

Policy on Collection of Cheques / Instruments

1. Introduction:

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation Instruments and (iii) Interest Payment for Delayed Collection. The withdrawal of these mandatory guidelines was expected to enable market forces of competition to come into play to improve efficiencies in collection of cheques and other instruments. This collection policy of the Bank is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. The policy is based on principles of transparency and fairness in the treatment of customers. The bank is committed to increased use of technology to provide quick collection services to its customers. This policy document covers the following aspects:

- Collection of cheques and other instruments payable locally, at centers within India and abroad
- Our commitment regarding time norms for collection of instruments
- Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of local/outstation instruments
- Our policy on dealing with collection instruments lost in transit

2. Arrangements for Collection:

2.1. (a) Local Cheques

All CTS Compliant cheques and other Negotiable Instruments which are payable under a grid system will be presented through the clearing system prevailing at the centre. Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time and in collection boxes outside the branch premises including off-site ATMs will be presented in the next clearing cycle. As a policy, bank would give credit to the customer account on the day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house.

2.2. (a) Non-CTS Cheques/ Outstation Cheques

The separate Non-CTS clearing session has been discontinued from December 31, 2018. Non-CTS cheques will be presented in the clearing house at the prescribed intervals as decided by RBI, from time to time. In certain categories of cheques, (subject to amendments in guidelines) or instruments demanded by the correspondent Bank or Image Quality Assessment (IQA) failure will be presented in physical form to the drawee Bank.

Cheques drawn on other banks at outstation centres other than those covered under 2.1 above, will normally be collected through bank's branches at those centres. Where the bank does not have a branch of its own, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank.

2.2 (b) Bank branches situated at centers which are not members of any CTS Grid or where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavor to credit the proceeds at the earliest but not later than 3rd working day from the date of deposit by customer subject to receipt of clear funds from the drawee bank / clearing counterparty.

2.3 Cheques payable in Foreign Countries

Cheques payable at foreign centres where the bank has branch operations (or banking operations through a subsidiary, etc.) will be collected through that office. The services of correspondent banks will be utilized in country/centres where the correspondent has presence. Cheques drawn on foreign banks at centres where the bank or its correspondents do not have direct presence will be sent direct to the drawee bank with instructions to credit proceeds to the respective NOSTRO Account of the bank maintained with one of the correspondent banks.

3. Immediate Credit of Outstation Cheques / Instruments:

Whenever clearing house operations are suspended for a prolonged period for reasons beyond the control of authorities. In order to minimize the inconvenience faced by customers and also to maintain good customer service, the Bank may on case-to-case basis consider to temporarily accommodate customers to the extent possible by providing immediate credit for outstation cheques / instruments up to the aggregate value of Rs 5,000 tendered for collection subject to satisfactory conduct.

While extending this facility, the bank will take into consideration factors such as credit worthiness, integrity, past dealings, etc. to safeguard itself against any possibility of such instruments being dishonored subsequently.

The facility of immediate credit will be offered on Savings Bank / Current / Cash Credit Accounts of the customers. For extending this facility there will not be any separate stipulation of minimum balance in the account. Under this policy, prepaid instruments like Demand Drafts, Interest / Dividend warrants shall be treated on par with cheques. In the event of dishonour of cheque against which immediate credit was provided, interest shall be recoverable from the customer for the period the bank remained out of funds at the rate applicable for clean overdraft limits sanctioned for individual customers.

For the purpose of this Policy, a satisfactorily conducted account shall be the one:

- i. Opened at least twelve months earlier and complying with KYC norms
- ii. Conduct of which has been satisfactory and bank has not noticed any irregular dealings

- iii. Where no cheques / instruments for which immediate credit was afforded returned unpaid for financial reasons
- iv. Where the bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit
- v. NIL Cheque Returns in the account w.r.t. cheques issued by the Customer during the past 6 months
- vi. Average Monthly / Quarterly Balance and/or Minimum Balance requirement as per the product offering is maintained in the account during the immediately preceding 2 quarters
- vii. The Account shall not be inactive / dormant
- viii. The Account should be INR denominated only

Immediate credit facility will not be given to overdraft / loan account.

The facility will be provided only for those cheques that are drawn on RBL Bank Locations.

Bank shall levy normal collection charges and out of pocket expenses while providing immediate credit against outstation instruments tendered for collection. Exchange charges applicable for cheque purchase will not, however be charged.

4. Purchase of local/outstation cheques

Bank may, at its discretion, purchase local/outstation cheque tendered for collection at the specific request of the customer or as per prior arrangement. Besides satisfactory conduct of account, the standing of the drawer of the cheque will also be a factor considered while purchasing the cheque.

5. Time Frame for Collection of Local / Outstation Cheques / Instruments:

- i. For Local cheques drawn on own bank branches (Transfer Cheques):

1	Cheques deposited across the counter	Same day
2	Cheques deposited in branch drop box	In case of cheques received after branch operational hours, the cheques received in drop box will be sent for realisation the next working day
3	Cheque deposited in ATM drop box	Next working day (based on transit time between ATM and branch)

- ii. For local cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms in vogue at that center.
- iii. For cheques and other instruments sent for collection to centers within the country the following time norms shall be applied:
 - a) Cheques presented at any of the four major Metro Centers (New Delhi, Mumbai, Kolkata and Chennai) and payable at any of the other three centers: Maximum period of 7 working days
 - b) Metro Centers and State Capitals (other than those of North-Eastern States and Sikkim): Maximum period of 10 working days

- c) In all other Centers: Maximum period of 14 working days
- d) Cheques drawn on foreign countries: Such instruments are accepted for collection on the 'best of effort' basis. The bank is committed to ensuring that instruments drawn in foreign currencies and payable outside India are collected in the quickest and most efficient manner. Towards this, the Bank may enter into specific collection arrangements with its correspondent banks in those countries for speedy collection of such instrument(s). Bank would credit to the party upon realization credit of proceeds into the bank's Nostro account with the correspondent bank after taking into account 15 days cooling period. Country/Location specific times norms wherever stipulated will be specified for foreign currency instruments and made known to the customers at the point in time while accepting instruments for collection

In case of cheques/instruments drawn on Bank's own branches that fall outside the purview of speed clearing arrangement, credit shall be afforded before closure of next working day provided connectivity and other technical set up permits to do so. Otherwise, the above time norms shall also apply to such cheques/instruments.

6. Payment of Interest for delayed Collection of local /Outstation Cheques and Cheques Payable outside India:

6.1 As part of the compensation policy of the bank, the bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned below. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.

6.2 Interest for delayed collection shall be paid at the following rates:

- i. Saving Bank Rate for the period of delay beyond 3 working days in case of local cheques
- ii. Savings Bank rate for the period of delay beyond 7 working days in collection of outstation cheques payable at CTS Centres and 10 days in non-CTS Centres
- iii. Where the delay is beyond 14 working days interest will be paid at the rate applicable for term deposit for the corresponding respective period or Saving Bank rate, whichever is higher
- iv. In case of extraordinary delay, i.e., delays exceeding 90 working days interest will be paid at the rate of 2% above the corresponding Term Deposit rate
- v. 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. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account

7. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

7.1 In the event a cheque or an instrument accepted for collection is lost in transit in the clearing process or at the paying bank's branch, the bank shall immediately on coming to know of such 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. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

7.2 In line with the compensation policy of the bank the bank will compensate the account holder in respect of instruments lost in transit.

7.3 Miscellaneous

- i. For 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 on the pay-in-slip within 48 working hours of identification of such errors. However, in cases with incomplete address, incomplete phone number, 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.
- ii. For cheques received back unpaid will be returned by post/ courier etc. to the customer within 48 working hours on the address recorded in Bank's database. However, these will be kept in the Bank for returning to the customer over the counter if he/she makes a request for the same. If not collected by the customer within 15 working days bank will send them back at the recorded address by post or courier

8. Payment of Cheques:

RBL Bank will pay the cheques issued by RBL Bank customers and received in clearing based on the closing clear available balance of previous day / live balance, subject to the cheque is in order for payment. In case the closing balance of previous day / live balance is not sufficient, or cheque is discrepant the same will be returned to the presenting bank as per the guidelines of RBI.

9. 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. (<http://www.rblbank.com/>).

10. Charging of Interest on cheques returned unpaid where Instant Credit was given:

If a cheque sent for collection for which immediate credit was provided by the bank is returned unpaid, the value of the cheque will be immediately debited to the account. The customer will not be charged any interest from the date immediate credit was given to the date of return of the instrument unless the bank had remained out of funds on account of withdrawal of funds. Interest where applicable would be charged on the notional overdrawn balances in the account had credit not been given initially.

If the proceeds of the cheque were credited to the Savings Bank Account and were not withdrawn, the amount so credited will not qualify for payment of interest when the cheque is returned unpaid. If proceeds were credited to cash credit account, interest shall be recovered at the rate of 2% above the interest rate applicable to the cash credit account from the date of credit to the date of reversal of the entry if the cheque/ instrument was returned unpaid to the extent the bank was out of funds.

11. Dishonor of Instruments

Cheque return charges shall be levied if the cheque is returned for a financial reason i.e., cases where the customer is at fault and is responsible for such returns. No charges would be levied for a cheque issued and returned for technical reason. Cheques that are to be re-presented without any recourse to the payee, shall be made in the immediate next presentation clearing.

12. 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 or other labour disturbances, accident, fires, natural disasters or other “Acts of God”, war, damage to the bank’s facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc. beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

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