

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that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation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

### Applicability of the Policy:

This Policy applies to all the branches and department of RBL Bank Limited (“**RBL Bank/RBL/ the Bank**”) as well as to all the personnel engaged in the collection of cheques and instruments on behalf of the customers.

### 2. Arrangements for Collection:

#### 2.1. (a) Local Cheques

All Cheque Truncation System (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 Automated Teller Machines (“**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. The Bank is prohibited to credit proceeds to a third-party account when collecting an account payee cheque.

## 2.2. (a) Outstation Cheques

The separate non-CTS clearing session has been discontinued from December 31, 2018. 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 the 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 centres 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 endeavour 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:

Branches / extension counters of the bank will provide immediate credit for outstation cheques / instruments up to the aggregate value of INR 5,000 tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period of 6-12 months. Immediate credit will be provided against such collection instruments at the specific request of the customer or as per prior arrangement. The facility of immediate credit would also be made available in respect of local cheques at centres where no formal clearing house is present.

While extending this facility in exceptional situation, 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 dishonoured 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.

The facility of immediate credit shall be provided post fulfilling the following requirements:

- i. The account should have been opened at least twelve (12) 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 two (2) quarters.
- vii. The Account shall not be inactive / dormant.
- viii. The Account should be INR denominated only.
- ix. The facility will be provided only for those cheques that are drawn on RBL Bank locations.
- x. Immediate credit facility will not be given to overdraft / loan account.

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 within branch working hours.
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/ collected through vendor/staff	Next working day (based on transit time between ATM/vendor/staff and branch)
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- 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.
- iii. For cheques and other instruments sent for collection to centres within the country the following time norms shall be applied:
  - a) Cheque Payable at state capitals: Maximum period of 7 days
  - b) Cheque Payable at major cities: Maximum period of 10 days
  - c) Cheque Payable at other locations: Maximum period of 14 days
  - d) Cheques drawn on foreign countries: Such instruments are accepted for collection on the 'best of effort' basis. Cheques received from multiple Branches before 3.00 P.M. are dispatched on same day. 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 "Cash Letter" 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. If any debit is received in nostro post 15 days along with the reason through swift messages query must be shared to the client through concerned team. 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.
  - e) 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.

It will be responsibility of the Customer to repay the amount with all the expenses which the Bank may incur if the cheque tendered for collection is returned unpaid.

## 6. Payment of Interest for delayed Collection of local /Outstation Cheques within 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 at Savings Bank interest rate with applicable taxes. 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.

6.3 RBL Bank may also permit usage of the shadow credit afforded to the customers' account immediately after closure of relative return clearing and withdrawal may be allowed on the day of affording shadow credit or maximum within an hour of the commencement of business on the next working day, subject to usual safeguards.

## **7. Compensation for 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, RBL 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 dishonoured due to non-credit of the amount of the lost cheques / instruments.
- 7.2 The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.
- 7.3 In line with the compensation policy of the Bank, RBL will compensate the account holder in respect of instruments lost in the following way:
  - i. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
  - ii. In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
  - iii. The bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument.
- 7.4 Miscellaneous
  - i. For cheques which are deposited with wrong account number mentioned on the deposit slip/ on the back of the cheque, RBL Bank will connect with such customers on their contact numbers wherever provided on the deposit slip/ back of the cheque within forty-eight (48) working hours of identification of such errors. However, in cases

with incomplete contact details mentioned on the Deposit slip/ back of the cheque, 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.

Customer can give stop payment instructions at the branch or use digital channels like Internet Banking, Mobile Banking or call at the customer helpline.

### **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. Dishonour of Instruments**

Cheque return charges shall be levied only in 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, not later than 24 hours (excluding holidays) with due notification to the customers of such re-presentation through SMS alert, email etc. In case of charges received in nostro towards dishonour of cheque/ cheque collection charges etc. Such charges are collected from the customer under intimation to concerned team.

## **12. Responsibility of the Customer:**

RBL Bank will not be responsible for the loss to the customers due to negligence on part of the customers in keeping the cheque book, passbook, cards, PIN or other security information and not following “Do’s and Don’ts” issued by RBL, until RBL has been informed/ notified by the customer. Customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/ her.

RBL Bank will not be held liable for the losses arising out of misuse of confidential information, until the time RBL bank has been notified for such loss/ compromise and has taken steps to prevent its misuse.

## **13. Disclaimer clause:**

Notwithstanding anything contained hereinabove, RBL Bank shall not pay any compensation in the following situations:

Delays on account of non-operations of business due to factors beyond RBL's control will not be considered in the calculation of delays, and the duration affected by such events will be excluded. Where the issues are sub-judice and pending before the Courts, Ombudsman, Government and the matter has been put on hold.

## **14. Force Majeure:**

The Bank shall not be liable to compensate customers 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, 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.

## **15. Redressal of Grievances and Complaints:**

Customers having any complaint/grievance with regard to services rendered by RBL Bank have the right to approach authority(ies) designated by the Bank for handling customer complaint/grievances.

The details of the internal set up for redressal of complaints/grievances will be displayed in the branch premises and other access channels including but not limited to website and mobile banking. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within one (1) month from date of complaint or he is not satisfied with the response received from the Bank, he/she has a right to approach Banking Ombudsman appointed by the RBI. The Grievance Redressal Policy of the Bank is available at branch and on website.

## **16. Revision of the Policy**

The policy will be reviewed annually. In case of any amendments to the policy, the same shall be placed for due approval. The policy shall be valid for a period of three years and shall be renewed accordingly.

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