

## **Cheque Collection Policy**

### **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 several banks. This collection policy reflects the Bank's 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 increasing the use of technology to provide quick collection services and convenience to its customers. This policy document covers the following aspects:

- Collection of cheques and other instruments payable locally, at centers within India and abroad.
- The Bank's 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.
- The Bank's policy on dealing with collection instruments lost in transit.

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## **1. Local cheques**

All cheques and other Negotiable Instruments would be presented through the clearing system prevailing at the center. 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 ATM will be presented in the next clearing cycle. The Bank will give credit to the customer account on the same day on which the clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house.

Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns. The illustrative list of reasons for returns, where the customers are not at fault is attached as **Annexure 1**.

Cheques that need to be re-presented without any recourse to the payee will be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such re-presentation through SMS alert. Under grid-based CTS clearing, all cheques drawn on the bank branches falling in the grid jurisdiction will be treated and cleared as local cheques.

### **1 (a) Timing for acceptance**

Cheques would be accepted during business hours of the Bank branch. Alternatively, cheques can be deposited at ATM centers round the clock, wherever collector boxes are installed.

Collection timings for local cheques drawn on other banks (local clearing) The cut-off time for sending cheques for collection would be worked out for each location/ branch based on branch timing. The cut-off timings would be displayed at branches/ATM for customers.

### **1 (b) Transfer Cheques (Drawn on own branches of the bank)**

Collection timings for local cheques drawn on own branches of the bank (transfer cheques):

- Cheques deposited across the counter: Same working day

- Cheques deposited in Branch /Digital service kiosk machine/ ATM drop box: As per the cut off timings of the respective drop box.
- Cheques collected by Doorstep Banking agency from customer's location: Next working day.

## **2. Policy on collection of foreign cheques/instruments**

### **2 (a) Timing for acceptance of cheques:**

Foreign currency cheques/instruments would be accepted during business hours of the Bank branch.

### **2 (b) Time frame for collection of instruments**

Cheques drawn on foreign countries are accepted for collection on a 'best effort' basis. The Bank is committed to ensuring that the instruments drawn in foreign currencies and payable outside India are collected in the quickest and most efficient manner. Towards this, the Bank may enter into specific arrangement for collection of such instrument(s). The Bank would give credit into the account upon realization of credit of proceeds into the Bank's Nostro Account held with the correspondent bank after taking into account the cooling period as applicable for the respective currencies.

### **2 (c) Arrangements for collection**

Cheques payable at foreign centers will be collected (realized) using services of correspondent banks. Cheques drawn on foreign banks at centers where the Bank does not have any cheque collection arrangement with correspondent bank will be sent directly to the drawee bank for collection with instructions to credit the proceeds to the Bank's nostro account held with one of the correspondent Bank. The cheque collection would be conducted within following parameters:

- Instruments with value greater than the limits mentioned below will be accepted for processing, to ensure that the charges of overseas correspondent bank are always lower than the value of the cheque/instrument. For currencies not mentioned herein, the limits applicable will be USD equivalent. These limits can be reviewed and modified by the Bank.

<b>Currency Code</b>	<b>FCC Currency</b>	<b>Customer Type</b>	
		<b>Individual</b>	<b>Non-Individual</b>
USD	US Dollar	10	200
GBP	Great Britain Pound	10	50
AUD	Australian Dollar	100	100
CAD	Canadian Dollar	10	300
EUR	Euro	10	100
SGD	Singapore Dollar	10	100
CHF	Swiss Franc	100	100
KWD	Kuwaiti Dinar	100	100
OMR	Omani Riyal	100	100
NZD	New Zealand Dollar	100	100
JPY	Japanese Yen	10,000	10,000
Others	Other than above	500	500

- The mode of collection for foreign currency cheques/instruments depends on the currency, drawee location and the amount of the instrument and would be informed to customer by the Branch. The customer can also refer to the ICICI Bank website for applicable modes of collection.
- The date of credit to the account will be reckoned considering the value date of credit received in Nostro account and applicable cooling period.
- The exchange rate (i.e. card rate as published on the Bank's website) prevailing on the day of processing will be applied to the customer's transaction.
- The charges applicable would depend on the mode of collection under which the cheque/instrument is sent for collection and as mentioned in the Schedule of Charges duly updated on Bank's website and with Branches.

## **2 (d) Modes of collection for Foreign Currency Cheques and time frame for Credit**

**Cash Letter arrangement:** Under this arrangement, multiple cheques are attached as part of a "Cash Letter" and sent to the correspondent bank for clearing. The correspondent bank offers credit in the Bank's nostro account held with it and it is subject to be returned at a later date. To mitigate the risk of return, ICICI bank passes on the credit to the customer after observing a cooling period 8 days for cheques up to 350 currency units and 15 days for cheques above 350 currency units and value date the credit with the date on which the credit has been received in the Bank's nostro

account, thereby being eligible for interest. The cooling period commences from the day the cheque is lodged by the Bank with our correspondent Bank. Cheques deposited into accounts held by Individuals only will be processed under Cash letter arrangement.

Cheques drawn in the following currencies and countries below a particular threshold (as specified and renewed from time to time) are sent for realization under this arrangement. The current maximum threshold limit to process the instrument under cash letter arrangement is 10,000 currency units.

- USD cheques drawn on banks in USA
- GBP cheques drawn on banks in UK
- EUR cheques drawn on banks in Europe region
- SGD cheques drawn on banks in Singapore
- CAD cheques drawn on banks in Canada

#### **Credit on sighting of funds in Nostro**

For cheques sent under the Cash Letter Arrangement, the Bank will provide, at its discretion, extend credit on sighting funds in the Bank's Nostro account.

Branches of the Bank may extend such arrangement for foreign currency cheques/instruments subject to the Bank's parameters on customer's relationship size, vintage of the account, satisfactory track record in respect to cheque returns, etc.

#### **Cheques sent under direct collection basis:**

Any cheque/instrument that does not qualify to be sent under any of the aforementioned arrangements are sent for direct collection to the drawee bank. Credit in such cases is given when the Bank realizes the same. Though, there is no definite time period for collection of such cheques as per our analysis it takes nearly 30-40 International working days for realizing the credit depending on the country in which the cheque is drawn.

For currencies where the Bank does not have nostro arrangements, the funds would be received in Bank's USD nostro for subsequent conversion to INR. Currently, ICICI Bank has nostro arrangement for cheque collection in the following currencies:

AED, AUD, CAD, CHF, DKK, EUR, GBP, HKD, JPY, KWD, NZD, OMR, QAR, SEK, SGD, USD, ZAR.

The Bank reserves the right to send the cheques/instruments under any of the above arrangements depending on the threshold limit, correspondent banking arrangement, etc.

For non-individual account holders, credit for foreign currency cheques will be extended on the date the credit is sighted in Bank's Nostro account based on the mode of collection and receipt of any supporting details / declarations/ documents as may be required.

'International Working days' excludes Saturdays, Sundays any public or declared holidays in respective countries and India.

## **2 (e) Charges applicable for foreign currency cheques**

The charges levied for foreign currency cheques depend on the mode of collection for such cheques. The Schedule of Charges is available at the Bank's branches and is duly updated on the Bank's website. For foreign currency cheques sent on collection, correspondent bank charges and courier charges as incurred will be additionally levied, wherever applicable.

GST is applicable on foreign currency conversions and the charges. The slabs of GST as prescribed under the regulations are updated on the Bank's website.

In all the above scenarios, in case of any returns, the applicable return charges charged by the correspondent bank, courier charges and any other applicable charges, levied on the Bank, would be debited from the customer's account in which the cheque has been deposited.

## **2 (f) Compensation for delayed credit**

The Bank would not compensate the customer for delays in the collection of cheques designated in foreign currencies sent to foreign countries as the Bank would not be able to ensure timely credit from overseas banks. It is the Bank's experience that time for collection of instruments drawn on banks in foreign countries differ from country to country and even within a country, from place to place. The time and norms for return of instruments cleared provisionally also vary from country to country. However, the

Bank will compensate the customer for any undue delays in affording credit once the proceeds are credited in the Bank's Nostro Account of the Bank held with its correspondent bank.

Such compensation will be given for delays beyond one week from the date of credit to Nostro Account/ due date after considering the normal cooling period as stipulated. The compensation in such cases will be worked out as follows:

- Interest for the delay in crediting proceeds as indicated below.
- Compensation for any possible loss on account of adverse movement in the foreign exchange rate.

In case of delay beyond the date when the amount is due for credit, interest will be paid to the customer. For delay up to 14 days, interest will be paid at Savings Bank rate and where the delay is beyond 14 days, interest will be paid at the rate applicable to term deposit for the respective period. In case of any extraordinary delay, i.e. delays exceeding 90 days, interest will be paid at the rate of 2% above the corresponding Term Deposit rate.

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 such an overdraft/loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable such account.

## **2 (g) Instruments lost in transit/in clearing process or at paying Bank's Branch**

In the event the Bank is notified of an instrument being lost in transit or during collection, the Bank shall notify it to the account holder. The Bank will also provide necessary assistance to the customer to obtain a duplicate instrument.

For cheques lost prior to receipt by the correspondent bank, the Bank will bear the stop payment charges on customer producing the relevant document. Compensation for foreign currency cheques would be applicable only if the Bank or its correspondent bank loses the cheque. The compensation in such cases would be as follows:

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection, interest will be paid for the period exceeding the stipulated collection period at the rates specified above.

- In addition, the Bank will pay interest on the amount of the cheque for a further period of 15 days at savings bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- The Bank would also compensate the customer for any reasonable charges 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 that would charge a fee for issue of duplicate instrument.

## **2 (h) Return of foreign currency cheque/instrument**

If the instrument sent for collection is returned unpaid at any time for any reason whatsoever including but not limited to "insufficient funds", "account closed", "fraudulent cheque" etc., the returning and other applicable charges would be recovered from the account in which the cheque has been deposited along with the value of the instrument if already credited.

Similarly, if any instrument for which immediate credit has been provided or provisional credit given is returned unpaid, the Bank will recover from the customer's account the amount so credited together with other charges, if any, at the prevailing exchange rate along with applicable interest rates as may be decided by the Bank.

The customer instructing the Bank to perform services shall be bound by and liable to indemnify the Bank against all obligations and responsibilities imposed by foreign laws and usages. Customers depositing cheques drawn on foreign centers are expected to be aware of usage/practices and laws related to cheques collection prevailing in drawee countries.

The cheques sent for collection by the collecting bank can be returned by the banks located in any foreign country (after their presentation in clearing/collection) due to fraud/financial reasons. The fraudulent cheques can be returned by the banks in foreign countries at any time after their presentation.

In case of returned cheques, no protection is available to the collecting bank. Since the foreign bank recovers the amount of returned cheques earlier credited into account of collecting bank by debiting its nostro account, the collecting bank will not be able to provide any compensation to the depositor for cheques returned on fraud/financial reasons.

Further, the Bank has right to recover the proceeds of the cheques credited in depositor's account (at the prevailing exchange rate equivalent to foreign currency amount debited by foreign bank to the Bank's nostro account) along with the interest from the date of credit of proceeds till the date on which amount is recovered.

The various articles as detailed in the International Chamber of Commerce, Uniform rules for collection (ICC-522) will be applicable for collection of cheques.

### **3. Payment of Interest for delayed collection of local cheques**

The Bank will pay interest to its customer on the amount of collection instruments in case there is a delay in giving credit as per the matrix below:

#### **3 (a) Local Cheques:**

Compensation at savings bank interest rate shall be paid for the corresponding period of delay.

The defined date of credit is typically defined at the time of collection of cheque for each channel.

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. It may be noted that the interest payment would be applicable only for instruments (drawn in INR) sent for collection within India where ICICI Bank has a branch or cheque is collected by correspondent bank. In case of any claims raised by the customer on account of delayed interest payments the bank would settle the claim within 90 days of receipt.

**3 (b) Cheques:**

<b>Cheque Deposited in Operative Account</b>	
Drawn on any location	<p>Up to 14 days – Saving Bank rate of interest</p> <p>15 to 90 days – Applicable term deposit rate of interest</p> <p>Beyond 90 days - Applicable term deposit rate of interest + 2% (interest will be paid at the rate of 2% above the corresponding Term Deposit).</p> <p>Term deposit interest would be compensated from 1st day of delay</p>

Period of delay, for the purpose of payment of interest, will be calculated as the gap between the defined date of credit of cheque and the actual date of credit. Such interest shall be paid without any demand from customers in all types of accounts.

**3 (c) Cash Management Services:**

For customers availing Cash Management Services (CMS), collection of instruments is carried out as per the terms of the bilateral agreement between the Bank and customers. Penalties, if any, will be payable as per the terms of the bilateral agreement.

**4. 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 and also take care that cheques, if any, issued by him/her are not dishonored 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. This will be applicable only to instruments drawn in INR payable within India.

If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant document.

The compensation in such cases would be as follows:

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- In addition, the Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- The Bank would also compensate the customer for any reasonable charges 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 that would charge a fee for issue of duplicate instrument.

## **5. Charging of interest on cheques returned unpaid where instant credit was given**

If a cheque sent for which immediate credit was provided by the Bank is sent for collection and 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 ever 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.

## **6. 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 customer as indicated in the code of banks commitment to customers adopted by the Bank and published on website.

## **7. Miscellaneous:**

- a) RBI has directed that no changes/corrections should be carried out on the cheques. For any changes in the payee's name, currency amount (amount in figures) or legal amount (amount in words) etc., fresh cheque forms should be used by customers. This will help Banks to identify and control fraudulent alterations.
- b) Cheques which are deposited with wrong/invalid account number or account number not mentioned on the Pay-in slip, Bank will hold such cheques for a maximum period of 3 months. Cheques kept on hold for more than three months from receipt date shall be destroyed along with the pay-in-slip. Government cheques and cheques of value Rs. 1 lakh and above under this category shall be destroyed after a period of one year from its receipt date. Cheques received back unpaid will be returned by post/ courier etc. to the customer within 24 working hours on the address recorded in Bank's database. If return cheque is undelivered, then the Bank shall store such cheques as per record retention policy of the Bank. On any subsequent customer request, return cheque shall be dispatched to Branch/customer communication address.
- c) Where the payee instructs the Bank to credit the proceeds of collection to any account other than that of the payee, the instruction being contrary to the intended inherent character of the 'account payee' cheque, Bank will not collect account payee cheques for any person other than the payee constituent.

## **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.

**Annexure 1****Illustrative but not exhaustive list of objections where customers are not at fault**

(Applicable for Instrument and Image-based Cheque Clearing to Uniform Regulations and Rules for Bankers' Clearing Houses)

<b>Serial No.</b>	<b>Cheque return Code No.</b>	<b>Reason for Return</b>
1	33	Instrument mutilated; requires bank's guarantee
2	35	Clearing House stamp/date required
3	36	Wrongly delivered/not drawn on us
4	37	Present in proper zone
5	38	Instrument contains extraneous matter
6	39	Image not clear; present again with paper
7	40	Present with document
8	41	Item listed twice
9	42	Paper not received
10	60	Crossed to two banks
11	61	Crossing stamp not cancelled
12	62	Clearing stamp not cancelled
13	63	Instrument specially crossed to another Bank
14	67	Payee's endorsement irregular/requires collecting bank's confirmation
15	68	Endorsement by mark/thumb impression requires attestation by Magistrate with seal
16	70	Advice not received
17	71	Amount/Name differs on advice
18	72	Drawee bank's fund with sponsor Bank insufficient (applicable to sub-members)
19	73	Payee's separate discharge to Bank required
20	74	Not payable till 1st proximo
21	75	Pay order requires counter signature
22	76	Required information not legible/correct
23	80	Bank's certificate ambiguous/incomplete/required

<b>Serial No.</b>	<b>Cheque return Code No.</b>	<b>Reason for Return</b>
24	81	Draft lost by issuing office; confirmation required from issuing office
25	82	Bank/Branch blocked
26	83	Digital Certificate validation failure
27	84	Other reasons-connectivity failure
28	87	'Payee's a/c Credited' – Stamp required
29	92	Bank excluded