

CHEQUE COLLECTION POLICY

Introduction

As a part of normal banking operations, the Bank undertakes collection of cheques deposited by its customers, some of which could also be drawn on non-local bank branches. Such cheques are called outstation cheques. In order to facilitate faster collection of outstation cheques, the Reserve Bank of India started a special clearing styled "Speed Clearing" by leveraging the core banking solutions implemented in banks.

To bring about public awareness on speed clearing, we have revised the policy to reflect the features of this collection system. The policy is mandated under RBI's Master Circular on Customer Service (DBR No. Leg. BC. 21/09.07.006/2015-16 dated 01.07.2015).

The details of the revised policy, as proposed by Retail Banking Operations (RBO), which will supersede all the earlier instructions of the Bank are as under;

Aspects of the Cheque Collection Policy

1. Collection of cheques and other instruments payable locally at centres within India and abroad
2. Our commitment regarding time norms for collection of instruments
3. Policy on payment of interest in cases where the Bank fails to meet time norms for realization of proceeds of outstation instruments
4. Our policy in dealing with collection instruments lost in transit

1. Arrangements for collection

A. Local Cheques

All cheques and other negotiable instruments payable locally would be presented through the clearing system prevailing at the center. 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 ATMs and Cheque Deposit Kiosks will be presented in the next clearing cycle. As a policy, the bank would give credit to the customer account on the same day on which the final clearing settlement takes place or at the most the next working day of their presentation in clearing. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house

Branches situated at centres 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.

To enhance the efficiency of paper based clearing system, the Cheque Truncation System (CTS) was implemented in the National Capital Region (NCR). Since July 2008, all the member banks of the New Delhi Bankers' Clearing House are participating in the CTS. CTS was subsequently implemented in Chennai and Mumbai in a grid model where various states/cities under the grid participate through the grid. Accordingly, the pan 2 India CTS operations shall be now handled through three grids only viz., South/West/North.

With the introduction of the imaging and truncation of cheques, the physical movement of instruments would be stopped and the electronic movement of images and data of cheques would speed up the process of settlements and ultimately alter the clearing cycles. The number of clearing cycles could be increased and it would be possible for customers to realize the proceeds of cheques early. Thus the realization time of proceeds for a cheque presented in clearing would be decreased and the customer would be able to derive the benefit of earlier credit of funds. Grid clearing would ensure erasing of boundaries and eliminating the process of intercity clearing, thus enabling the realization of cheques across cities along with the local cheques.

Thus the benefits could be summarized as:

- i. Faster clearing cycle
- ii. Better reconciliation/verification process
- iii. Better Customer Service. Enhanced Customer Window
- iv. T+0 for Local and intercity clearing cheques
- v. The jurisdiction of Clearing House can be extended to the entire country – No Geographical Dependence
- vi. Minimizes Transaction Costs.
- vii. Reduces operational risk by securing the transmission route.
- viii. Grid clearing enables centralization of CTS activities bringing in economies of scale and cost effectiveness

2. Timing for acceptance

Cheques would be accepted during the business hours of the branch across the counter as well as the drop boxes. The acknowledgement should be given to the customer where the cheque is deposited across the counter. Alternately, cheques can be deposited at the drop-boxes at the ATMs / CDKs round-the-clock.

Collection timings for local cheques drawn on other banks (local clearing)

The cut-off time for sending cheques for collection would be worked out for each location/branch based on cut-off time afforded by clearing house at each location. The cut-off timings would be displayed at branches/ATM drop boxes for customers.

For local cheques the time lines for local clearing will apply. The account holder is allowed to withdraw funds after the cut-off time as per return clearing norms in vogue at the centre.

3. Collection timings for local cheques drawn on own branches of bank (Transfer cheques)

1	Cheques deposited across the counter and in the Branch drop Box	Same day (available only on week days)
2	Cheque Deposit in ATM drop box	Within a period of 2 working days after pickup

4. Outstation Cheques

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

Cheques drawn on the Bank's own branches at outstation centers will be collected using the inter-branch arrangements in vogue. As a part of the anywhere banking services of the Bank, customers will be provided same day credit for cheques drawn on the Bank's own branches subject to limits/charges prescribed by the Bank from time to time.

The definition of outstation cheques excludes demand drafts, banker's cheques, interest warrants and dividend warrants drawn on the Bank itself.

5. Speed clearing

Speed clearing refers to collection of outstation cheques through the local clearing. Outstation cheque collection through collection basis takes around one to two weeks depending on the corresponding/drawee bank for this purpose. Under Speed clearing, it would be two to three working days. Speed clearing aims to reduce the time taken for realization of outstation cheques.

The Bank can thus now locally pay outstation cheques of branches covered under CBS without having to physically send the cheque to the branch of the drawee bank for clearing.

Instruments of all transaction codes (except Government cheques) which are drawn on CBS-enabled bank branches are eligible for being presented in Speed Clearing.

The list of speed clearing centres and details of the participating bank branches are available at the RBI site with the following URL address:

http://rbidocs.rbi.org.in/rdocs/content/Docs/10002_LSCC.xls.

6. Cheques payable in Foreign Countries

Foreign currency cheques would be accepted during business hours of the Bank branch.

Foreign currency cheques payable at foreign centers will be collected using services of correspondent banks. Cheques drawn on foreign banks at centers 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 Axis Bank maintained with one of the correspondent banks.

The cheque collection would take place within following parameters:

- i. The mode of collection for foreign currency cheques / instruments would depend on the currency, drawee location and the amount of the instrument and the same would be informed to the customer.
- ii. At present, the Bank avails 'Final Credit Service' for USD denominated cheques/instruments from our Correspondent Bank in USA under which final credit is received (without recourse). Credit for the foreign currency cheque is received in the

Nostro Account by the 24th working day and the customer's account is credited on the next working day of the value date of the Nostro credit.

- iii. The Bank also avails of „Cash Letter Scheme“ from our Correspondent Banks for foreign currency cheques/instruments denominated in USD, EUR, CAD, GBP, DKK, SKK, AUD and CHF currencies. Correspondent Banks provide provisional credit related to the instruments lodged under this scheme to the Bank's Nostro account on the condition that the Correspondent Bank can debit the Nostro account on receipt of any cheque return subsequent to affording the provisional credit. To safeguard against the risk of utilizing the funds which could subsequently be debited from the Nostro account, the Bank retains the received credit in Nostro accounts for certain cooling period as applicable to the countries concerned (ranging from 12 to 18 days, as governed by local regulations) prior to crediting the customer's account.
- iv. Foreign currency cheques that cannot be lodged under „Final Credit Service“ or „Cash Letter Scheme“ will be attempted to be sent directly to the drawee bank with instructions to credit proceeds to the respective Nostro Account of Axis Bank maintained with one of the correspondent banks. Such cheques are sent under direct collection only if the drawee bank has a centralized facility of cheque collection. For cheques sent on direct collection, there is no specific time frame committed to the customer for receiving credit into the account. Similarly, for cheques sent for direct collection, apart from the Bank's applicable cheque collection charges, there may be further deductions from the proceeds of the cheque by the drawee bank and correspondent bank, the quantum of which cannot be ascertained at the time of lodging the cheque. The customer's account is credited on the next working day of receipt of funds in the Bank's Nostro account held with a correspondent bank.
- v. The credit entry to the customer's account would be value dated based on the value date of credit of funds in the Nostro Account of the Bank.
- vi. The Exchange Rate (Telegraphic Transfer Buying Rate) prevailing as on the date of application of fund and credit to customer account will be applied.
- vii. In case of return of cheques, the debit entry in the customer's account would be value dated based on the value date of debit of funds in the Nostro Account of the Bank. The exchange rate risk in such instances will be borne by the customer.
- viii. The charges applicable would depend on the mode of collection under which the cheque / instrument is sent for collection and as mentioned in the Bank's Schedule of Charges.
- ix. For foreign currency cheques sent on collection, correspondent bank charges and courier charges as incurred will be additionally levied, wherever applicable.

7. Compensation for delayed credit

For cheques / instruments sent on collection basis, the Bank will value date the collection once the proceeds have been credited to the Nostro Account of the Bank with its correspondent bank.

In case of delay beyond the date when the amount is due for credit, compensation is payable for any adverse movement of exchange rate.

The compensation on account of delay in collection of instruments in foreign currency would be paid in Indian Rupees as per the Bank's Customer Compensation Policy for the period calculated from two working days after the date when the amount is due for credit up to the actual date of credit to the customer's account. For the sake of clarity, the day when the amount is due for credit is calculated as below:

- i. Cheques/Instruments lodged under „Final Credit Service" or sent for direct collection from the drawee bank: The working day in India which immediately follows the value date of the credit in the Nostro account pertaining to the foreign currency cheque.
- ii. Cheques/Instruments lodged under „Cash Letter Scheme": The working day in India immediately following the completion of the applicable cooling period for the foreign currency cheque.

8. Immediate Credit of local/outstation/foreign currency cheques/instruments

No immediate credit of local cheques would be given in view of the Bank's efficient clearing procedures, which ensure that delays do not occur in realization of proceeds of the cheques. At centers where no clearing house exists cheques will be presented across the counter and the proceeds will be credited at the earliest.

Branches / extension counters of the Bank would grant immediate credit for outstation cheques / instruments drawn on Axis Bank centers up to the aggregate value of Rs.15,000/- (maximum limit outstanding per account at any one point of time) tendered for collection of individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months.

Immediate credit will be provided at the sole discretion of the Branch Head after carefully verifying the satisfactory conduct of the account, creditworthiness of the customer and the genuineness of the need of the customer.

The facility will be offered on savings bank/current/cash credit accounts of the customers.

Under this policy, prepaid instruments like demand drafts, interest/dividend warrants shall be treated on par with cheques.

Rs. 250/- will be charged on each such case as a flat fee over and above the normal collection charges.

For the purpose of this policy, a satisfactorily conducted account shall be the one, which fulfils all of the following: -

- i. Opened at least six 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. Maintenance of Average Quarterly Balance (AQB) stipulation for at least 2 preceding quarters.

Immediate credit would also be subject to the following criteria:

- i. The account should be in Indian Rupees.
- ii. The cheque / DD should be drawn on a scheduled commercial bank, payable in India (excluding a co-operative bank).
- iii. The facility shall be extended to the customer at his / her base branch only.
- iv. Cheques shall not be post-dated / out of date / nearing out of date (to avoid risk of return in clearing). The cheques must be at least 14 working days from the date of expiry of the cheque.
- v. The account shall not be inoperative
- vi. The amount of immediate credit, whether for a single or multiple cheques / DDs, shall not exceed Rs. 15,000/- in an eligible account, at any point in time.
- vii. There should be no partial immediate credit of a cheque / DD.
- viii. The cheque shall not be the customer's own cheque from another account i.e. not self-drawn cheque.
- ix. The facility of immediate credit would not be applicable to cheques collected under speed clearing arrangements.
- x. The policy of immediate credit would be reviewed annually considering the amount of losses, frauds and customer issues.

No immediate credit of foreign currency cheques shall be given in view of the greatly enhanced risk in such instruments. For low value cheques, the customer may approach the account holding branch requesting for a waiver of the cooling period (if any) to avail of the funds quickly.

Charging of interest on cheques returned unpaid where Instant Credit was given

In the event the cheque is returned unpaid, the value of the cheque will be immediately debited to the account. Interest at the Bank's Prime Lending Rate (PLR) will be charged from the date of credit of the cheque till the date on which the customer makes good the amount, in case of insufficient balance in the account on the date of return of the cheque.

Cheque return charges applicable will be levied in such cases.

9. Purchase of local/outstation cheques

Bank will at its discretion, purchase local/outstation cheque tendered for collection as per prior arrangement. Besides satisfactory conduct of the account, the standing of the drawer of the cheque will also be a factor considered while purchasing the cheque. The facility to purchase of outstation cheque will not be applicable to cheques collected under speed clearing arrangements.

10. Cheques returned unpaid by the payee bank

In the event of a cheque presented in local clearing or sent for collection being returned unpaid, the instrument along with an advice providing reasons for return would be dispatched to the account holder at his / her mailing address recorded with the Bank. The instrument may also be handed over to the account holder or to his/her representative with the consent of the account holder. Charges applicable as per the Bank's Schedule of Charges will be levied.

Cheques return charges would be levied only in cases where the customer is at fault and is responsible for such returns. The illustrative list of reasons for returns, where the customers are not at fault is attached as Annexure-I.

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 customers of such re-presentation through SMS alert, email, etc.

For foreign currency cheques returned unpaid, the applicable return charges by the correspondent bank, courier charges and any other applicable charges would be debited from the account in which the cheque has been deposited along with the value of the instrument, if already deposited.

The customer instructing the Bank to perform services shall be bound by and liable to indemnify the Bank against all obligations and responsibilities imposed by foreign laws and usages. Customers depositing cheques drawn on foreign centers are expected to be aware of usage / practices and laws related to cheques collection prevailing in drawee countries.

The cheques sent for collection by the collecting bank can be returned by the banks located in any foreign country (after their presentation in clearing / collection) due to fraud / financial reasons. The fraudulent cheques can be returned by the banks in foreign countries at any time after their presentation. In case of such returned cheques, no protection is available to the collecting bank.

Since the foreign bank recovers the amount of returned cheques earlier credited into account of collecting bank by debiting its Nostro Account, the collecting bank would not be able to provide any compensation to the depositor for cheques returned on fraud / financial reasons. Further, the Bank has right to recover the proceeds of the cheques credited in the depositor's account (at the ruling exchange rate equivalent to foreign currency amount debited by foreign bank to the Nostro Account of the collecting bank) along with the interest from the date of credit of proceeds till the date on which amount is recovered.

The various articles as details in the International Chamber of Commerce, Uniform Rules for Collection (ICC-522) will be applicable for collection of cheque.

11. Timeframe for collection of local / outstation cheques

SL No.	Cheque Type	Time Norms	Remarks
1	Local cheque	On settlement of funds	Local cheques are payable within the jurisdiction of the clearing house and will be presented through the clearing system prevailing at the center. Credit arising out of local cheques shall be given to the customers' accounts immediately after closure of the relative return clearing and withdrawal shall be allowed on the same day or maximum within an hour of commencement of business on the next working day, subject to usual safeguards. The above norm is also subject to the extension of return clearing timings by the Clearing House under exceptional circumstances, which may lead to delay in allowing withdrawals as advised.

2	Outstation cheques drawn on all state capitals	7 working days	Working days shall not include Bank Holidays and days when clearing house is not operational. Working days will be considered at both the ends/centers
3	Outstation cheques drawn on a major city	10 working days	Same as above
4	Outstation cheques drawn on all other locations.	14 working days	Banks will have to depend on the correspondent /drawee banks for this purpose
5	Cheques sent for collection in CTS clearing	T+0 depending on the time and location (branch/ATM/CDK) of deposit of the instrument by the customer. The cut off time for deposit may vary from branch to branch, city to city and grid to grid. For the instruments outside the grid the cheques will be presented in speed clearing and the grid timelines will apply. However, for cheques drawn on Banks whose presence is limited to any particular geography, such instruments have to be presented as outstation instruments and the timelines for the realization will be as mentioned in Point No. 2 of the table	The realization of the credit may vary based on the cut off time for the returns applicable to the respective grid
6	Cheques sent for CTS clearing – Uniform holidays calendar for the grid	As per the holiday declared in the Grid	Uniform holidays calendar is observed across the three grids, where the grid hub centers viz., Chennai/Delhi /Mumbai will be working on most of the holidays, even while other locations in the grid are observing holidays, As per the Uniform holidays calendar, the grid hub centers will be closed on notified days and on such occasions the credit to the customer is afforded on the next working day of the Grid hub.

			The Uniform Holidays calendar for the grid would be available at a nearest branch
7	Cheques sent for collection in Non-CTS Clearing	Whenever the NON CTS clearing session falls on a day covered under Uniform Holiday, the session shall be held on the previous working day. Whenever the NON CTS clearing return session falls on a day covered under Uniform Holiday, the session shall be held on the next working day	The realization of the credit may vary based on the cut off time for the returns applicable to the respective grid
8	Cheque drawn on foreign countries	Best effort basis	Bank would give credit to the party on credit of proceeds to the Bank's Nostro Account with the 10 Sr. Cheque Type Time Norms Remarks correspondent bank after taking into account cooling periods as applicable to the countries concerned.

The timeframe specified above for collection shall be treated as the outer limit and credit shall be afforded earlier if the process of collection gets completed earlier.

The Bank will not decline to accept outstation cheques deposited by the customers for collection.

12. Interest payment on delayed collection of local / outstation cheques:

The Bank will pay interest to the customer on the amount of the collection instrument in case there is delay in giving credit beyond the time period mentioned above. Such interest shall be calculated and paid as per the Customer Compensation Policy of the Bank. The period of delay for this calculation would be from the date of expiry of turnaround time indicated in the table on timeframe for collection of local / outstation instrument up to the date of realization of the instrument.

This payment would be made without any demand from customers in all types of accounts. There will 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 except for reasons which are beyond the control of the Bank. Interest payments would be applicable only for instruments (drawn in INR) sent for collection within India.

13. Cash Management Services

For customers availing Cash Management Services (CMS), collection of instruments is carried out as per the terms of the bilateral agreement between the bank and the customers. Penalties, if any, will be payable as per the terms of the bilateral agreement.

14. Cheques / Instruments 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 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 that cheques, if any, issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques/instruments.

If the cheque/instrument has been lost at the paying Bank's branch, the collecting branch will have a right to recover the amount, including charges / interest expenses reimbursed to the customer for the loss of the cheque/instrument from the paying banker

The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. This would be applicable only to instruments drawn in INR payable within India.

The Bank will compensate the account holder in respect of instruments lost in transit as follows and will recover it from the paying bank.

- In case intimation regarding loss of instrument is conveyed to the customer after 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 applicable savings bank rate. In addition, the Bank will pay interest on the amount of the cheque for a period of 15 days at savings bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof
- 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

For foreign currency cheques lost prior to receipt by the correspondent bank, the Bank will bear the stop payment charges on customer producing the relevant document. Compensation for foreign currency cheques would be applicable only if the Bank or its correspondent bank loses the cheque. The compensation in such case would be as follows:

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time stipulated for collection, interest will be paid for the period exceeding the stipulated collection period at the applicable savings bank rate
- The Bank will 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 that would charge a fee for issue of duplicate instrument
- The Bank would also compensate for any possible loss due to adverse movement of foreign exchange rate in case of foreign currency cheques. The compensation would thus be calculated based on the time stipulated for collection

15. 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, terrorist attacks, 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.

Illustrative but not exhaustive list of objections where customers are not at fault

(Applicable for Instrument and Image-based Cheque Clearing to Uniform Regulations and Rules for Bankers' Clearing Houses)

Code No.	Reason for return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp / date required
36	Wrongly delivered/not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular / requires collecting bank's confirmation
68	Endorsement by mark / thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount / Name differs on advice
72	Drawee bank's fund with sponsor bank insufficient (applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1st proximo
75	Pay order requires counter signature
76	Required information not legible/correct
80	Bank's certificate ambiguous/incomplete/required
81	Draft lost by issuing office; confirmation required from issuing office
82	Bank/ Branch
83	Digital Certificate validation failure
84	Other reasons-connectivity failure
87	Payee's a/c credited-stamp received
92	Bank excluded
