

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that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation Cheques, (ii) Time Frame for Collection of Local / Outstation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 increase 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 outstation instruments.
- Policy on dealing with collection instruments lost in transit.

2. Arrangements for Collection:

2.1 Local Cheques

All Cheques and other Negotiable Instruments payable locally would be presented through the clearing system prevailing at the centre. Cheques deposited at branch counters and in collection boxes within the branch premises before 12.00 noon on Weekdays and 10.00 am on Saturdays or the time norms specified in the respective drop boxes, will be presented for clearing on the same day and Cheques deposited after the cut-off time will be presented in the next working day's clearing cycle. Cheques deposited in collection boxes outside the branch premises including off-site ATMs will be presented in clearing depending on the cut-off timings/processing timings indicated in the respective cheque collection boxes. Credit to the customer account is given on the same day or maximum on the subsequent working day, from the time clearing settlement takes place. Withdrawal of amount so credited is permitted as per the cheque return norms of the respective clearing house.

The above time frame is not applicable if there has been any discrepancy in the Cheques / instrument.

Wherever facility of high-value clearing is available in the Local Clearing House, this facility will be extended to customers. The high-value limit is set by RBI and clearing house of the respective metros which is displayed in the Branch. The Cheques for high-value processing should be deposited at branch counters within the specified time frame and the cheque would be processed provided the bank / branch on whom the instrument is drawn on, participates in high value clearing.

2.2 Outstation Cheques

Cheques drawn on other banks at outstation centres will normally be collected through bank's branches at those centres. In case 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 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.

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 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.

2.4 Immediate Credit of Cheques / Instruments

The bank will provide immediate credit for Interest / Dividend warrants payable at par at the respective centers up to the aggregate value of Rs.5000.00 (Rupees five thousand only) tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. The facility of immediate credit would also be made available in respect of demand drafts issued by Standard Chartered Bank drawn on its branches within India. The facility of immediate credit will be offered on Savings Bank / Current / Cash Credit Accounts of individual customers.

In the event of dishonor of cheque / instrument 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 temporary overdraft limits sanctioned for individual customers.

For the purpose of this Policy, a satisfactorily conducted account shall be one a) Opened at least six months earlier b) Conduct of which has been satisfactory and bank has not noticed any irregular dealings c) Where no Cheques / instruments, including those for which immediate credit was afforded, was 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.

Bank shall levy normal collection charges and out of pocket expenses (as per schedule of service charges of the bank) while providing immediate credit against instruments tendered for collections.

2.5 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.

2.6 Speed clearing

Vide circular: NCC.NPT.No.84-A/03.30.07/2007-08, dated 8th May 2008, Reserve Bank of India has decided to introduce a new system called "Speed Clearing" at four metros

centers to start with, with the objective of reducing the time taken for collection of outstation cheques by leveraging the technological advantage arising out of implementation of Core Banking Solution (CBS) in banks. Currently there are 66 centers covered under the "Speed Clearing" facility offered by RBI. The new clearing system would facilitate clearance of outstation cheques at all source station itself and there would be no movement of physical instruments to the destination center ie center where the drawer of the instrument maintains his account. Under the "Speed Clearing", outstation cheques drawn on bank branches which are under 'CBS' platform, would be passed for payment at the center where the cheque is received for collection.

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

The Bank has revised the time frame for collection of local and outstanding Cheques / instruments based on the RBI circular dated November 24, 2008.

For local Cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing house. Account holders will be allowed to withdraw funds from their transaction accounts as per clearing norms in vogue at respective centres. However extension of return clearing timings by the Clearing House under exceptional circumstances, sometime may lead to delay in allowing withdrawals as advised.

Cheques / Instruments presented in high value clearing (as specified in the point 2.1) shall be credited on the same day (applicable only in areas covered by high value and/or drawee bank/branch participating in high value clearing). Utilization of amounts so credited would be permitted same day after 6.30PM.

For Cheques and other instruments sent for collection to centres within the country the following time norms shall be applied for credit of proceeds:

- a) Cheques presented in Metro's where Standard Chartered Bank has branches
 - 7 working days (excluding the deposit date) for Cheques deposited by 12 noon or the time norms specified in the respective cheque drop boxes
 - 8 working days (excluding the deposit date) for Cheques deposited after 12 noon or the time norms specified in the respective cheque drop boxes
- b) Cheques payable at the locations as per the list attached [\(Refer List - A\)](#).
 - 10 working days (excluding the deposit date) for Cheques received before 12 noon or the time norms specified in the respective cheque drop boxes
 - 11 working days (excluding the deposit date) for Cheques received after 12 noon or the time norms specified in the respective cheque drop boxes
- c) Cheques payable at the locations as per the list attached [\(Refer List-B\)](#).
 - 14 working days (excluding the deposit date) for Cheques received before 12 noon or the time norms specified in the respective cheque drop boxes
 - 15 working days (excluding the deposit date) for Cheques received after 12 noon or the time norms specified in the respective cheque drop boxes
- d) Cheques payable at all other locations
 - The cheques will be sent to the drawee bank by courier / postal and the proceeds will be credited to the account of the beneficiary on receipt of funds from the

member bank. The proceeds are expected to credit to the beneficiary account within 14 days (excluding the deposit date).

e) Cheques drawn on foreign countries:

Bank enters into specific collection arrangements with its correspondent banks for collection of such instruments. Currently the Bank has collection arrangement for Foreign Currency instruments in USD, GBP, EUR, AUD, CAD, CHF, NOK, NZ\$, HK\$, SG\$ & AED and would give credit to the customers on credit of proceeds to the bank's Nostro Account with the correspondent bank after taking into account cooling periods applicable as under and converted at the exchange rate applicable on the date of credit:

Currency of Instrument	Customer relationship < 6 months old	Customer relationship > 6 months old
USD cheque payable at New York Foreign Currency Cheques	All other 21 calendar days from date of credit into Nostro	12 calendar days from date of credit into Nostro
USD cheque payable outside New York	21 calendar days from date of credit into Nostro	21 calendar days from date of credit into Nostro

The above referred time norms are applicable irrespective of whether Cheques / instruments are drawn on the bank's own branches or branches of other banks. In case the instruments are not cleared within the given time frame, the Bank will pay interest to the customer as per the compensation policy elaborated below.

4. Payment of Interest for delayed Collection of Outstation Cheques:

As part of the compensation policy of the bank, the bank will pay interest to its customer on the amount of collection instruments for the delay beyond the time frame specified above provided drawee bank did not delayed the clearing of the Cheque / Instrument. Such interest shall be paid within 15 days of proceeds being credited without any demand from customers in all types of accounts as applicable. 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.

Interest for delayed collection shall be paid at the following rates: a) Savings Bank rate for the period of delay beyond 7/10 to 14 working days as the case may be in collection of outstation Cheques. b) Where the delay is beyond 14 working days, interest shall be paid at the Savings Bank rate + 1%. c) 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 as applicable d) In the event the proceeds of cheque under collection was to be credited to a regular overdraft / loan / credit card account of the customer, interest will be paid at the rate applicable to the overdraft / loan / credit card account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the account.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India. Further, it may be noted that interest will not be paid if the delay in clearing happen at drawee Bank's end and on such cases, the

intimation letter will be sent to the customers to enable him/her to take up the matter with the drawee and drawee bank.

5. Cheques returned unpaid by Payee Bank:

In the event cheque presented in local clearing or sent for collection is returned unpaid, the instrument along with an advice providing reasons for return will be dispatched to the account holder at his/her address recorded with the bank. Charges applicable as per schedule of service charges of the bank will be levied.

6. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch (applicable to banking accounts):

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 bank shall immediately on coming to know of the 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 of the Cheques, if any, issued by him / her are not dishonored due to non-credit of the amount of the lost Cheques / instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the compensation policy of the bank, the bank will compensate the account holder in respect of instruments lost in transit at the presenting Bank's end in the following way:

- a) In the event loss of instrument is conveyed to the customer beyond the time limit stipulated for collection under points 3 a,b,c, above (7/10/14 working 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 bank would also compensate the customer for any reasonable charges (Upto Rs.500/-) he/she incurs in stopping payment, getting duplicate cheque / instrument, indemnity charge, if applicable, upon production of receipt.

7. 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, accident, fires, natural disasters or other "Acts of God", war, resulting in damage to the bank's facilities or of its correspondent bank(s), etc., beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

8. Abnormal Circumstances

The bank shall not be liable to compensate customers for delayed credit if an abnormal circumstances like lockout, strike or other labor disturbances, 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.
