

The Oriental Bank's Policy on Collection of Cheques and Instruments- (2018-19)

1) Introduction:

Our cheque collection policy is a reflection of 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. We are committed to increased use of technology to provide quick collection services to our customers. This Policy document covers the following aspects.

- Collection of cheques and other instruments payable locally, at centers within India and abroad.
- Time norms for collection of instruments.
- Payment of interest in cases where there is delay beyond time norms in realization of proceeds of outstation instruments/local cheques.
- Dealing with collection instruments lost in transit.

2) Arrangements for Collection:

2.1) Local Cheques

2.1(a) 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.

2.1 (b) Non-CTS cheques will be presented in the clearing house at the prescribed intervals which is presently once in 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.

2.1 (c) 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.

Speed Clearing :

The clearing operations under speed clearing for cheques drawn on CBS branches of all banks, of all centres under speed clearing, will be handled as per the time schedule of the clearing house at the respective centre. Cheques presented in Speed clearing shall be treated as local cheque. Accordingly, in compliance to the BCSBI suggestions, the branches/offices are hereby advised to ensure proper display of the following:

- the cut off time upto which the cheques received will be sent for clearing the same day
- Cut-off time for High Value Clearing (same day credit)

- Cut off time for receipt of cheques for payments to Govt. accounts like Income Tax etc. in the branch transacting Govt. business.
- The cut off time prescribed for each collection box shall be indicated on the face of the box/Drop box

2.2) Outstation Cheques

Cheques drawn on other banks at outstation centres 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. The bank would also use the National Clearing services offered by the Reserve Bank of India at centres where such collection services exist. Cheques drawn on bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue. Branches/Offices which are connected through a centralized processing arrangement and are offering anywhere banking services (ABB) to its customers will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches in the CBS network.

2.3) Cheques payable in Foreign Countries

The services of correspondent banks are being utilized for majority of the collections. 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. Credit to the customer will be afforded at prevailing exchange rate, on the date of conversion.

The maximum period for credit is 21 days from the value date. Further for compensation, it is one week from the value date plus the cooling period (21 days).

2.4) Immediate Credit of Local / Outstation Cheques / Instruments:

Branches / extension counters of the bank will consider providing immediate credit for outstation cheques/ instruments up to the aggregate value of Rs 15000/- (Rural/Semi Urban) and Rs 25000/- (Metro/Urban) tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. Immediate credit will be provided against such collection instruments to all eligible customers as mentioned above. The facility of immediate credit would also be made available in respect of local cheques at centres where no formal clearing house exists.

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.

The bank shall afford immediate credit for all instruments payable at par, like interest/dividend warrants and other Prepaid instruments like demand drafts etc., drawn by a bank on its branches. Further such instruments shall not be treated on par with cheques and initially immediate credit upto Rs 30000/- to such instruments shall be afforded as the bank has already received funds, at all its branches.

In the event of dishonor 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 overdraft limits sanctioned for individual customers.

A satisfactorily conducted account shall be the one

- a) Opened at least six months earlier and complying with KYC norms.

- b) Conduct of which has been satisfactory and bank has not noticed any irregular dealings.
- c) Where no cheques / instruments for which immediate credit was afforded returned unpaid for financial reasons
- d) Where the bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit.

Branch 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, however not be charged.

2.5) Purchase of local/outstation cheques

The Branch shall, at its discretion, purchase local/outstation (including foreign cheques) 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.

3) Time frame for Collection of Local / Outstation Cheques / Instruments:

For local cheques/DDs-Instruments deposited before the cut off time (As applicable to the location: For Drop boxes, within the time indicated on the drop box) will be credited to the customer's account on the same working day or the next working day. The account holder will be allowed to withdraw funds immediately after closure of relative return clearing or maximum within an hour of commencement of business on the next working day.

Cheques / Instruments presented in high value clearing (with the minimum value of Rs.1 lac) shall be credited on the same day (applicable only in areas covered by high value / same day clearing).

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

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

(b) Non CTS centres: 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 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 give credit to the party upon realization credit of proceeds into the bank's NOSTRO Account with the correspondent bank after taking into account cooling periods as applicable to the countries concerned.

(d) 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 of while accepting instruments for collection.

4) Payment of Interest for delayed Collection of Local/Outstation Cheques:

As part of the compensation policy of the bank, interest shall be paid to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned above. 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.

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

- A. Saving Bank Rate for the period of delay beyond 3 working days in case of local cheques.
- B. Savings Bank rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS Centres and 10 days in non CTS Centres.
- C. Where the delay is beyond 14 days interest will be paid at the rate applicable to term deposit for the respective period.
- D. 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.
- E. 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.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

The outstation cheque/DD to which immediate credit has been provided shall not be eligible for claim for delay.

5) Cheques / Instrument s lost in transit /in clearing process or at paying bank's branch :

In the event 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 branch shall immediately on coming to know of the loss, bring the same to the notice of the accountholder so that the accountholder 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 branch would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the approved compensation policy of the bank the accountholder is to be compensated in respect of instruments lost in transit in the following way:

- a) 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.
- b) 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.
- c) The Customer shall be compensated 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.

As regards provision in case the eventuality of such an event viz. Cheques / Instruments lost in Transit / Clearing Process or at the Paying Bank's Branch, a flat amount of Rs.100/- shall be credited to the account holder towards Interest/ Expenses for getting Duplicate Cheque/ Instrument and consequent delay in crediting amount of the lost cheque/ instrument to the Account, irrespective of whether the cheque was meant for local or outstation collection. Further in case a cheque is lost by a branch, charges, if any, for recording stop payment Order or any additional expenses incurred by the customer in this regard will also be borne by the branch. In case the cheque is lost after it is discounted, the customer will be required to assist the Branch in recovery by reimbursement/arranging duplicate cheque covering the payment/transaction.

6) 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, 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), beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

7) Delay in re-presentation of technical return cheques and levy of charges for such returns

- The bank will levy cheque return charges only in cases where the customer is at fault and is responsible for such returns. An illustrative list of returns, where the customers are not at fault are indicated in Annexure- I(a).
- Further in cases where the cheques need to be re-presented without any recourse to the payee, such re-presentation shall be made in the immediate next clearing presentation not later than 24 hours(excluding holidays)with due notification to the customers of such representation through SMS alerts, email etc.
- RBI directed that no changes/corrections should be carried out on the cheques. For any changes in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words) etc. excepting change in the date for validation period, fresh cheque forms should be used by customers. This will help the bank to identify and control fraudulent alterations.
- Reduction of validity of cheque /draft /pay order/Banker's cheque from 6 months to 3 Month's w.e.f. 01.04.2012.
- Dishonor/ Return of cheques: Bank needs to mention the `Date of Return" & sign/ initial the Cheque Return Memo and the Objection Slip is to be signed/initialed giving therein a definite and valid reason for refusing payment, as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers" Clearing Houses (URRBCH). This will enable the holder of the instrument to have legal recourse against the drawer of the cheque.

8) Cheques that need 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 customer for such representation through SMS alert.

9) 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 branch 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 branch 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 was not withdrawn, the amount so credited will not qualify for payment of interest when the cheque is returned unpaid. If proceeds were credited to an overdraft/loan account, interest shall be recovered at the rate of 2% above the interest rate applicable to the overdraft/loan 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.

10) Service Charges:

The Bank will recover appropriate service charges, for all collection services, as decided by Bank from time to time and communicate to the customers by displaying the same on bank's website.

11) Miscellaneous:

A. Cheques which are deposited with wrong account number mentioned on the Pay-in slip, Bank will return such cheques to the customers on the address mentioned within 48 working hours. However in cases with incomplete address, incomplete phone no., no phone number mentioned on the Pay-in slip, the bank will be responsible to keep these instruments for a maximum period of 3 months.

B. 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 days bank will send them back at the recorded address by post or courier.

12) Amendment/Modification of the Policy:

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. However, the Bank shall endeavor to review the policy at annual intervals.
