

CHEQUE COLLECTION POLICY

(Revised on June 2019)

Version:1.0

CSB Bank Limited
Head Office
Branch Service

Cheque Collection Policy

Gist of Amendments Made in 2019

Sl No	Para Ref	Existing Clause	Modifications/ Additions
1	2	Time frame for collection of Outstation cheques. (New clauses as shown in the next column are added)	New Clauses added: 2.1 The Bank's Cheque Collection Policy has been made compliant with the CTS-2010 environment. CTS Clearing is operational in three grids at present viz: Northern Grid, Southern Grid and Western Grid. All centers covered under the same grid are treated as a single clearing zone and cheques drawn on these centres and presented at any of the grid centres are treated as locally drawn cheques in as much as no clearing charges would be applicable for such centres. 2.2 Cheques drawn on other banks at outstation centres, which cannot be collected locally or through speed clearing, 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 sent for collection to the drawee bank or collected through a correspondent bank. 2.3 Cheques drawn on Bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue. All CBS branches which are offering anywhere banking services to customers will provide same day credit to its customers in respect of outstation instruments drawn on CBS network branches if received in the branch before specified cut off time.
2	4	Time Frame for collection of cheques payable locally: 4. The proceeds of the cheques payable locally will be credited within three working days	Modified: 4. The proceeds of the cheques payable locally will be credited within two working days.
3	5	Time Schedule of cheques received at the counter to be presented in the Clearing: 5. High Value Clearing – One hour before the commencement of the High Value Clearing at the respective clearing house. Local Clearing – Two hour before the commencement of the local clearing at the respective clearing house. In the case the commencement of clearing operation at a particular clearing house is before commencement of working hours of the branch or in the case of Saturdays, where the instruments have to be presented in the clearing house in the previous day itself, time schedule for presentation of the instrument will be before closure of business hours of the previous working day.	Modified: 5. Local Clearing (Instruments payable locally would be presented through the grid based clearing system) - Cheques deposited at branch before the cut off time, displayed in the branch, will be presented for clearing on the same day.

4	6	Time schedule for crediting proceeds of cheques payable locally and withdrawal of funds: 6. The customer's account will be credited after working hours of the second day or in the third working day. The customer can utilize funds on the third working day.	Modified: 6. Credits will be given to the customer's account on the same day or the next working day, from the time of clearing settlement. Withdrawal will be allowed on the same day or maximum within an hour of commencement of business on the next working day, subject to cheque return settlement of the CTS grids.
5	7	Procedure for notifying customer of dishonored cheques. 7. The cheques dishonoured will be dispatched by Registered Post / Courier, if the instrument is not collected from the counter within 10 (ten) working days from the date of return.	Modified: 7. The cheques dishonoured will be dispatched by Registered Post / Courier, if the instrument is not collected from the counter promptly without delay, in any case, within 24 hours.
6	8	Speed Clearing: 8. Bank has joined the network of Speed Clearing members from 01.09.2009. Speed Clearing has no geographical barriers. Only MICR instruments would be handled in Speed Clearing. In Speed Clearing, the banks can present the cheques of other banks drawn on CBS branches banks in Speed Clearing (Outward Clearing) and pay cheques drawn on CBS branches of Catholic Syrian Bank (Inward Clearing). The following instruments come under the purview of Speed Clearing. i. Instruments with MICR Transaction Codes 10 – Savings Bank Account Cheque ii. 11 – Current Account Cheque iii. 12 – Banker's Cheque (Pay Order) and (13) Cash Credit (Overdraft) account cheque. The instruments that would not form part of Speed Clearing are demand drafts, non-MICR cheques, high value cheques and cheques drawn on a bank or bank branch, which is not part of Speed Clearing. Customers are hereby warned to keep necessary fund in their accounts as soon as they issue a cheque, since there is a chance of the cheque getting presented in Speed Clearing. Customer and public are advised to contact the nearest branch for the information on Speed Clearing Centres.	Modified: 8. Speed Clearing is currently available at all MICR/ CTS Clearing House locations. Cheques payable at any Core Banking Solution (CBS) branch of any bank of any centre are collected through local clearing. Terms and conditions of local clearing is applicable to Speed Clearing in grid based clearing.

7	9	Cheques/ Instruments lost in transit/ in clearing process/ at paying bank's branch (New Clause added)	New clause added: 9.1 In respect of cheques lost in transit or in the clearing process or at the paying bank's branch, the bank shall immediately bring the same to the notice of the accountholder so that accountholder can inform the drawer to record stop payment and can also take care that other cheques issued by him are not dishonoured due to non-credit of the amount of the lost cheques/ instruments. 9.2 The onus of such loss will be with the collecting bank and not the accountholder. 9.3 The bank shall reimburse the accountholder related expenses for obtaining duplicate instruments and also interest for reasonable delays occurred in obtaining the same. 9.4 If the cheque/ instrument has been lost at the paying bank's branch, the collecting bank shall have a right to recover the amount reimbursed to the customer for the loss of the cheque/ instrument from the paying bank.
8	10.1	10.1 Collection of cheques payable in foreign countries: For USD Cheques payable in United States, payment will be released to the customer after a cooling period of 10 days from the date of provisional credit to our Nostro Account.	Modified: For USD Cheques payable in United States, payment will be released to the customer after a cooling period of 15 days from the date of provisional credit to our Nostro Account.
9	10.2	10.2 US Dollar cheques drawn on banks in USA. Instant Credit Facility On request, immediate credit for USD denominated cheques to individual account holders will be afforded, subject to satisfactory conduct of such accounts for a period of not less than six months. Interest for 10 days at the prevailing BPLR of the Bank plus the actual courier /postal charges of handling the instrument will be collected for Such credits.	Modified: On request, immediate credit for USD Denominated cheques to individual account holders will be afforded, subject to satisfactory conduct of such accounts for a period of not less than six months. Interest for 10 days at the rate applicable to Cheque purchase (CP), benchmarked to prevailing MCLR of the Bank plus the actual courier /postal charges of handling the instrument will be collected for such credits.

Cheque Collection Policy

1. Immediate credit of cheques deposited for collection.

- 1.1. Proceeds of cheques / drafts / pay orders deposited with any of the branches and / or extension counters of the Bank will be credited to the depositor's account immediately, provided:
 - a. The Cheque / demand draft / pay order / other negotiable instrument thus deposited is payable in India.
 - b. Aggregate of the amounts thus credited, outstanding at any point of time, will not be more than Rs 15,000/- (Rupees fifteen thousand only) or the total amount of the instrument(s) deposited, whichever is less.
 - c. The account to which the amount is to be credited is Savings Bank/ Current Deposit/ any of the Term Deposits account of the customer with the branch.
 - d. The customer has been maintaining Savings Bank/ Current Deposit account with the said branch for a minimum period of 6 (six) months and there has been no instance of return of cheques either drawn on or deposited in the said account during the immediate preceding six months.
 - e. The customer undertakes to repay the Bank the amount thus credited, together with interest at the rate as applicable from time to time, for the period from the date of return of the cheque, till repayment, in the event of return of the instrument deposited and sent for collection.
- 1.2. Service charges, postage, other incidental expenses, etc, will be levied, at usual rates, as and when proceeds of instruments deposited are credited immediately, as stated in para 1.1 above
- 1.3. Customers availing the facility of immediate credit of proceeds of instruments deposited for collection are liable to reimburse the Bank the service charges, postage and/or any other charges, if any, levied by the drawee bank or collecting bank(s) and an undertaking to this effect should be furnished at the time of availing such facility.

2. Time frame for collection of outstation cheques.

- 2.1. The Bank's Cheque Collection Policy has been made compliant with the CTS- 2010 environment. CTS Clearing is operational in three grids at present viz: Northern Grid, Southern Grid and Western Grid. All centers covered under the same grid are treated as a single clearing zone and cheques drawn on these centres and presented at any of the grid centres are treated as locally drawn cheques in as much as no clearing charges would be applicable for such centres.
- 2.2. Cheques drawn on other banks at outstation centres, which cannot be collected locally or through speed clearing, 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 sent for collection to the drawee bank or collected through a correspondent bank.
- 2.3. Cheques drawn on Bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue. All CBS branches which are offering anywhere banking services to customers will provide same day credit to its customers in respect of outstation instruments drawn on CBS network branches if received in the branch before specified cut off time.
- 2.4. The Bank shall endeavour to collect and credit proceeds of cheques, demand drafts, pay orders and other negotiable instruments deposited with it within the time frame as stated below:

Sl.	Nature of instruments deposited	Time frame for collection
(i)	Instruments drawn on other member banks in the same inter-bank clearing house	As per clearing house rules
(ii)	Instruments drawn on and deposited at any of the branches/ extension counters situated in Mumbai, Delhi, Kolkata and Chennai	The same day next week
(iii)	Instruments drawn on State Capitals and other centres with more than 100 bank offices	10 (ten) days
(iv)	Instruments drawn on other centres	14 (fourteen) days

3. Interest on Delayed Payment

In the event of delay in collection of outstation cheques in excess of the time frame stipulated in para 2.1, the Bank shall pay interest for the delayed period at the rate of 2% (two percentage points) above the rate applicable for term deposits of the Bank for identical tenure.

4. Time Frame for collection of cheques payable locally

The proceeds of the cheques payable locally will be credited within two working days.

5. Time Schedule of cheques received at the counter to be presented in the Clearing.

Local Clearing (Instruments payable locally would be presented through the grid based clearing system) - Cheques deposited at branch before the cut off time, displayed in the branch, will be presented for clearing on the same day.

6. Time schedule for crediting proceeds of cheques payable locally and withdrawal of funds.

Credits will be given to the customer's account on the same day or the next working day, from the time of clearing settlement. Withdrawal will be allowed on the same day or maximum within an hour of commencement of business on the next working day, subject to cheque return settlement of the CTS grids.

7. Procedure for notifying customer of dishonoured cheques.

The cheques dishonoured will be dispatched by Registered Post/ Courier, if the instrument is not collected from the counter promptly without delay, in any case, within 24 hours. The charges in this regard will be collected from the customer.

8. Speed Clearing

Speed Clearing is currently available at all MICR/ CTS Clearing House locations. Cheques payable at any Core Banking Solution (CBS) branch of any bank of any centre are collected through local clearing. Terms and conditions of local clearing is applicable to Speed Clearing in grid based clearing.

9. Cheques/ Instruments lost in transit/ in clearing process/ at paying bank's branch

9.1. In respect of cheques lost in transit or in the clearing process or at the paying bank's branch, the bank shall immediately bring the same to the notice of the accountholder so that accountholder can inform the drawer to record stop payment and can also take care that other cheques issued by him are not dishonoured due to non-credit of the amount of the lost cheques/ instruments.

9.2. The onus of such loss will be with the collecting bank and not the accountholder.

9.3. The bank shall reimburse the accountholder related expenses for obtaining duplicate instruments and also interest for reasonable delays occurred in obtaining the same.

9.4. If the cheque/ instrument has been lost at the paying bank's branch, the collecting bank shall have a right to recover the amount reimbursed to the customer for the loss of the cheque/ instrument from the paying bank.

10. Collection of US Dollar Denominated Cheques

10.1 Collection of Cheques Payable in foreign countries.

The Bank will provide credit to its customers immediately on completion of cooling period by converting the foreign currency to Indian Rupees by applying Bank's TT Buying Rate prevailing on that day. The time norms for collection and return of instruments vary from country to country and place to place within the country where a 'hold period' is prescribed.

10.2 US Dollar Cheques drawn on Banks in USA.

- **Time frame and collection charges**

For USD Cheques payable in United States, payment will be released to the customer after a cooling period of 15 days from the date of provisional credit to our Nostro Account. The commission for USD denominated cheques, which is currently 0.50% plus postage, will be subject to revision by the Bank. For returned cheques, correspondent bank charges will be recovered.

- **Instant Credit Facility**

On request, immediate credit for USD denominated cheques to individual account holders will be afforded, subject to satisfactory conduct of such accounts for a period of not less than six months. Interest for 10 days at the rate applicable to Cheque purchase (CP), benchmarked to prevailing MCLR of the Bank plus the actual courier /postal charges of handling the instrument will be collected for such credits.

- **Compensation for delayed collection**

In the event of delay in collection of outstation cheques in excess of the time frame stipulated in the para above, the bank will pay interest for the delayed period at the rate of 2% above the rate applicable for term deposits of the Bank for identical tenure with a minimum of 2% p.a
