



# Cheque collection Policy

United Overseas Bank Ltd, India

01 January 2025

## VERSION CONTROL LOG

Version	Date of Implementation/ Revision	Updated / Reviewed by	Approved By and Approval Date	Summary of Changes / Remarks
1.0	September 2010	Sandeep Tiwari Head - Compliance	Senior Management Committee	First Document
1.1	30 April 2014	M D Mohandas Head - Compliance	Management Committee on 30 April 2014	Review
1.2	22 April 2015	M D Mohandas Head - Compliance	MANCO dated 22 April 2015	Annual Review
1.3	21 April 2016	M D Mohandas Head - Compliance	MANCO dated 27 April 2016	Annual Review
1.4	20 March 2017	Radheyshyam Joshi Head-Operations	MANCO dated 22 March 2016	Annual Review
1.5	22 March 2018	Radheyshyam Joshi Head-Operations	MANCO dated 22 March 2018	Annual Review
1.6	26 March 2019	Radheyshyam Joshi Head-Operations	MANCO dated 26 March 2019	Annual Review
1.7	27 March 2020	Radheyshyam Joshi Head-Operations	MANCO dated 27 March 2020	Annual Review
1.8	23 Dec 2020	Radheyshyam Joshi Head-Operations	MANCO dated 23 Dec 2020	Positive Pay Confirmation
1.9	23 Dec 2022	Radheyshyam Joshi Head-Operations	MANCO dated 29 Dec 2022	Annual Review
2.00	06 Dec 2023	Radheyshyam Joshi Head-Operations	MANCO Dec 2023	Annual Review

2.1	01 Jan 2025	Radheyshyam Joshi Head- Operations & IT	MANCO Jan 2025	Annual Review  Add : <b>1. Collection of Account Payee Cheque</b>  <b>2. If a customer desires to see the physical cheque issued by him</b>
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## **1. Introduction**

Cheque collection policy of the UOB India (hereinafter referred to as “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:

- Arrangement for collection of cheques/instruments
- Immediate credit of local /outstation cheques to deposit accounts of individuals
- Time frame for collection of local / outstation cheques.
- Interest payment for delayed collection, and
- Collection instruments lost in transit.

## **2. Arrangements for Collection:**

### **2.1. Local Cheques**

All CTS Compliant cheques and other Negotiable Instruments which are payable under a grid system locally would be presented through the clearing system prevailing at the centre. Cheques deposited at branch counter before 12.00 noon on weekdays and on working Saturdays 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. As a policy, bank would give credit to the customer account on the same day clearing settlement takes place or at the most the next working day of their presentation in clearing, except in the case of loan, where credit will be provided a day after related cheques return have been received. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearinghouse. Effective April 1, 2010, RBI has withdrawn the facility of high value cheque clearing because of other alternatives like National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS).

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

2.1 (c) Bank branches situated at centers which are not members of any CTS Grid or where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavor to credit the proceeds at the earliest but not later than 3<sup>rd</sup> working day from the date of deposit by customer.

#### **Timing for acceptance**

Cheques would be accepted during the business hours of the branch across the counter

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

- The cut-off time for sending cheques for collection would be worked out based on cut-off time afforded by clearinghouse at Mumbai. The cut-off timings would be displayed at the branch 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 centres.

#### **Collection timings for local cheques drawn on own branch of bank (Transfer cheques)**

Cheques deposited across the counter will be credited same day (available only on working days)

### **2.2. Outstation Cheques**

Cheques drawn on other banks at outstation centres will be collected through correspondent bank's branches at those centres. The bank would also use the National Clearing Services offered by Reserve Bank of India at centres where such collection services exist.

### **2.3. Cheques payable in Foreign Countries**

Foreign currency cheques payable at foreign centres will be collected using services of correspondent banks. Cheques drawn on foreign banks at centres where 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 cheque collection would take place within following parameters:
  - Cooling period is maximum 16 international working days from the value date of credit in our Nostro Account.

- The date of credit to customer's account will be reckoned considering the value date of credit to Nostro account plus applicable cooling period.
- The Exchange Rate (Telegraphic Transfer Buying Rate) prevailing as on the date of application of fund and credit to customer account will be applied.
- The date of credit to account will be reckoned considering the value date of credit to Nostro account plus normal cooling period as stipulated above.
- In case of return of cheques after cooling period, 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 the credit with interest will be reversed.
- The mode of collection does not cover the cash letter arrangement, which will be done after proper SLA's in place with banks.

#### **2.4. Immediate Credit of Local / Outstation Cheques / Instruments:**

No immediate credit of local cheques would be given.

#### **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. 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 Dishonour of cheque**

In the event of dishonour of a cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued. Also, the bank may consider closing current account at its discretion

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

Local Cheques- For local cheques presented for 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 once the return clearing cycle is complete and clear credit is available in customer account.

Under grid-based Cheque Truncation System (CTS) clearing, all cheques drawn on bank branches falling within in the grid jurisdiction are treated and cleared as local cheques. The grid clearing allows banks to present / receive cheques to/ from multiple cities to a single clearing house through their service branches in the grid location.

In the CTS scenario, the images & data of collected instruments captured at the presenting bank would travel electronically to drawee Bank for processing on the same day. The return cycle would be completed the next day. The return cycle would be completed the next day & settlement is completed on completion of the return cycle. The customer would get funds on completion of the settlement process. Further, all clearing locations are divided into 3 regional grids. All Clearing locations of a grid are settled together on a T+1 basis.

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

Maximum timeframe for collection of cheques drawn on state capitals / major cities / other locations are 7/10/14 days respectively.

- a) Outstation cheques drawn on Metro centres where sponsor bank has branches (New Delhi, Kolkata and Chennai): Maximum period of 7 days. Working days shall not include Bank Holidays and days when clearing house is not operational.
- b) Outstation cheque drawn in all other metro centres and state capitals (other than those of North Eastern States and Sikkim): Maximum period of 10 days. Working days shall not include Bank Holidays and days when clearing house is not operational.
- c) Outstation cheque drawn on all other locations: Maximum period of 14 days. Banks will have to depend on the correspondent bank for this purpose and so the collection period may increase in case of few remote locations.
- d) Cheques drawn on foreign countries: 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, as mentioned in the compensation policy.

- e) 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.

**4. Collection of Account Payee Cheque :**

Bank will not collect account payee cheques for any person other than the payee constituent. Bank will not credit 'account payee' cheque to the account of any person other than the payee named therein

**5. Payment of Interest for delayed Collection of Outstation Cheques and cheques payable outside India:**

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.

Interest payment would be applicable only for instruments sent for collection within India or outside India and shall be paid at following rates, depending on timelines as advised by RBI from time to time:

- a) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques, upto the date of actual credit.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable to for term deposit upto the date of actual credit. The rate applicable would be the rate of interest prevailing on the date of the deposit of cheque.
- 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.
- d) 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 beyond 90 days, interest will be paid at the rate of 2% above the rate applicable to the loan account.

**6. Payment of interest for delayed collection of local 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 2 days from the date of presentation in clearing, compensation at savings bank interest rate shall be paid for the corresponding period of delay.

**Unauthorised / Erroneous Debit:**

If the bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position. In the event the unauthorized/erroneous debit has resulted in a financial loss for the customer by way of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to the bank in a loan account, the bank will compensate the customer for such loss. Further, if the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized/erroneous debit, the bank will compensate the customer to the extent of such financial losses.

**Payment of Cheques after Stop Payment Instructions:**

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided under para 1 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

Bank will follow the model compensation policy as provided by IBA wherever applicable.



Model Compensation  
Policy.docx

*Bank will also follow the model policy for Grievance redressal as provided by IBA wherever applicable.*



Model Policy For  
Grievance Redressal :

**7. Cheques returned unpaid by Payee Bank**

If a cheque presented in local clearing or sent for collection is returned unpaid, the instrument along with an return memo providing reasons for return

with the signature will be dispatched to the account holder at his/her address recorded with the bank promptly without delay. Charges applicable as per schedule of service charges of the bank will be levied.

#### **8. 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 accountholder so that the accountholder can inform the drawer to record stop payment. 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

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 expense reimbursed to the customer for the loss of the cheque/instrument from the paying banker.

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 possible 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 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.

#### **9. 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, lockout, strike or other labour disturbances, accident, fires, 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.

#### **10. 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 type of transportation etc., beyond the control of the bank prevents it from performing its obligations within the specified service deliver parameters.

#### **11. Service Charge**

For all collection services the bank will recover appropriate service charges as decided by the bank from time to time and communicated to the customer.

#### **12. Positive Pay System for Cheque Truncation System**

Reserve Bank of India (RBI) has announced introduction of Positive Pay System for Cheque Truncation System (CTS) , Vide Circular No RBI/2020-21/41 DPSS.CO.RPPD.No.309/04.07.005/2020-21. Positive Pay concept involves a process of reconfirming key details of large value cheques.

Under this process, the issuer of the cheque submits through email certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS.

Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures.

Only those cheques which are compliant with above instructions will be accepted under dispute resolution mechanism at the CTS grids.

This facility is at the discretion of the account holder and would be applicable to all account holders issuing cheques for amounts of ₹50,000 and above. However it is mandatory for issuing cheques for amount Rs 500,000 and above:-

Process followed by SCB for sub members

For any cheque issued above INR 50000/- client will have to submit excel containing the details of the cheque issued which will then be submitted to SCB for their processing. Cut off for receipt by SCB is 3.00 Pm on the day of cheque submission.

Excel to be sent to straight2bank.in@sc.com .



Copy of  
PPay\_DDMMYYYY.xls:

### 13. CTS implementation in the country

CTS has been implemented in New Delhi, Chennai, and Mumbai with effect from February 1, 2008, September 24, 2011, and April 27, 2013 respectively. After migration of the entire cheque volume to CTS, the traditional mechanisms of cheque clearing have been discontinued across the country.

Under CTS, cheque processing locations in India are consolidated into the three grids in Chennai, Mumbai and New Delhi.

Each grid provides processing and clearing services to all the banks under its respective jurisdiction. Banks, branches, and customers based at small / remote locations falling under the jurisdiction of a grid would be benefitted, irrespective of whether there exists at present a formal arrangement for cheque clearing or otherwise. The illustrative jurisdiction of the three grids is indicated below:

- Chennai Grid : Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nādu, Odisha, West Bengal, Assam and the Union Territory of Puducherry.
- Mumbai Grid : Maharashtra, Goa, Gujarat, Madhya Pradesh and Chhattisgarh.
- New Delhi Grid : National Capital Region of New Delhi, Haryana, Punjab, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Rajasthan and the Union Territory of Chandigarh.

### 14. Care should be taken by customers while writing cheques

- There are three images of each cheque that are taken in CTS – front Gray Scale, front Black and White and back Black and White. Customers should use image friendly coloured ink to write cheques to facilitate clear image of written information. Further, customer should use permanent ink to prevent fraudulent alternation of contents later. However, Reserve Bank of India (RBI) has not prescribed specific ink colors to be used to writing cheques.

Be aware that cheques with alteration / modification are not accepted under CTS. No changes / corrections can be carried out on the cheques (other than for date validation purposes, if required). For any change in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words), fresh cheque leaves should be used by customers. This would help banks in identifying and controlling fraudulent alterations.

### 15. If a customer desires to see the physical cheque issued by him for any reason, what are the options available?

Under CTS the physical cheques are retained at the presenting bank and do not move to the paying banks. In case a customer desires, banks can provide images of cheques duly certified/authenticated. In case, however, a customer desires to see / get the physical cheque, it would need to be sourced from the presenting bank, for which a request has to be made to his / her bank. An element of cost / charge may also be involved for the purpose. To meet legal requirements, the presenting banks which truncates the cheques need to preserve the physical instruments for a period of 10 years.

## **16. Annual Review**

At a minimum, this policy will be reviewed annually.