR prevailing on the date of recovery.

For the purpose of this policy a satisfactorily conducted account shall be one

- Opened at least 6 months earlier and complying with KYC norms.
- Conduct of which has been satisfactory and Bank has not noticed any irregular dealings.
- Where no cheques / instruments were returned unpaid for financial reasons in the past
- Where the bank was not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit

1.4 Purchase of local/outstation cheques

Due to one nation one grid policy of NPCI, local/ outstation cheques will be realized in maximum two working days (depending on cut off time of Cheque collection) as such the practice of purchase of local/ outstation cheques become redundant.

2. Interest payment for delayed collection

It is the responsibility of the Bank to collect the cheques /instruments within the time frame prescribed for the purpose and to compensate the customers for delay due to non-adherence to time schedule.

If there is any delay in collection for cheques/ instruments payable in India beyond the specified period interest at the rates specified below shall be paid:

- (a) Saving Bank Rate for the period of delay beyond 3 working days in case of local cheques.
- (b) Fixed Deposit rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS Centres and 10 days in non CTS Centres.
- (c) In case of delay beyond 90 days, interest will be paid at the rate of 2% p.a. above the corresponding Term Deposit rate.
- (d) In the event the proceeds of Cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account.

3. Cheques/Instruments lost in transit / in clearing process or at bank's branch

- a. In the event of a Cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the bank's branch, the Bank shall immediately on knowledge about the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him/her are not dishonored due to non-credit of the amount of the lost cheques/instruments.
- b. In case an international Cheque is lost, the Bank shall also advise the correspondent/ drawee bank all particulars of lost cheques/instruments for exercising caution.
- c. If the Bank loses the Cheque, the Bank will bear the stop payment charges on customer producing relevant documents. The Bank may use its discretionary powers to reimburse reasonable expenses incurred by the customer in connection with the lost Cheque.
- d. However when a Cheque/instrument is claimed to have been deposited by the customer in the Drop-Box, but the Bank's records do not show receipt of such a Cheque with the Bank, the Bank cannot decide on the compensation amount for the lost Cheque in the absence of details of Cheque like date, amount, drawee bank / branch / drawee Centre etc., In such cases, the customer will have to corroborate a claim for lost Cheque with full facts, inter-alia including confirmation/enquiries from the drawee person / banks about genuineness of the claim and, on this basis, if it is established that the customer has, in fact, tendered the Cheque in the Drop-Box, the Bank will consider payment of compensation.

4. Procedure for dishonored cheques

- a. Branches shall return/ dispatch the dishonored instruments to the customer at his / her last recorded address available with the branch through courier / post, promptly without delay, in any case within 24 hours' provided there is no intervening holiday during that period. Cheque returning charges as specified in the Schedule of Service Charges of the bank in force at the time of return of the Cheque would be levied.

Detailed procedure to be followed by branches for returning dishonored instruments to the customer has been outlined by way of an internal circular.

- b. With respect to cheques presented across the counter for settlement of transaction by way of transfer between two accounts within the Bank, the Bank shall return such

dishonored cheques to the payees/holders immediately with Cheque returned memo duly signed by officials.

- c. Cheques which are deposited with wrong account number mentioned on the Pay-in slip, Bank will return such cheques to the customers on the address mentioned within 24 working hours provided there is no intervening holiday during that period. However, in cases of incomplete address, incomplete phone no., no phone number mentioned on the Pay-in slip, the bank will be responsible to keep these instruments for a maximum period of 3 months.

5. Service Charge

For all collection services the bank will recover appropriate service charges as decided by the bank from time to time and communicated to customer, displayed on Bank's website.

Force Majeure:

The bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout/strike/other labor disturbances, due notice whereof is given in advance to the customers through media, accident, fires, natural disasters or other "Acts of God", war, damage to bank's facilities or of its correspondent bank(s), absence of all types of usual modes of transportation, etc.) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.

APPROVED BY THE BOD