



Life Insurance Corporation of India
Staff Co-operative Urban Bank Ltd No.3314

Policy on collection of Cheques / Negotiable instruments

1 Arrangements for Collection

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 and in collection boxes outside the branch premises including off-site ATMs 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, facility of high-value clearing (same day credit) will be extended to customers.

Bank branches situated at centers where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the Bank's endeavour to credit the proceeds at the earliest. Further, Bank would be guided by the RBI circular on Guidelines for Clearing of cheques where there is no formal clearing house.

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 drawn on Bank's own branches 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.

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.

3. Outstation Cheques (Speed Clearing)

Speed Clearing refers to collection of outstation cheques through the local clearing. It facilitates collection of cheques drawn on outstation core-banking-enabled branches of banks, if they have a net-worked branch locally. The collection of outstation cheques, till now, required movement of cheques from the Presentation centre (city where the cheque is Presented) to Drawee centre (city where the cheque is payable) which increases the realisation time for cheques. Speed Clearing aims to reduce the time taken for realisation of outstation cheques.



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Banks have networked their branches by implementing Core Banking Solutions (CBS). In CBS environment, cheques can be paid at any location obviating the need for their physical movement to the Drawee branch. The concept of Speed Clearing combines the advantages of MICR clearing with that of CBS. Cheques drawn on outstation CBS branches of a Drawee bank can be processed in the Local Clearing under the Speed Clearing arrangement if the Drawee bank has a branch presence at the local centre.

Currently, the local cheques are processed on T+1 working day basis and customers get the benefit of withdrawal of funds on a T+1 or 2 basis. 'T' denotes transaction day viz. date of presentation of cheque at the Clearing House. So, the outstation cheques under Speed Clearing will also be paid on T+1 or 2 basis.

4. As per RBI communication No.RBI/2021-22/107 OPSS.CO.RPPD NO.540/21102/04.07.005/21-22 dt. March 15, 2021 banks are instructed to extent Cheque Transaction System (CTS) across all bank branches in the country by 30.09.2021. Bank are free to adopt a model of their choice like deploying suitable infrastructure in every branches or following a hub and spoke model etc. and concerned Bank shall coordinate with respective Regional office of RBI to operationalize this.

With the introduction CTS, the physical movement of the instrumental have been stopped and the electronic movement of images and data of cheque would speed up the process of settlement and ultimately after the clearing cycles.

Benefits of CTS clearing

- Faster clearing cycles
- Better reconciliation/verification process
- Better customer service
- Enhanced customer window
- T + 0 for local and intercity clearing cheques
- Minimize transaction cost
- Reduce operational risk by securing the transmission rout.

5. 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



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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 90days, 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 with in India.

5.1 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 same day credit for MICR and next day credit for non MICR at Barclays locations) 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"

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' accident' fires' natural disasters or other "Acts of God" war, damage to the Bank's infrastructure o, of 't' 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, where the customers are not at fault and where no cheque return charges will be levied is indicated below



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Code No.	Reason for Return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp / date required
36	Wrongly delivered / not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular / requires collecting bank's confirmation
68	Endorsement by mark / thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount / Name differs on advice
72	Drawee bank's fund with sponsor bank insufficient (applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1 st proximo
75	Pay order requires counter signature
76	Required information not legible / correct
80	Bank's certificate ambiguous/incomplete/required
81	Draft lost by issuing office, confirmation required from by issuing office
82	Bank / Branch blocked
83	Digital Certificate validation failure
84	Other reasons- connectivity failure
87	'Payee's a/c Credited' - Stamp required
92	Bank excluded

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. Customer Grievance Redressal

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

9. Approval

This policy was placed before the meeting of Board of Directors held on 15/03/2025 and was approved wide Resolution No.IV. And this policy shall be reviewed annually or on a needed basis but shall be effective till subsequent approval by the Board of Directors.