

I. PREAMBLE:

- Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been implemented by the banking industry in general, it is imperative for the Bank to draw up a Cheque Collection Policy.
- The Bank's Cheque Collection Policy is periodically reviewed, considering the guidelines issued by Reserve Bank of India (RBI) and NPCI from time to time.
- The Bank's Cheque Collection Policy document has been formulated as a comprehensive document considering our technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through different methods.

II. OBJECTIVES:

- To document the principles under which the Bank will conduct the business of collection of cheques for its customers within the framework of the directives of RBI.
- To document the system for collection of cheques to ensure that the system is more efficient.
- This Cheque Collection Policy of the Bank will reflect the Bank's on-going efforts to provide better service to our customers and set higher standards for performance.

III. APPLICABILITY OF THE POLICY:

This Policy is applicable to all Branches and to all staff involved in the process of cheque collection on behalf of the customers.

IV. SCOPE OF THE POLICY:

The principles underlying the processes for collection of local/outstation cheques is incorporated in the Policy.

V. VALIDITY:

The Policy is for the year 2024-26 and will be valid till the next policy is approved by the Board.

VI. BROADOUTLINE:-

- 1. The Policy is based on the principles of transparency and fairness in the treatment of customers.**
- 2. The Bank is committed to enhanced use of technology to provide quick collection service to its customers.**
- 3. This Policy document covers the following aspects:-**
 - i. Arrangements for Collection of cheques and other instruments payable locally as well as outstation at centers within India**
 - ii. Policy on payment of interest in cases where the Bank fails to meet time norms for realization of proceeds of outstation instruments.**
 - iii. Bank's policy on dealing with collection instruments lost in transit.**

VII. ARRANGEMENTS FOR COLLECTION:-

1. Local Cheques

- (i) All CTS cheques and other negotiable instruments payable under a grid system will be presented through the clearing system prevailing at the center.**
- (ii) Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be presented for clearing at Main Branch, Sulthan Bathery**
- (iii) The Bank will give credit to the customer's account on the same day on which the clearing settlement takes place.**
- (iv) In case of Banks who have obtained extension for their Inward cheque process, then the clearance of the cheques of such Banks will be granted on next working day, after the cheque-return process is completed for that day.**
- (v) Withdrawal of amounts so credited will be permitted only after the cheque- return process is completed.**

(v i) Reserve Bank of India has stopped non-CTS clearing with effect from 1st January 2019 hence treatment will be given to non-CTS cheques as outstation cheques.

The timings for the acceptance of cheques will be as follows:

Cheques will be accepted during working hours of the Bank's branches.

2. Outstation Cheques:-

- (i) The Bank will not decline to accept outstation cheques deposited by its customers for collection.
- (ii) Cheques drawn on the Bank's own branches same day credit will be provided to customers.
- (iii) As a policy--
 - i. The OBC cheques will be sent for collection to the postal address of the drawee bank within a day of receiving the cheques by the branches through registered post/courier.
 - ii. The Bank will debit the customer's account with applicable service charges, as per the tariff schedule notified by the Bank from time to time. The charges notified will be all inclusive and no additional charges such as courier charges, out of pocket expenses, etc, will be recovered from the customers.

Third party endorsements: RBI has prohibited banks from crediting "Account Payee" cheque to the Account of a person other than the payee constituent named therein. The Bank will not collect cheques for any person other than the payee constituent.

However, in case of co-operative credit societies branches shall collect account payee cheques drawn for an amount not exceeding rupees fifty thousand to the account of their customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies. While collecting the cheques Bank shall obtain a clear undertaking in writing from the co-operative credit societies concerned that, upon realization, the proceeds of the cheques will be credited only to the account of the member of the co-operative credit society who is the payee named in the cheque, subject

to the fulfillment of the requirements of the provisions of Negotiable Instruments Act, 1881, including Section 131 thereof.

**VIII. TIMEFRAMEFORCOLLECTIONOFLOCAL/OUTSTATIONCHEQUES/
INSTRUMENTS:**

- (i) Forlocal cheques presented in clearing, credit will be afforded as onthe date of settlement of funds in clearing and the account holder will be allowed towithdraw funds as per return clearing norms.

Time Norms for collection of cheques

- a) For collection of local cheques

CTS centers 7days

Non CTS centers 7-14 days

- b) For collection of outstation cheques- 14 days

IX. INTEREST PAYMENT FOR DELAYED COLLECTION:-

- (i) As per the Compensation Policy of the Bank, in case of delay in collection of outstation cheques and other instruments beyond the above-mentioned stipulated time norms, the Bank will pay interest to its customer at the saving bank rate on the amount of the collection instruments.
- (ii) There will be no distinction between instruments drawn on the Bank's own branches or on otherbanks for the purpose of payment of interest on delayed collection.
- (iii) Such interest will be paid without any demand from customers in all types of accounts.
- (iv) As regards chequessent for collection to the drawee bankforpayment, in the absence of our branch/cheque collection arrangement, Bank will pay interest to our customer @ savings rate for the period of delay in crediting the proceeds beyond the collection period. However Bank shall claim reimbursement of the same from the drawee bank since the delay has occurred due to failure of the drawee bank to remit the proceeds promptly to our Bank; however our Bank will share and notify

our customer on demand that the delays are due to the drawee bank.

X. DISHONOR OF CHEQUES: -

Intimation of dishonor of cheques to customers:-

- (i) The Bank will ensure that the dishonored instrument is returned / dispatched to the customer promptly without delay on the same day but in any case, within 48hours.
- (ii) Customers will be informed of the dishonor of instruments by telephone or directly on their visit to the presenting branch.
- (iii) In case of local cheques, the cheque return charges will be recovered by branches.
- (iv) The presenting branch is expected to contact the customer and hand over the same/forward the cheque to the home branch through internal dispatch. The customer will be handed over the physical cheque by the presenting branch / home branch only after production of the counter foil of the pay-in-slip & identity proof.
- (v) Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns. Charges shall not be levied for cheque returns where customers are not at fault in the return.

XI. WITHDRAWAL OF FUNDS:-

The Bank shall permit customers to withdraw funds credited to customer's account (via cheques deposited) immediately after outward cheque return process is completed.

XII. POSITIVE PAY SYSTEM (PPS) FACILITY:

Our Bank has implemented PPS with effect from August 2022. The PPS facility is applicable for all customers issuing cheques of Rs. 50,000/- and above. However, this facility is mandatory in case of cheques issued for amounts of Rs. 5.00 lakh and above. Mobile banking and SMS are the channels available to our customers for submitting the cheque details.

XIII. FORCE MAJEURE

The Bank will not be liable to compensate customers for delayed credit if some unforeseen events (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.

Approved as per DBR No 21 Dated 22.05.2024

Chairman

Chairman ACB

Chief Executive Officer

