

Issue of Multicity / Payable at Par Cheque Policy

Introduction

Core Banking solutions (CBS) have been implemented by most banks in the market. The new opportunities offered by CBS have enhanced customer service by way of offering various payment products and channels resulting in speedy movement of funds across the country. Leveraging the CBS, banks have started issuing "payable at par" / "multi-city" cheques to customers with separate transaction codes (29, 30 and 31) by putting in place infrastructure for processing such cheques at all CBS enabled branches.

In this regard, Reserve Bank of India had suggested vide its circular DPSS. CO. No. 644 / 03.01.02 / 2007-08 dated October 31, 2007, that the facility of "payable at par" / "multi-city" cheques should be made available by all the CBS enabled banks to all the eligible and requesting customers.

Taking into consideration the availability of processing infrastructure for clearing outstation cheques at all clearing locations across the country and to bring about further efficiency in cheque clearing, all CBS enabled banks have been advised by RBI to issue only "payable at par" / "multi-city" CTS 2010 Standard cheques to all eligible customers and appropriate Board approved risk management procedures based on risk categorization of accounts may be put in place. RBI has advised that since such cheques (payable at par) are cleared as local cheques in clearing houses, customers should not be levied extra charges. The above instructions are issued by RBI under Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

In compliance of the RBI directives the policy for "Issue of Multicity / Payable at par cheques" of the Bank has been designed to cover the above areas.

1. Issue of Multicity Cheques

The bank has adopted the CTS 2010 standards for cheque issuance and accordingly all cheques issued now to all categories of customers are multicity and 'payable at par' at all branches of the Bank.

2. Charges for clearing of Multicity Cheques

In adherence to the RBI guidelines the bank would not be charging any extra charges for clearance of such cheques. This would include the clearance at branch locations other than the home branch where the customer holds its account provided the cheque is presented at a Barclay's branch location.