



**ABU DHABI COMMERCIAL
Bank, India**

Cheque Collection Policy

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1. Introduction

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that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation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

2. Arrangements for Collection

2.1. 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 before the specified cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time 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.

2.2. Outstation Cheques

Cheques drawn on other banks at outstation centres will normally be collected through Correspondent Bank with whom Bank is having collection arrangement. In case of cheques drawn on other banks where Bank is having branch, will be collected through our Bank's branches at those centres. Where neither Bank nor the Correspondent Bank have a branch, the cheque would be directly sent to drawee bank for collection.

Cheques drawn on bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue. Bank will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches with in India.

2.3. 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.

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

Branches of the bank will consider providing immediate credit for outstation cheques / instruments up to the aggregate value of Rs.15,000/- tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. 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 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.

3. 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.

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

1.	Instruments drawn on ADC, Bangalore Branch	5 working days
2.	Instruments drawn on other centres where we have arrangement with Banks for collection	12 working days
3.	Instruments drawn on centres where we have no collection arrangements	within 1 day of receipt of clear funds from the drawee bank

- a) 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.

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

4. Payment of Interest for Delayed Collection of Outstation Cheques

As part of the compensation, 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.

The Bank will pay interest at Savings Bank rate if the realization of instruments sent for collection is beyond the specified period.

1. The interest would be paid on the instrument amount.
2. It will be calculated only for the delayed period.
3. It will only be paid for instruments where the amount has been realized and not for unpaid/returned instruments.
4. Interest will be paid only when the amount of interest is Rs.5/- or more and will be rounded off to the nearest rupee.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

5. 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 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.

1. Instruments lost in transit or in the clearing process or at the paying Bank's branch, the Bank will bring it to the notice of the account holder to enable the account holder to initiate necessary steps to inform the drawer to stop payment, make arrangements for funding the account to prevent any cheques being dishonoured due to non-credit of the amount etc.
2. The onus of such loss lies with the collecting bank and not the account holder.
3. The Bank will reimburse the account holder related expenses for obtaining duplicate instruments.
4. If the instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the instrument.

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 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.

7. 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 were returned unpaid to the extent the bank was out of funds.

8. Dishonour of Cheque

In case of dishonour of a cheque, a return advice mentioning the reason for return along with the dishonoured cheque will be sent to the customer by registered post/ local delivery without delay. The charges for frequent dishonour of cheque would be levied on the customers.