



Cheque collection Policy

United Overseas Bank Ltd, India

Version 1.7

27 March 2020

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 and in collection box within the branch premises 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 Effective April 1, 2010, RBI has withdrawn the facility of high value cheque clearing because of other alternatives like National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS).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 (b) Non-CTS cheques will be presented in the clearing house at the prescribed intervals which is presently once in week on each Monday or as decided by RBI, from time to time. In certain categories of cheques, (subject to amendments in guidelines) or instruments demanded by the correspondent Bank or image quality assessment (IQA) failure will be presented in physical form to the drawee Bank.

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 3rd 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.

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

- 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. 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.

5. 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 :

6. 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 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.

7. 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. 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.

8. 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.

9. 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.

10. 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.

11. Annual Review

At a minimum, this policy will be reviewed annually.