

CITY UNION BANK LIMITED, ADMINISTRATIVE OFFICE

KUMBAKONAM



POLICY ON COLLECTION OF CHEQUES

February 2024

POLICY ON COLLECTION OF CHEQUES

Background

Reserve Bank of India, vide its circular DBOD.No. Leg. BC.55/09.07.005/2004-05 dated November 1, 2004, advised the Banks to formulate a comprehensive and transparent policy for cheque collection, covering all relevant aspects of collection process. It was further advised that the Policy on Collection of Cheques (PCC) should clearly provide for liability of the Bank by way of payments of interest when there is a delay in collection of cheques as against the standards set by the Banks themselves. Technological Developments such as Electronic Clearing Service, Speed Clearing, Cheque Truncation System, etc., have brought in speed and efficiency in the clearing process and therefore a comprehensive PCC needs to be made available for the benefit of the customer and also to appropriately sensitize the dealing officials of the Bank. The instructions are reiterated by RBI every year in its Master Circular on Customer Service.

This policy is a sequel to the said instructions.

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1. Introduction

1.1 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that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation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.

1.2 Collection of cheques, and other payment instruments like Demand Drafts, Pay Orders, Dividend Warrants, Interest Warrants etc., (Cheques) for customers is an important service provided by the Bank. Collection of cheques is governed by Negotiable Instruments Act, 1881 and The Payment and Settlement Systems Act, 2007'. Various modes of collection include Local collection, Outstation Collection, and Collection of Foreign Cheques.

1.3 The Policy has been made to ensure that the dealing officials at all levels in the Bank are aware of the policy of the Bank in this regard, so that the interactions with the Customer is uniform across all branches and all types of customers and is based on transparent standards/procedures.

2 Objectives of the Policy

2.1 To lay down a Policy framework for abiding by RBI guidelines on Cheque Collection and our technological capabilities, systems and processes for

adherence to such norms.

- 2.2 To enable the customer to know before, during and while terminating the relationship, his/her rights and responsibilities in matters relating to Cheque Collection.
- 2.3 To reiterate the existing system / put in place an appropriate system in a transparent manner so that the customer can take an informed decision in matters relating to cheque collection.
- 2.4 To reiterate the Bank's commitment for increased use of technology to provide quick collection services to its customers.

3 Scope of the Policy

- 3.1 This policy is applicable across all branches / business segments of the Bank, and is to be read in conjunction with the related operational guidelines issued from time to time.
- 3.2 The contents of the policy shall always be read in tandem/auto-corrected with the changes/modifications that may be advised by RBI and / or by any regulator and / or by the Bank from time to time.

4 Explanation of various terms used in the Policy

- 4.1 Customer:** For the purpose of PCC, customer is defined as a person or entity that maintains an operative account (Savings, Current, Overdraft etc.) or loan/advance account with the Bank. A person who maintains only a Term Deposit Account with the Bank will be considered as a customer for the limited purpose of dealing with the Initial cheque tendered for opening the Term Deposit.
- 4.2 Outward Clearing:** Collection of cheques that are deposited by the customer of the Bank for realization from the drawee Banks, on behalf of the former. These cheques are drawn by the customer of other Banks and are presented by the Bank, to the Drawee Bank concerned through the Bankers' Clearing House.

These cheques will be collected by the Bank, subject to the compliance of the rules and the guidelines issued by Reserve Bank of India (RBI) on Collection of Cheques. The Bank, while handling outward clearing cheques, acts as a Collecting Bank.

4.3 Outward Clearing Returns: Cheques received by the Bank for collection as mentioned above but dishonored by the drawee Bank for various reasons.

4.4 MICR Clearing: This was a type of cheque clearing process which could handle large volumes using clearing support machines operating on Magnetic Ink Character Recognition (MICR) technology, at 66 major cities and towns across India. However, this mode of clearing has been fully discontinued after introduction of Cheque Truncation System (CTS).

4.5 Cheque Truncation System (CTS): CTS is the facility devised for faster processing of cheques by doing away with the requirement of physical movement of the instruments to the drawee Bank. The system uses the technology of scanning the cheques and passing on the images of the cheques for clearing. The system is operational in the form of three “Clearing Grids” covering the entire country, with the nodal operational centers at Delhi, Mumbai and Chennai.

4.6 Non MICR Clearing: This is a type of cheque clearing process operational in centers that were not covered under MICR clearing. The clearing process is the same as that of MICR with a difference that Non MICR system is a semi manual process with limited automation in accounting and settlement aspects

4.7 Outstation Cheques for Collection: Collection of Cheques drawn and payable at up-country centers in India (not covered by CTS, local & speed clearing) is referred to as Outstation Cheques for Collection. Processing of OCC would mean sending the cheque to the drawee’s Bank location physically and getting the realization of funds by means of DD / NEFT / RTGS and crediting the proceeds to the customer’s (payee’s) account.

4.8 Cheque Deposit Kiosks (CDK): These are machines installed at e-Lounges, Branches and/or other locations through which instruments, payable to any account holder of CUB can be deposited by any person, without using an ATM/Debit Card of the payee/account holder concerned. The CDK machines have facility for scanning instruments and generate images required for CTS clearing, thus reducing processing time required for collection.

4.9 Clearing Branch: In branches located in the area covered by CTS clearing, the clearing operations except scrutinizing and scanning of outward clearing instruments are conducted at Centralised Clearing Units operating at the Grid Centre concerned. At centers where there are more than one Branch but not covered by CTS clearing, the clearing operations are conducted by the main/designated branch, which may function as a “Clearing / Service Branch”. At the locations where only one branch of the Bank is present, clearing will be done by the sole Branch.

4.10 Cheque: The term “Cheque” includes all payment instruments such as demand drafts, personal cheques, banker’s cheques, cashier’s cheques, traveler’s cheques, Interest/Dividend warrants etc., unless otherwise the situation warrants a specific reference.

4.11 Nostro Account: For the purpose of PCC, a “Nostro Account” is an account denominated in a foreign currency opened by CUB with the respective country of the currency.

5 Arrangement for Local Cheque Collection through Clearing

5.1 All CTS complaint cheques and other Negotiable Instruments which are payable under a grid system will be presented through the clearing system prevailing at the center. Cheques deposited at branch counters 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 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.

5.2 Non-CTS cheques will be presented in the clearing house at the prescribed intervals which is presently once in a week on each Monday or 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.

5.3 All the branches will display the cut-off time for receipt of cheques.

6 Arrangement for Local Cheque Collection through Clearing in centres where clearing house is not available

6.1 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 Bank 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 the customer

7 Arrangement for Outstation Cheques for Collection

7.1 Outstation cheques drawn on centers where CUB has branches would be sent to CUB Bank Branches only. As all the branches of the Bank are connected through Core Banking Software (CBS), the Bank will provide next day credit to the customers (after clear credit indicating realization of the proceeds) in respect of outstation cheques drawn on location where the Bank has a branch.

7.2 If a cheque is drawn on a center where the Bank does not have any branch, the said cheque would be sent for collection directly to the Drawee Bank or to a Correspondent Bank.

7.3 Where proceeds are received by means of demand drafts from other collecting Bank, the same would be processed in local clearing / OCC and the depositor's account will be credited on realization of clear funds from the Drawee Bank.

7.4 On receipt of clear credit in the books of the Bank, the customer's account would be credited and charges of agency Bank and CUB will be recovered from the account of customer.

7.5 If the Outstation Cheques are returned unpaid by the paying branch / Bank, the original cheque and the Return Memo would be returned to the customer after recovering charges levied by the Drawee / Correspondent Bank and those due to CUB.

8 Time frame for Collection of Outstation cheques / Instruments

8.1 For cheques and other instruments sent for collection to centers within the country the following time norms shall be applied:

(a) Cheques payable at CTS centers: Maximum period of 7 days.

(b) Non-CTS centers: Maximum period of 10 days.

(c) Cheques drawn on foreign countries: Such instruments are accepted for collection on the "best of efforts" basis. The bank is committed to ensuring that instruments drawn in foreign currencies and payable outside India are collected at the earliest time possible. The Bank would give credit to the party upon realization credit of proceeds into the Bank's NOSTRO Account with the correspondent bank after taking into account of the cooling period i.e. 15th international business day of the respective currency in which cheques were denominated.

8.2 Bank accepts cheques drawn on foreign countries and send the same for collection wherever collection arrangements are in place. The period of collection will be informed to the customer as and when such information are requested by the customers.

9 Payment of Interest for delayed Collection of Local / Outstation Cheques

9.1 As a part of compensation policy of the Bank, the Bank shall pay interest on the value of cheque without waiting for any demand from the customer, if there is a delay in crediting funds to the depositors account beyond the time period mentioned above. 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. Interest for the 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 days in collection of outstation cheques payable at CTS Centers and 10 days in non-CTS Centers.
- iii. Where the delay is beyond 14 days, interest will be paid at the rate applicable to term deposit for the respective period.
- iv. In case of extraordinary delay, i.e. delays exceeding 90 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 was 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.

10 Payment of Interest for delayed Collection of Cheques Payable outside India

10.1 The Bank takes adequate care for prompt and expeditious dispatch and realization of all clean instruments. In view of different clearing rules and legal provisions prevailing in different countries with regard to the collection of clean instruments, it is difficult to ascertain the exact due date of payment towards the FC denominated Cheques/Instruments sent for collection. However, in case of delay in applying the credit after sighting the funds in the

Bank's Nostro account the depositor will be paid interest @ 2% over the rate applicable to the Savings Bank deposit for the delayed period. If the Cheque/Instrument amount is kept as Foreign Currency Deposit in the same currency, the deposit will be value dated as the date of the Nostro credit.

11 Immediate Credit of Outstation Cheques

11.1 Immediate credit will be provided against outstation cheques for amounts up to INR 15,000/- tendered for collection at the specific request of the customer, subject to fulfillment of the following conditions:

The facility of immediate credit will be offered to all Individual Deposit Account holders without making a distinction about their account i.e. savings bank / current accounts etc.(Not available for the savings account of NRO, NRE and Minors). Cheques should be in favour of individual account holders.

- a) The account should be in Indian Rupees.
- b) The cheque/DD should be drawn on a scheduled commercial Bank Payable in India (excluding a co-operative Bank).
- c) The facility shall be extended to a customer at his/her home branch only.
- d) The account should have been opened more than one year back and account should have been conducted satisfactorily. There should not be any irregular dealings/ suspicious transactions in last 6 months and no adverse features attached to the account / account holders has been brought to the notice of the Bank.
- e) Cheques should not be postdated/out of date/nearing out of date. The cheque must be deposited at least 7 working days prior from the date of expiry of the cheque.
- f) There should not be any debit of penal charges for unsatisfactory conduct of the account, such as average balance charges, cheque/ECS return charges etc.

The account should not be inactive or dormant.

- g) The amount of immediate credit, whether for a single or multiple cheques/DDs, shall not exceed Rs. 15,000/- in an eligible account, ensuring inter-alia that the liability on account of outstanding of cheques purchased does not exceed Rs. 15,000/- at any point in time.
- h) No partial credit for a cheque would be allowed.
- i) The Cheque shall not be the customer's own cheque from another account i.e. not a self-drawn cheque.
- j) Immediate credit will be provided to customers only against deposition of physical cheques for collection.
- k) The Bank should not have experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit.

12 Charging of interest on cheques returned unpaid where instant credit was given:

- 12.1 The Bank shall levy applicable collection charges and out of pocket expenses, while providing immediate credit against outstation cheques tendered for collection.
- 12.2 If a cheque where immediate credit is given and against which withdrawal is permitted from a current / savings account, is returned unpaid, the amount withdrawn shall be treated as a temporary overdraft and the amount shall be recovered from the account-holder along with applicable interest for the period Bank remained out of funds and also cheque return charges. Interest will be charged from the date of credit of proceeds of the cheque in the account till reimbursement/realization of the amount to/by the Bank.
- 12.3 Where the cheque is credited to a Savings Bank account, such credits will not be reckoned for interest purposes if the cheque is returned unpaid.
- 12.4 If proceeds are credited in an overdraft/loan account, interest would be recovered at applicable rate/clean overdraft rate, whichever is higher, on the

amount of returned cheque / instrument.

12.5 The Bank does not offer instant credit facility for Foreign Currency denominated Cheques/Instruments.

13 Purchase of local/ outstation cheques

13.1 The 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.

14 Collection of Account Payee Cheque- Prohibition on Crediting Proceeds to Third Party Account

14.1 In consonance with the legal requirements and in particular the intent of the Negotiable Instrument Act, 1881 and in accordance with the Reserve Bank of India directives, the Bank shall not collect cheques having account payee crossing, for any person other than the payee named therein.

Where the drawer/ payee instructs the Bank to credit the proceeds of collection to any account other than that of the payee, the instruction being contrary to the intended inherent character of the “account payee” cheque, Bank shall ask the drawer/ payee to have the cheque withdrawn. This instruction shall also apply with respect to the cheque drawn by a Bank payable to another Bank.

14.2 In order to facilitate collection of cheques from a payment system angle, account payee cheques deposited by the sub- member for credit to their customers account and endorsed to CUB as an “Agent for collection” for and on behalf of that bank can be collected by the Bank as a member Bank of the clearing house. Under such arrangements, there should be clear undertaking to the effect that the proceeds of the account payee cheques will be credited to the payee’s account only, upon realization.

14.3 With a view to mitigate the difficulties faced by the members of co-operative credit societies in collection of account payee cheques, Bank shall consider collecting account payee cheques drawn for an amount not exceeding Rs. 50000/- to the account of their customers who are co-operative credit societies, if the payees of such cheques are the constituents/members of such co-operative credit societies. While collecting the cheques as aforesaid, the Bank shall have a clear representation in writing given by the co-operative credit societies concerned that upon realization, the proceeds of the cheques shall be credited only to the account of the member of the co-operative credit society who is the payee named in the cheque. This shall, however, be subject to the fulfillment of the requirements of the provisions of Negotiable Instrument Act, 1881, including Section 131 thereof.

15 Dishonour of Cheques for Rs.1 crore and above (drawn by our customer)

15.1 With a view to enforce financial discipline among the customers, branches should stipulate a condition for operation of accounts with cheque book facility that in the event of dishonor of a cheque valuing Rs.1.00 crore and above drawn on a particular account of the drawer on 4 occasions during the financial year for want of sufficient funds in the account, no fresh cheques book would be issued. Also the branch may consider closing of the account at its discretion.

15.2 However, in respect of advances accounts such as Cash Credit account, Overdraft account, the need for continuance or otherwise of these credit facilities and the cheque facility relating to those accounts – where cheques valuing Rs.1 crore and above drawn on a particular account of a drawer are returned on 4 occasions during the financial year for want of sufficient funds in the account – is to be reviewed by appropriate authority higher than the sanctioning authority. Accordingly branches should incorporate such information in the credit / review proposal giving details of cheques returned, reasons, action taken etc. along with this provision of policy for suitable action by sanctioning Authority.

15.3 In relation to operation of existing accounts, branches should at the time of issuing new cheque book, advise the constituents of the condition. (Condition will be printed on cheque book with instructions to customer).

15.4 When cheques are dishonored for 3rd time on a particular account of the drawer during the financial year, branches should issue a cautionary advice to the constituent concerned drawing his/her attention to aforesaid condition and consequential stoppage of cheque facility in the event of cheque being dishonored on 4th occasion in the same account during the financial year. The branch may issue similar cautionary advice if the branch intends to close the account.

16 Dishonour of Cheques for below Rs.1 crore (drawn by our customer)

16.1 RBI has not advised any definition of frequent dishonour of cheques/ of value of less than Rs.1 crore. For the purpose of this policy, in any account, if there is an incidence of dishonor of cheques of less than Rs.1 crore on 6 occasions in a financial year for want of sufficient funds, this will be considered as frequent dishonor of cheques.

16.2 The Data in respect of cheques drawn in favor of stock exchanges and dishonored are to be reported separately irrespective of the value of such cheques.

16.3 With a view to enforce financial discipline among the customers, branches should stipulate a condition for operation of accounts with cheque book facility that in the event of dishonor of a cheque valuing less than Rs.1.00 crore drawn on a particular account of the drawer on 6 occasions during the financial year for want of sufficient funds in the account, no fresh cheques book would be issued. Also the branch may consider closing of the account at its discretion.

16.4 However, in respect of advances accounts such as Cash Credit account, Overdraft account, the need for continuance or otherwise of these credit facilities and the cheque facility relating to those accounts – where cheques valuing below Rs.1 crore and drawn on a particular account of a drawer are returned on 6

occasions during the financial year for want of sufficient funds in the account – is to be reviewed by appropriate authority higher than the sanctioning authority. Accordingly branches should incorporate such information in the credit / review proposal giving details of cheques returned, reasons, action taken etc. along with this provision of policy for suitable action by sanctioning Authority.

16.5 When cheques are dishonored on 5th occasion in a particular account of the drawer during the financial year, the branches should issue a cautionary advice to the constituent concerned drawing his/her attention to aforesaid condition and consequential stoppage of cheques facility in the event of cheques being dishonored on 6th occasion on the same account during the financial year. Similar cautionary advice may be issued if a bank intends to close the account. A menu has been provided in Finacle to generate letters to be sent to customers for ensuring compliance of the guidelines.

17 Positive Pay system for high value cheques (>Rs.50,000/-)

The concept of Positive pay involves a process of reconfirming key details of large value cheques above Rs.50,000/-. Under this process, the issuer of the cheque submits electronically, through channels like SMS, Mobile App, internet Banking, ATM etc., certain minimum details of that cheque (like date, name of the beneficiary/payee, amount etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

18 Arrangement for Foreign Cheque for Collection

18.1 Cheques / Instruments denominated in currencies other than Indian Rupees such as US Dollar (USD), Euro (EUR), Pound Sterling (GBP), Japanese Yen (JPY), etc. are called foreign currency cheques / instruments. Foreign Currency instruments / cheques include demand drafts, personal cheques, banker's cheques, cashier's cheques, traveler's cheques, etc. Since such cheques are not

payable in India, they are therefore required to be sent to the country of the currency in which the cheque is drawn, for realization of proceeds. This is subject to availability of cheque collection facility with Nostro correspondent Bank.

18.2 Cheques denominated in Foreign Currency (including Foreign Postal Orders) drawn on/ payable in India would be handled as local cheques. In case proceeds are obtained in rupee, the Bank would not be responsible for the conversion rate applied and collection charges levied by Drawee / Collecting Banks. The applicable charge will be deducted from the proceeds as per schedule of facilities applicable for rupee cheques along with Postal/ Courier charges as per the prevailing rates.

19 Cheque Collection through Direct Collection Arrangement (DCA)

19.1 Cheques/Instruments drawn in currencies in which Bank does not maintain any Nostro account or does not have collection arrangements with a Correspondent Bank will be handled through DCA. Under this, Cheques/Instruments are sent directly to the drawee Banks for collection. DCA facility for cheques collection is done for any amount.

19.2 The basic legal framework for determining rights, responsibilities and liabilities of the parties in connection with collection of USD denominated cheques drawn on US Banks are governed by the legal framework as laid down under the US Federal and State laws like Uniform Commercial Code (UCC) etc. However, in the event of return of counterfeit cheque handled through this process, the Drawee Bank in the US has the right to recover the proceeds from presenting Banks within the period stipulated under US Clearing House guidelines.

19.3 In addition to the charges, if any, of the Drawee Bank and/or Correspondent Bank, the Bank will collect its Service Charges as prescribed in the “Schedule of Charges” of the Bank and any other miscellaneous / out of pocket charges

(such as postage and courier charges etc.).

19.4 The Bank reserves the right to recover the amount of the Cheque/Instrument already credited to the customer's account with all costs and charges, if the Cheque/Instrument that was sent for collection/realization is subsequently dishonored for any reasons as per the prevailing laws of the country on whose currency the Cheque/Instrument is drawn.

19.5 The Bank is not obliged to call back cheques / instruments which are confiscated or retained by the Correspondent Bank/Paying Bank or return the same to the customer. All charges of Correspondent Bank in such instances also will be recovered from the customers on the basis of non-payment advice received from the Correspondent Bank or the paying Bank.

19.6 Cheques drawn on foreign countries are accepted for collection on best effort basis. Bank may enter into specific collection arrangement with its Correspondent Banks for speedy collection of such cheques. The timelines for collection of Cheques/Instruments sent under DCA is on immediate credit to the customer's account after sighting the funds in Nostro account. This time norm shall be applicable irrespective of whether Cheques/Instruments are drawn on the Bank's own branches or branches of other Banks.

19.7 The Bank may permit selective withdrawal of funds before expiry of the cooling period depending on the customer's credit worthiness, relationship with the Bank, KYC compliance, indemnity undertaking, etc. as per the delegation of powers (DOP) for waiver of cooling period by the designated authority.

19.8 The Bank takes adequate care for prompt and expeditious dispatch and realization of all clean cheques. In view of different clearing rules and legal provisions prevailing in different countries with regard to the collection of clean cheques, it is difficult to ascertain the exact due date of payment towards the Foreign Currency denominated Cheques / Instruments sent for collection. However, in case of delay in applying the credit after sighting the funds in the

Bank's Nostro account or after the expiry of the cooling period as the case may be, the depositor will be paid interest @ 2% over the rate applicable to the Savings Bank deposit for the delayed period.

19.9 If the Cheque/Instrument amount is kept as Foreign Currency Deposit in the same currency, the deposit will be value dated as the date of the Nostro credit.

19.10 The Bank may encourage customer to use electronic means of remittances like SWIFT the same being safest mode of remittance and avoid physical foreign cheque acceptance.

20 Cheques/ Instruments lost in transit/ in clearing process/ at paying Bank's Branch

20.1 In the event of a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying Bank's branch, the Bank shall immediately on coming to know 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, obtain duplicate cheque in lieu of the lost cheque 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.

20.2 If the outstation cheque sent for collection is not received by the paying Bank / branch, and after making proper enquiries with post / Courier Company, the Bank is reasonably satisfied that the cheque is irretrievably lost, the Drawee Bank / branch will be advised about the fact and requested to exercise caution. Bank shall also bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and obtain duplicate cheque in lieu of the lost cheque.

20.3 The Bank shall provide all assistance to the customer to obtain a duplicate cheque from the drawer of the cheque, if required.

20.4 Cheques, which are deposited with wrong account number, mentioned on the Pay-in slip, Bank shall return such cheques to the customers on the

address mentioned within 2 working days. 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.

20.5 Cheques received back unpaid will be returned by registered post/ reputed courier etc. to the customer within 24 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 2 working days, the Bank will send them back at the recorded address by post or courier.

20.6 In case an international cheque is lost, the Bank shall also advise the correspondent/ drawee Bank all the particulars of lost cheques/ instruments for exercising caution. The Bank shall arrange to get payment of the international cheque based on the photocopy/ scanned image of the cheque wherever the practice is prevalent.

20.7 The Bank shall compensate the account holder in respect of the cheques lost in transit as per the Compensation Policy of the Bank.

21 Responsibility of the Bank

21.1 Whenever the Customer deposits the cheque at the counters of the branch, Bank shall give an acknowledgement on counterfoil by affixing appropriate stamp with legend "Received for Clearing / Collection" indicating date of receipt and authentication by the receiving staff.

21.2 The Bank will take all steps to send outward cheques in the immediate next clearing / collection (subject to conditions mentioned as above) through the process which enables quick realization of funds in the most cost-effective manner.

21.3 In case of outward cheque return, the Bank wherein the reason for return of

the cheque will be indicated will prepare an advice. The advice along with the dishonored cheque will be sent to the customer by registered post/local delivery/across counter. The Bank shall return/ dispatch the dishonored cheques to the customer at his / her last recorded address available with the branch. Since all branches are networked in CBS platform, cheques drawn on Bank's own branches at outstation centers will be collected locally as a transfer cheque. If a cheque presented to the Bank for settlement of transaction by way of transfer between two accounts within the Bank is returned, the same shall be returned to the payee within one working day by observing the above process.

21.4 For the purpose of adducing evidence to prove the fact of dishonor of cheque on behalf of a complainant (i.e. payee /holder of a dishonored cheque) in any proceeding relating to dishonored cheque before a court, consumer forum or any other competent authority, Bank shall extend full co-operation and shall furnish them the documentary proof of the fact of the dishonor of cheques.

21.5 As per the extant RBI directives, Banks shall not levy any outward cheque return charge to the customer, if such cheque is returned for no fault of the customer. The list of objections for return of Instruments and Image based Cheque Clearing, as detailed in Uniform Regulations and Rules for Bankers' Clearing House, has been placed as Annexure-I of this policy. Cheque return charges shall, however, be levied only in cases where the customer is at fault and is responsible for such returns. RBI has provided an illustrative list of reasons for return placed at Annexure II of this policy (circular 2012- 13 / 493 DPSS.CO.CHD.No.2030/03.06.01/2012-2013 dated May 07, 2013), where the customers are not at fault and should not be charged. Cheques that need to be presented again without any reference to the payee, shall be presented again in the immediate next clearing cycle, with due notification

to the customers of such action through SMS alert, email etc.

22 Responsibility of the Customer

22.1 Cheque tendered for collection (across the counter) should be accompanied by a Deposit slip (Pay-in-slip) duly filled-in and signed by the customer or his/her representative. Separate Deposit Slips are required to be filled in for local and outstation (separate for each center) Cheques. Customer / his/ her representative should write the Payee's Account Number (to which the amount is to be credited) and contact phone number on the reverse of the instrument for easy contact in case there is a need for the same.

22.2 The Deposit Slip and counterfoil should be legible. All the columns in the cheque and deposit slip should be completed in full. Cheques / Deposit slips not fulfilling these criteria cannot be taken up for clearing at the sole risk and responsibility of the customer.

22.3 Customer shall ensure that cheque is not mutilated and does not give any indication of alteration / forgery.

22.4 Any over-writing / alteration in Cheque should be avoided. Instruments containing alterations/over-writings without authentication under full signatures of the drawer are invalid and will not be processed. In case of CTS Centers, overwriting / alteration in cheques other than in "date of issue" are not allowed.

22.5 The cheque should not bear crossing or clearing stamps of other Banks, which are not cancelled.

22.6 The Bank may at its discretion, enquire about large value cheques tendered for collection / payment and may seek a declaration / proof regarding the transaction/ source of funds, from the customer. The Customer has to provide such details to the Bank, along with proof, if any, on demand.

22.7 Customer should use only CTS 2010 Standard cheques forms.

22.8 Customers are not permitted to print / scan the signature of their authorized signatories on the cheques issued to them unless there is written agreement between the Bank & customer to the effect.

23 Force Majeure

23.1 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.

23.2 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.

24 Customer Grievances Redressal

24.1 The Policy seeks to provide transparency in dealing with customer and to minimize their inconvenience. Any customer having grievances against the Bank on any of the above grounds or having complaints due to non-payment or inordinate delay in the payment or collection of cheques, may approach either the Branch Head or the Customer Care Centre, over phone (044-71225000) or e-mail (customer@cityunionbank.co.in).

25 Periodicity of review of the Policy

The policy shall be reviewed once in two years from the date of approval.

Annexure- I

**Uniform Regulations and Rules for Bankers' Clearing House
(List of objections for return of Instruments and Image based Cheque Clearing)**

Code No.	Reason for Return
(01-03)	Funds
01	Funds insufficient
02	Exceeds arrangement
03	Effects not cleared, present again.
(04-09)	Reference to Drawer
04	Refer to drawer
05	Kindly contact Drawer/ Drawee Bank and please present again
(10-19)	Signature
10	Drawer's signature incomplete
11	Drawer's signature illegible
12	Drawer's signature differs
13	Drawer's signature required
14	Drawer's signature not as per mandate
15	Drawer's signature to operate account not received
16	Drawer's authority to operate account not received
17	Alteration require drawer's authentication
(20-29)	Stop Payment
20	Payment stopped by drawer
21	Payment stopped by attachment order
22	Payment stopped by court order
23	Withdrawal stopped owing to death of account holder
24	Withdrawal stopped owing to lunacy of account holder
25	Withdrawal stopped owing to insolvency of account holder
(30-49)	Instruments
30	Instrument post dated
31	Instrument out dated / stale
32	Instrument undated / without proper date
33	Instrument mutilated; requires Bank's guarantee
34	Cheque irregularly drawn / amount in words and figures differ
35	Clearing House stamp / date required
36	Wrongly delivered / Not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear, present again with paper
40	Present with document
41	Item listed twice
42	Paper not received

(50-59)	Account
50	Account closed
51	Account transferred to another branch
52	No such account
53	Title of account required
54	Title of account wrong / incomplete
55	Account blocked (situation covered in 21-25)
(60-69)	Crossing / Endorsement
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
64	Amount in protective crossing incorrect
65	Amount in protective crossing required/ illegible
66	Payee's endorsement required
67	Payee's endorsement irregular / requires collecting bank's confirmation
68	Endorsement by mark / thumb impression requires attestation by Magistrate with seal.
69	Advice not received
(70-79)	RBI / Government
70	Amount / Name differs on advice
71	Drawee bank's funds with sponsor bank insufficient
72	Payee's separate discharge to bank required
73	Not payable till 1st proximo
74	Pay order / cheque requires counter signature
75	Required information not legible/ correct
(80-99)	Miscellaneous
80	Bank's certificate ambiguous / incomplete / required
81	Draft lost by issuing office / confirmation required from issuing office
82	Bank/ Branch blocked
83	Digital Certificate Validation failure
84	Other reason- connectivity failure
85	Alterations on Instrument - Other than "Date" field (Alteration/correction on instruments are prohibited under CTS)
86	Fake/Forged/Stolen-draft/ cheque /cash order /interest warrant/dividend warrant
87	'Payee's a/c credited-Stamp required
88	Other reasons
92	Bank Excluded

Annexure II

As per RBI, Illustrative List of reasons for Outward Clearing Return, Not Chargeable.

Code No.	The 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.
	Reason for Return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp/date required
36	Wrongly delivered/ not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear ; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular/ requires collecting bank's confirmation
68	Endorsement by mark/ thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount/ Name differs on advice
72	Drawee bank's fund with sponsor bank insufficient(applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1st proximo
75	Pay order/cheque requires counter signature
76	Required information not legible/correct
80	Bank's certificate ambiguous/ incomplete/required
81	Draft lost by issuing office; confirmation required from issuing office
82	Bank/ Branch blocked
83	Digital Certificate validation failure
84	Other reasons-connectivity failure
87	Payee's a/c Credited'-Stamp required
88	Other Reasons
92	Bank excluded