
Policy on Collection of Cheques / Negotiable Instruments

PREAMBLE

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that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation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

1 Arrangements for Collection

1.1 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 the specified cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time in the collection boxes in branch premises will be presented in the next clearing cycle. As a policy, Bank would give credit to the customer account on the same day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearinghouse. Wherever applicable.

1.1.1 CTS Cheques

Under 'Cheque Truncation System (CTS)' instead of presenting cheque in physical form, image of cheque is presented to the Drawee Bank. The original cheque remains in the custody of the Collecting Bank. Drawee Bank processes the instrument using the image.

To guard against fraudulent activities and also to facilitate smooth functioning of the clearing in CTS environment, uniformity in the size, design and the security features on the cheque issued by all banks to their customers has been brought in. These cheques are called as 'CTS-2010 Standard Cheques'.

For the purpose of CTS Clearing, RBI has directed that no changes/corrections should be carried out on the cheque. Therefore, customers are advised to use fresh cheque forms in case of any changes in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words) etc. This will help Banks identify and control fraudulent alterations.

1.2 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.

Cheques deposited at our branches and drawn on Bank's own branches and any of the CTS GRID i.e. (Northern, Southern & Western) at outstation centres will be collected through centralized processing same day credit will be provided to the customers, if deposited before the specified cut-off timings.

To facilitate local clearing at outstation locations and save the transit time for cheques to reach Barclays centralized processing center, bank may use the services of correspondent banks where cheques will be submitted to correspondent bank branches/offices for clearance locally.

Charges for outstation cheques will be collected as per the rates specified in the Schedule of Charges. The charges would not be based on an arbitrary percentage of the value of the instrument.

1.3 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 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. The Exchange rate for conversion would be the one that is prevalent on the day when the proceeds are credited into the customer's account.

1.4 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 INR5,000/- tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. This facility may not be extended to certain categories of customers such as non-residents, minors etc., as may be determined by the Bank from time to time. Immediate credit will be provided against such collection instruments at the specific request of the customer or as per prior arrangement. 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.

Under this policy, prepaid instruments like Demand Drafts, Interest / Dividend warrants shall be treated on par with cheques.

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.

For the purpose of this Policy, 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.

Bank 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 not, however be charged.

1.5 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 Time Frame for Collection of Local/Outstation Cheques /Instruments:

For local cheques presented in clearing, credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms in vogue.

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

Domestic Cheques:

Category	Provision of credit	Remarks
Local Cheque (Deposited and payable at Barclays Bank)	Same Day Credit	<ul style="list-style-type: none"> Credit will be provided immediately after getting it realized from the clearing house
Local Cheque – (Participating in any of the GRID deposited in Barclays Branch locations)	Same day Credit / Nextday Credit as may be applicable.	<p>Credit will be provided after the return clearing process and in any case 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 clearing norms in vogue</p> <ul style="list-style-type: none"> commencement of business on the next working day, subject to usual clearing norms in vogue
Local Cheque (Deposited directly or through vendors at Correspondent Bank Locations)	Next day Credit	<ul style="list-style-type: none"> Credit will be provided after getting it realized from the correspondent bank
Outstation Cheque - payable at all Metro Locations	7 working days	
Outstation Cheque - payable at other major cities	10 Working Days	
Outstation Cheque –payable at other remote locations	14 Working Days	

Note:

- The provision of credit in case of Cash Management arrangements will be as per the specified agreement signed between the Bank and the customers.
- All local / outstation cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be processed on the same day of deposit.

Foreign Currency Cheques

Such instruments are accepted for collection on the 'best of efforts' basis. Bank may enter into specific collection arrangement with its correspondent bank for speedy collection of such instrument. Bank would give credit to the party on credit of proceeds to the Bank's Nostro Account with the correspondent bank after taking into account cooling periods as applicable to the countries concerned.

The above time norms are applicable irrespective of whether cheques/instruments are drawn on the Bank's own branches or branches of other banks

3 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 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.

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

- a) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- b) In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate applicable for Term Deposit for the respective period
- c) In the event the proceeds of cheque under collection were 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 i.e. delays exceeding 90 days, interest will be paid at the rate of 1% 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

3.1 Payment of Interest for Delayed Realisation of Local Cheques

As part of the Compensation policy of the Bank, the Bank will pay interest to its customer on the amount of local instrument in case of delay in giving credit beyond the time period mentioned above. (this is next day credit for CTS cheque participating in any of the GRID) Such interest shall be paid without any demand from customers in all types of accounts.

Interest for delayed collection of local cheques shall be paid at the following rate

"Savings Bank Rate for the period of delay. Where the delay is beyond 14 days interest will be paid at the card rate applicable to Term deposits for the respective period. In case of extraordinary delay i.e. delay exceeding 90 days interest will be paid at the rate of 1% above the corresponding term deposit card rate. In the event that the proceeds of the cheque were to be credited to an overdraft/ loan account of the customer, interest will be paid at the rate applicable to the Loan/overdraft account. For extraordinary delays, interest will be paid at the rate of 1% above the rate applicable to the loan account".

3.2 Payment of Interest for Delayed Credit for Foreign Cheques

The Bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the Bank with its correspondent. Such compensation will be given for delays beyond one week from the date of credit to Nostro Account/ due date after taking into account normal cooling period stipulated. The compensation in such cases will be worked out as follows:

- a) Interest at Savings Bank Rate for the delay in crediting proceeds.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

4. 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. 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 accountholder 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 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.

5 Purchase of Local Cheques, Drafts, etc. during suspension of Clearing

There may be occasions when Clearing House operations may have to be temporarily suspended for reasons beyond the control of the authorities concerned. To minimise the inconvenience and hardship to Banks' constituents and also to maintain good customer service, whenever the clearing is suspended and it is apprehended that the suspension may be prolonged for more than three consecutive working days, Branches/Extension counters of the Bank who are members of such clearing houses shall temporarily accommodate their constituents by purchasing the local cheques, drafts, etc., deposited in their accounts for collection, based on the following parameters.

- Cheques upto the aggregate value of Rs. 10,000 will be considered for purchase under this facility. Drafts issued by other banks and cheques issued by companies of repute (public sector companies and companies having credit rating of AAA of CRISIL) upto the aggregate value of Rs. 25,000 will be considered for purchase under this facility.
- Satisfactory conduct of such accounts for a period not less than 6 months. The Bank will also take

into account the creditworthiness, integrity, past dealings and occupation of the constituents for offering this facility.

- This facility may not be extended to certain categories of customers such as non-residents, minors etc., as may be determined by the Bank from time to time.
- This facility will be provided at the specific request of the customers in the format appended below
- In the event of dishonour of cheque which was purchased, interest and charges will be recovered from the customer for the period the Bank remained out of funds at the rate applicable for overdraft limits sanctioned for individual customers.

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 disruptions, sabotage, lockout, strike, accidents or other labour disturbances, pandemic situation, accident, fires, natural disasters or other "Acts of God", war, damage to the Bank's infrastructure 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 which prevents it from performing its obligations within the specified service delivery parameters.

7 Cheque Returns

The Bank shall levy Cheque return charges only in cases where the customer is at fault and is responsible for such returns. The illustrative, but not exhaustive, list of return reasons, is provided in embedded document



Return Reasons.docx

The Bank shall represent cheques which need to be re-presented without any recourse to the payee, in the immediate next presentation clearing not later than 24 hours(excluding holidays) with due notification to the customers of such representation through SMS alert, email etc.

8 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 Bank 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 Bank 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 were 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.

9 Customer Grievance Redressal

Any customer complaint / grievance will be addressed in accordance with the Bank's grievance redressal procedures.

Format of the request letter to be obtained from the customer for purchase of cheques

From

To

**The Branch Manager,
Barclays Bank PLC,
_____Branch**

Dear Sir,

Sub: Request for purchase of cheques

I/We have deposited the following instruments (cheque/s & draft/s) today for local clearing. As the clearing is suspended for _____, we request you to purchase these instruments and provide me/us the credit in my/our account no. _____ maintained with your branch.

I/We hereby undertake to pay interest and other charges for the purchase of these instruments. I/We hereby also undertake to repay the principal amount of the cheque/s along with interest if any, if these instruments are returned subsequently, when presented in clearing.

Sl.No	Instrument No	Date of Instrument	Instrument Amount	Drawn on Bank/Branch	Issued by

Thanking you,

Yours faithfully,