

Cheque Collection Policy

1. Introduction:

As recommended by various guidelines of the Goiporia Committee on Procedures & Performance Audit on Public Services (CPPAPS) in Banks and as required by the Reserve Bank of India, the Policy on Collection of Cheques has been duly approved by the Board of DCB Bank Ltd.

The Cheque Collection Policy is based on principles of transparency and fairness in the treatment of Customers. It covers the following aspects:

- Collection of Cheques and other instruments payable locally, at centres within India and in foreign countries
- Our commitment regarding time norms for collection of instruments
- Payment of interest in cases where the Bank fails to meet time norms for realization of proceeds of instruments drawn on outstation locations
- Dealing with collection instruments lost in transit

DCB Bank Ltd. with its continued focus on providing seamless and efficient services to the Customers has adopted the above aspects with the enhanced usage of technology to provide more effective and efficient Cheque Collection Services.

2. Arrangements for Collection:

(a) Local Cheques

All Cheques and other Negotiable Instruments payable locally, would be presented through the Clearing system prevailing at the centre. Cheques tendered at branch counters and those deposited in the collection drop boxes placed within the branch premises before the specified cut-off time would be presented for Clearing on the same day. Cheques deposited after the cut-off time and in collection drop boxes outside the branch premises including at the off-site ATMs, would be presented in the next Clearing cycle. Further, at CTS locations, Non CTS instruments would be collected as per clearing cycle advised by NPCI/RBI.

Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns.

Cheque/s 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 of such re-presentation through SMS alert, email, etc.

(b) Outstation Cheques

Cheques drawn on other Banks at outstation centres will normally be collected through DCB Bank 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 is also using the National Clearing services offered by the Reserve Bank of India for collection of instruments drawn at centres where such collection services exist. However, if DCB has its presence at such centres, the instruments will be collected through DCB branches for quicker realization.

Cheques drawn on any of DCB Bank's own branches at outstation centres would be collected using the

centralized processing arrangement, as DCB Bank offers Any Branch Banking services and same day credit would be provided to the Customers upon realization.

(c) Cheques Payable in Foreign Countries

Such Cheques would be collected on the “best of efforts” basis. For speedy collection of Cheques payable at foreign centres, DCB Bank has entered into specific collection arrangements with its Correspondent Banks, whose services would continue to be utilized in countries / centres where the Correspondent has its presence. Upon periodic review, such arrangements would be entered into with new Correspondents in additional countries.

Cheques drawn on Foreign Banks at centres where the Bank or its Correspondents do not have direct presence would be sent directly to the drawee bank, with instructions to credit proceeds to the respective Nostro Account of the Bank maintained with one of the Correspondent Banks. The rate of exchange applicable will be the TT Buying rate applicable on the date of affording the credit.

(d) Immediate Credit of Local / Outstation / Foreign Cheques / Instruments

Branches / Extension Counters of the Bank will provide immediate credit to individual Customers maintaining a Resident Savings Bank account under any of the Schemes, in respect of all outstation / foreign instruments drawn, upto a maximum amount of Rs.15,000/- or equivalent to INR 15,000/- if the conduct of the account is satisfactory. The cap on the amount to be credited thus, at any point in time, is fixed at Rs.15,000/-. This shall be at the specific request of the Customer. Under this Policy, prepaid instruments like Demand Drafts, Interest & Dividend warrants shall be treated on par with Cheques. For the purpose of this Policy, a satisfactorily conducted account shall be the one where:

- The account is satisfactorily conducted for a period of not less than one year and where no irregular dealings have been noticed
- The account is compliant with the KYC norms
- No Cheques have been returned for financial reasons out of the Inward/Outward Clearing Presentments for the past one year from the date of request of immediate credit.
- No AQB charges are levied during the last one year

The aforelisted criteria shall be subject to review from time to time. Normal collection charges, postages/courier/handling charges would be applicable.

Customers would be eligible for the facility subject to the approval of the Regional / Centre Heads approving the recommendations made by the Branch Managers.

In the event of dishonor of such instruments for any reason, the amount in respect of which is already credited to the Customer's account, and/or, in respect of which, any draws are allowed, the Bank shall recover the amount of instrument, along with normal collection charges and out of pocket expenses as applicable, by debiting the Customer's account. However, exchange charges applicable for Cheque purchase, will not be charged.

If sufficient balance is not available, the outstanding amount shall be deemed to be a temporary overdraft / over-limit granted to the Customer, which the Customer shall be bound to repay immediately, upon a demand being made by the Bank. However, once an instrument is returned unpaid, the Customer would become ineligible thereafter to avail of the facility.

Charging of Interest on Cheques Returned Unpaid where Instant Credit was given:

If a Cheque sent for collection for which the Bank provided immediate credit is returned unpaid, the value of the Cheque, along with the incidental charges will be immediately debited to the account with effect

from date of credit afforded by the Bank. In case of resultant overdraft, the interest will be charged at the rate applicable for Overdraft limits sanctioned to individual Customers, from the date when the immediate credit was given, to the date of return of the instrument. Wherever applicable, interest will be charged on the notional overdrawn balances in the account, had credit not been given initially. Any interest credited to the account on the amount of instrument returned unpaid, would be recovered later.

(e) Purchase of Local / Outstation Cheques

The Bank would, at its discretion, purchase local/outstation Cheques tendered for collection at the specific request of the Customer, or as per prior arrangement. Besides satisfactory conduct of account and dealing of the Customer, the standing of the Drawer of the Cheque will also be a factor considered while purchasing the Cheque.

(f) Procedure in case of Dishonour of Instruments

All instruments returned unpaid would be processed on the same day and forwarded to the branches concerned. These would be retained at the branches on the day the instruments are received, for being handed over to the customers. In cases where these are not collected by the customers, the same would be dispatched at their mailing address on the next working day. In all such cases, normal service charges would be applied, as displayed on the Home page of the Bank's website.

3. Time Frame for Collection of Local & Outstation Cheques / Instruments:

In case of Local Cheques

As a policy, for all local Cheques presented in Clearing, the Bank would give credit to the Customer account on the same day when the local Clearing settlement takes place, provided that, the settlement takes place and, as per the Cheque return schedule of the Clearing House, the unpaid returned instruments are received before 6.00 p.m. In any case, the proceeds would be credited to the Customer accounts latest by the morning of the third working day, subject to the instruments being tendered before the cut-off time on the first working day. If not, the instruments would be presented in the next Clearing cycle.

The cut-off time would vary at different locations and at different branches, depending upon the time when the Clearing settlement takes place at different locations and the proximity of the branches to the unit processing the Clearing instruments.

Payment of Interest for Delayed Collection of Local Cheques:

In cases where there is delay in collecting and crediting the proceeds of an instrument beyond the time period mentioned above, DCB, as part of its Compensation Policy, will pay interest to its Customers on the amount of local instruments collected, provided that, such a delay is due to any deficiency in service on the part of the Bank, or due to any act of omission or commission directly attributable to the Bank and payment of interest of interest would be applicable as under:

Compensation for delays in collecting local cheques in clearing - Rs.3/- per every Rs.1000/-subject to maximum up to Rs.100/-.

In case of Instruments Drawn on Outstation Locations

For Cheques and other instruments sent for collection to centres within the country the following time norms shall be applied and proceeds collected / fate known, as under :

- Cheques presented at and drawn on any of the four Metro centres - New Delhi, Mumbai, Kolkata and Chennai and payable at any of the other 3 centres – Within 7 working days.
- Cheques presented at other Metro centres and State Capitals where there is MICR Clearing facility (other than those of North Eastern States and Sikkim) – Within 10 working days
- Cheques presented in the National Clearing – Upon receipt of fate from the R.B.I., which is within 7 working days.
- Cheques drawn on all other centres having DCB Bank branches – Within 7 working days
- Cheques drawn on HDFC centres and presented for Customers availing the facilities of DCB Bank's tie-up arrangement with HDFC Bank, - Within 7 working days (Under the "Sprint" Product - irrespective of the fate of instrument but subject to subsequent returns)
- In case of instruments sent directly to the drawee banks at all other centres – Upon realisation of the proceeds / fate, usually, within 14 working days
- Cheques drawn on and presented in Foreign Countries – Upon credit of proceeds to the Bank's Nostro Account with the Correspondent Bank and after taking into account the 'cooling' period as applicable, but generally, within 30 days in most cases. Value dated credit will be given from the date of credit of proceeds to the Bank's Nostro Account with the Correspondent Bank

4. Payment of Interest for Delayed Collection of Outstation & Foreign Cheques:

In cases where there is delay in collecting and crediting the proceeds of an instrument beyond the time period mentioned above, DCB Bank, as part of its Compensation Policy, will pay interest to its Customers on the amount of outstation instruments collected, provided that, such a delay is due to any deficiency in service on the part of the Bank, or due to any act of omission or commission directly attributable to the Bank and subject to the amount of such interest being Rs.10/- or above. Such interest shall be paid without any demand having to be made by its Customers holding any type of Savings Bank accounts.

For the purpose of payment of interest on delayed collection, there shall be no distinction between instruments drawn on the Bank's own branches or, those drawn on the branches of other Banks. Payment of interest as shown below would be applicable only for instruments sent for collection within India.

Interest for delayed collection shall be paid for the period of delay beyond the stipulated period, at the following rates:

- For delay upto 14 days --Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be.
- For delay from 14 days to 90 days -Term Deposit rates, for the respective period.
- For delays beyond 90 days - 2% above the corresponding rate for Term Deposits, in case of extraordinary delay, i.e. delays exceeding 90 days.
- In the event the proceeds of an instrument under collection were to be credited to an Overdraft/Cash-Credit/Loan account of the Customer, interest will be paid at the rate applicable to such borrowal account. In case of extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to such account
- In case of Cheques drawn on and presented in Foreign Countries – At Savings Bank rate for the period of delay beyond 30 days of credit of our Nostro Account with the Correspondent Bank. At Term Deposit rate for the period of delay beyond 60 days of credit to our Nostro Account.

5. Instruments Lost in Transit / In the Clearing Process / At the Paying Bank's branch:

In the event a Cheque or an instrument accepted for collection is lost in transit, or in the Clearing process, the Bank shall :

- Immediately bring the fact to the notice of the account holder, to enable him to inform the Drawer of the instrument to stop payment thereon and also to ensure that other Cheques drawn if any by the Customer, are not dishonoured, due to non-credit of the amount of the lost instrument
- The Bank would render all possible help to the account holder in getting a duplicate from the Drawer of the instrument and in arranging to get the payment of the lost instrument stopped
- In line with the compensation policy of the Bank, compensate the account holder in respect of instruments lost in transit in the following way :
 - 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 in 4 above
 - In addition, interest will be paid on the amount of the Cheque for a further period of 15 days at Savings Bank rate, if a further delay is likely in obtaining duplicate Cheque / instrument and collection thereof
 - The Bank would also reimburse the account holder the related reasonable expenses up to Rs.500/- that he/she may incur in stopping the payment of the instrument lost and in getting the duplicate Cheque / instrument, upon production of relevant records and receipt to this effect, in the event the instrument is to be obtained from a bank / institution, which may charge a fee for issue of duplicate instrument
 - If the instrument is lost at the paying bank branch, DCB, having the right to recover the amount of loss reimbursed if any, to the account holder, shall recover the same from the paying Bank.

6. Force Majeure:

The Bank shall not be liable to compensate Customers for any delayed credit, if some unforeseen event like (including but not limited to), lockout, strike, or other labour disturbances (at the drawee banks), non-participation of drawee banks, civil commotion, terrorist attacks, sabotage, accidents, fires, natural disasters or other "Acts of God", war, damage to the Bank's facilities or, at any of the banks involved in the process or, at its Correspondent Banks due to any reason whatsoever, absence of the usual means of communication etc., beyond the control of the Bank, prevents it from performing its obligations within the service delivery parameters specified herein.

September 2015

Addendum to the Cheque Collection Policy

Out-of-date (stale) cheque

Cheques presented for collection, three months after the date of issue of the cheque will not be collected by us.

August 2017

