

# UNIFIED BRANCH OPERATIONS MANUAL



## GLOBAL IME BANK LIMITED

2019

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## Table of Contents

Topic	Page No.
<b>Chapter I: Customer Service Department – Operations Manual.....</b>	<b>1</b>
<b>1 General Guidelines .....</b>	<b>1</b>
<b>2 Savings and Transactional Accounts Operational Procedure.....</b>	<b>3</b>
2.1 Customer Due Diligence .....	3
2.2 Procedure for Opening an Account .....	4
2.3 Opening of Foreign Currency Account .....	5
2.4 Account of Illiterate Person/Disabled Person .....	6
2.5 Account of Minor.....	6
2.6 Introduction of Account.....	7
2.7 Refusal to Open an Account .....	7
2.8 Safekeeping of Account Opening Forms and Related Documents.....	8
2.9 Mandate.....	8
2.10 Issuance of Cheque Book.....	9
2.10.1 Maintenance of Cheque .....	9
2.10.2 Issuance of Cheque against Cheque Requisition Slip.....	10
2.10.3 Issuance of Cheque without Cheque Requisition Slip.....	11
2.10.4 Uncollected Cheque Book.....	12
2.10.5 Issuance of Cheque Book in Call Accounts.....	14
2.11 Account Statement.....	14
2.12 Balance Certificate .....	14
2.13 Change of Address .....	15
2.14 Change of Signature.....	16
2.15 Change of Account Scheme .....	16
2.16 Stop Payment of Cheque .....	17
2.17 Account Freeze/Block and Lien .....	17
2.18 Dormant and Freezed Accounts .....	18
2.19 Standing Instructions .....	20
2.20 Interest and Tax .....	20
2.21 Settlement of Claim on Deposit upon Death of a Customer.....	21
2.22 Closure of Account.....	22
2.23 Destroying Uncollected Debit Cards/PIN Mailers by branches .....	24
2.24 Other Provisions .....	25
<b>3 Fixed Deposit.....</b>	<b>27</b>
3.1 Opening of Fixed Deposit .....	27
3.2 Delivery of Fixed Deposit Receipt.....	28
3.3 Matured Fixed Deposit .....	28

SH G R

JX W

3.4	Payment of Interest and Principal .....	29
3.4.1	Payment of Interest.....	29
3.4.2	Payment of Principal.....	29
3.5	Renewal of Fixed Deposit .....	29
3.6	Premature Withdrawal of Fixed Deposit .....	29
3.7	Issuance of Duplicate Fixed Deposit Receipt.....	30
3.8	Storage of Stock of Fixed Deposit Receipt.....	30
<b>4</b>	<b>Checks and Review.....</b>	<b>31</b>
<b>Chapter II: Cash, Vault Operations and Transaction Procedures - Operations Manual.....</b>		<b>32</b>
<b>1</b>	<b>General Guidelines.....</b>	<b>32</b>
<b>2</b>	<b>Vault, Cash Management and Transaction Procedures.....</b>	<b>34</b>
2.1	Maintenance of Cash Limit .....	34
2.2	Management of Vault and ATM Keys.....	34
2.3	Management of Keys for Evening and Holiday Counters.....	35
2.4	Management of Cash Vault .....	35
2.5	Movement of Cash within the Branch Premises .....	36
2.5.1	From Vault to Head Teller.....	36
2.5.2	From Head Teller to Teller(s).....	36
2.5.3	From Teller to Teller.....	36
2.5.4	From Teller(s) to Head Teller.....	37
2.5.5	From Head Teller to Vault.....	37
2.5.6	Cash Transfer for Evening and Holiday Counters.....	38
2.6	Movement of Cash outside the Branch Premises .....	38
2.6.1	General Provisions.....	38
2.6.2	Inter-Branch Cash Transfer.....	39
2.6.3	Inter-Bank Cash Transfer.....	39
2.6.4	Cash Transfer for Nepal Rastra Bank and Note Chest.....	40
2.6.5	Refilling of ATM.....	40
2.6.6	Cash Collection and Delivery Facility to Customers.....	41
2.7	Cash Deposit.....	42
2.7.1	Cash Binding Wrapper.....	43
2.8	Cheque Related Transactions.....	44
2.8.1	General Provisions.....	44
2.8.2	Cheque Transfer.....	45
2.8.3	Cash Payment against Cheque.....	45
2.8.4	Good for Payment Cheque.....	46
2.8.5	Dishonor of Cheque.....	48
2.8.6	Cheque Return Reason.....	49

27

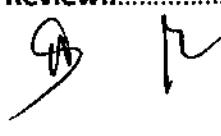
AB

Y

X

W

2.8.7 Blacklisting for Dishonor of Cheque due to Insufficient Fund in the Account or Drawer's Signature Mismatch.....	52
2.9 Loose Cheque .....	55
2.10 ABBS Charge .....	56
2.11 Cash Over and Short.....	56
2.12 Foreign Currency .....	60
2.13 Handling Suspicious Notes .....	61
2.14 Financial Transaction Report.....	61
2.15 Conductor's Details in CBS .....	62
2.15 Security Arrangements.....	63
<b>3 Checks and Review.....</b>	<b>65</b>
<b>Chapter III: Outward Remittance - Operations Manual.....</b>	<b>66</b>
<b>1 General Guidelines .....</b>	<b>66</b>
<b>2 Procedures .....</b>	<b>68</b>
2.1 Demand Draft.....	68
2.1.1 General Procedures for Issuing Demand Draft .....	68
2.1.2 Maintenance of Stock of Draft .....	69
2.1.3 Issuance of Demand Draft for Import of Goods from India .....	69
2.1.4 Alteration of Details in the Draft.....	70
2.1.5 Cancellation of Demand Draft .....	70
2.1.6 Issuance of Replacement for Lost Demand Draft .....	70
2.2 Telegraphic Transfer (TT).....	71
2.2.1 Telegraphic Transfer for Outward Remittance .....	71
2.2.2 Issuance of TT for Import of Goods from India .....	72
2.2.3 Cancellation of TT .....	72
2.2.4 Reconciliation of Nostro Bank Charges.....	73
2.3 Manager's Cheque.....	73
2.3.1 Issuance of Manager's Cheque upon Request of a Customer.....	73
2.3.2 Issuance of Manager's Cheque on Inter-Departmental Request.....	74
2.3.3 Payment of Manager's Cheque .....	74
2.3.4 Stale Manager's Cheque .....	74
2.3.5 Cancellation and Revalidation of Manager's Cheque .....	74
2.3.6 Loss of Manager's Cheque.....	74
2.3.7 Maintenance of Stock of Manager's Cheque.....	75
<b>3 Checks and Review.....</b>	<b>76</b>



**Chapter IV: Safe Deposit Locker (Vault) – Operations Manual.....77**

<b>1 Locker Operations .....</b>	<b>77</b>
1.1 Eligibility .....	77
1.2 Procedure for Issuance of Locker .....	78
1.3 Locker Key Deposit .....	79
1.4 Locker Rent .....	80
1.5 Procedure to Operate Locker .....	80
1.6 Event of Default .....	82
1.7 Loss of Key .....	83
1.8 Death of Locker Holder .....	83
1.9 Discontinuation of Locker .....	85
1.10 Locker Access Blocked .....	85
<b>2 Relocation of Locker .....</b>	<b>87</b>
<b>3 Checks and Review .....</b>	<b>88</b>

*[Handwritten signatures or initials are present above the table of contents]*

## Chapter I:

### Customer Service Department – Operations Manual

#### 1 General Guidelines

This manual-guideline has been developed in order to streamline the operations procedures in relation to customer service operation and related transactional procedures in Global IME Bank Ltd (GIBL). The manual shall be effective for implementation in GIBL immediately after approval.

- 1.1 **Customer:** A customer is anyone who want to use or is user of a product or service offered by the bank. The customer can be new or existing/repeat customer.
- 1.2 **Deposit Account:** An account that allows money to be deposited and withdrawn by an account holder based on different terms and features offered by the bank where deposits are maintained.
- 1.3 **Foreign Currency Account:** A deposit account opened in convertible foreign currency i.e., any currency except Nepalese Rupees and Indian Rupees.
- 1.4 **Standing Instruction:** Instruction to the bank from a customer about actions to be taken under fulfillment of required conditions as mentioned in the documents.
- 1.5 **Stop Payment:** An instruction made for stopping payment against cheque at the request of account holder.
- 1.6 **Balance Certificate:** A certificate issued by the bank, on request made by the account holder, showing the latest balance present in the account maintained at the bank.
- 1.7 **Dormant Account:** Status of an account which indicate that there was no customer initiated transaction taking place in the account for at least within the period of last three years in case of savings accounts and last six months in case of current and call accounts. The account is restricted for any kind of customer induced debit transaction.
- 1.8 **Foreign Currency:** All cash, notes and metal coins, which are issued by foreign country. Foreign currency is further classified as convertible and non-convertible currency:  
**Non-convertible currency:** Indian currency is not convertible to any other currency other than Nepalese Rupees  
**Convertible currency:** All other foreign currencies whose buying and selling rates are mentioned by NRB
- 1.9 **Illiterate Person:** One who cannot read or write. A person who cannot sign or who makes thumb impression for opening bank account and carrying out other banking transactions is regarded as illiterate for the purpose of opening account in the bank.
- 1.10 **Minor:** Person below the age of 18 years.
- 1.11 **Mandatee:** A person receiving mandate/power of attorney (authorization) to operate the account on behalf of the account holder referred for this purpose as *Mandator*.
- 1.12 **Debit Card:** An instrument of payment can be used in lieu of cash and cash items in form of plastic cards in which account of the customer is debited real time while performing the transaction.

- 1.13 Operations Incharge:** A staff who is assigned and authorized to supervise, facilitate and approve all the activities in the cash and operations area in the branch. He/she is the head of the department in the branch and is accountable to the activities of overall branch operations including customer service.
- 1.14 Vault Key Holder:** A staff who is assigned and authorized custodian to hold and handle the bank's vault/locker/strong room/fire-proof cabinet etc. as assigned by the Branch Manager. He/she is responsible for the movement of cash or any other items from/to the vault.
- 1.15 Beneficial Owner:** A natural person who ultimately owns or controls an account on whose behalf transactions are being conducted. Likewise, it also includes a natural person who exercises effective control over a legal entity.

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## 2 Savings and Transactional Accounts Operational Procedure

Deposit refers to any sum of money deposited by the customer with the bank with feature of interest bearing or non-interest bearing as per types of deposit product. Deposit is a liability owed by a bank to the account holder. The bank account holder has the right to withdraw entirely or partially the deposited funds as per the stated terms and conditions and features of the deposit products.

### Types of Deposit:

- a. **Current:** An account maintained for transactional purpose and does not earn any interest. Any amount deposited in this account is available on demand. This account is generally targeted to the business entities and institutions which require operating through a bank for their daily transactions.
- b. **Savings:** A deposit account maintained with the bank by an individual or non-profit making entities for savings purpose with feature of earning some interests on the deposits made in the account. Such deposit may or may not have a minimum balance depending on the types and features of the deposit product.
- c. **Call:** A deposit account which is normally opened by business entities and other institutions in order to make their deposits smarter. This account yields some interest.
- d. **Fixed:** A deposit account opened for a fixed term with the understanding that the account holder can withdraw the fund only after maturity of the deposit. It is opened with the purpose of savings in which rate of interest is generally higher than other types of deposit and has a specific date of maturity.

### 2.1 Customer Due Diligence

Customer Due Diligence (CDD) procedure means identifying the customer and verifying his/her identity by using reliable, independent source documents, data and/or information. Sufficient information needs to be obtained to the satisfaction, which is necessary to establish, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of banking relationship.

Branch needs to carry out necessary due diligence in order to satisfy and comply with the provisions made in KYC/AML guidelines/circulars/directive issued by Nepal Rastra Bank from time to time and also as per KYC/AML/CFT Policy and Guidelines of the bank.

Customer Due Diligence procedure for opening of the account is guided as per the provision made in KYC/AML directives issued by NRB and branch needs to comply with the procedures. Branch needs to follow the procedures, like:

- i. Obtaining complete information and details of the customer while opening the account and carrying out financial transactions.
- ii. Obtaining adequate information of the customer that are natural persons including name, address & location, contact number, details of family members, occupation & business details, source of income, etc.
- iii. Obtaining adequate information of the legal person/entity through proper and relevant documentation Including registration documents, ownership and management structure, identification of beneficial ownership, shareholders, chief executives and authorized signatories, authorization to act on behalf of the entity, etc.
- iv. Identification of the account holder, beneficiary, beneficial ownership, signatories to the account.
- v. Screening of name of customer, beneficial owner, related parties as per policy of the bank.

CDD procedures should be carried out before opening an account. CDD should be carried out not only to inquire about the identity of new customers, but also about existing customers, In particular if the bank comes to doubt the customer's real identity. Particular care should be taken to identify the ownership of accounts.

## 2.2 Procedure for Opening an Account

- A. The Account Opening Form must be obtained from the customer at the time of opening the account.
- B. The customer must be self-present in the branch and/or sign the Account Opening Form/ Signature Specimen Card in front of the staff at Customer Service Department or any concerned bank official.
- C. The Account Opening Form must be completely filled by the customer. However the customer can be guided to complete the form properly. The customer must be briefly stated about the terms and conditions with regard to opening and operation of the account. Branch needs to obtain signature of the customer at the end of the terms and conditions as an acknowledgement of acceptance of the terms and conditions.
- D. In case of personal accounts (including joint personal accounts and sole proprietorship accounts), complete details of the nominee as required in the Account Opening Form should be obtained if the customer wants to keep nominee in the account. In case the customer does not want to appoint nominee, the section of nominee in Account Opening Form must be crossed.

If a customer wants to change the existing nominee or wants to appoint nominee after the account is opened, the branch shall obtain a written application with full details of the nominee as per standard format.

A copy of photo identification document like citizenship certificate, passport, voter's ID, driving license, etc. and photograph of the nominee should be obtained from the customer.

- E. The staff at CSD shall ensure that the Account Opening Form is completely filled up and all related documents as per KYC/AML/CFT Guidelines are obtained. The customer needs to present original documents at the time of opening the account and copies of all documents should be verified with original. A notarized copy documents can be accepted duly attested by notary public. The staff of Customer Service Department needs to endorse "Verified with True Copy" stamp in copies of all the documents submitted.
- F. A recent photograph of the account holder, account operator must be kept in the AOF and/or Signature Specimen Card and should be scanned along with specimen signature in the system.
- G. In case of Introduction to account opening, name, account number and signature of the introducer should be obtained and the signature of the introducer must be verified in the Account Opening Form.
- H. Screening of name of customer, beneficial owner, related parties as per policy of the bank should be carried out.
- I. The staff at CSD shall ensure all documents are obtained as per the checklist and verify that the details are properly and completely filled in Account Opening.
- J. Branch Manager/Operations Incharge shall approve the Account Opening Form. Upon approval, the staff shall assign account number generated by the system in the Account Opening Form.
- K. At the time of opening the account in the system, following details should be invariably recorded in the system:
  - a. Customer Name – full name as mentioned in citizenship certificate or passport
  - b. Short Name – first name of the customer in full
  - c. Family Members' Name and Relations – name of grandparents, parents, spouse, son, daughter, father in law and nominee if any
  - d. Citizenship Number – as mentioned in citizenship certificate

- e. Passport Number and Expiry Date
  - f. Date of Birth – as mentioned in birth certificate (in case of minor) or citizenship certificate/passport
  - g. PAN Number – permanent or temporary account number
  - h. PAN Type – permanent or temporary
  - i. Current Address – residential address
  - j. Permanent Address – as mentioned in citizenship certificate
  - k. Customer Risk Grading – as per the directive of Nepal Rastra Bank
  - l. Type – type of customer
  - m. Instruction of Account Operations
  - n. Screening ID – as generated from sanction screening software
- L. Signature of the account operator(s) should be scanned and instruction for account operation should be updated in the system. The Operations Incharge shall verify that the account is opened under correct deposit scheme and interest rate and tax rate assigned in the system are correct and other details are correctly recorded in the system. The Operations Incharge should also ensure that signatures of the account operators are correctly scanned along with the account operation instruction.
- M. In case of personal account and proprietorship account, branch shall obtain Thumb Impression of the account holder in the account opening form.
- N. The signature specimen card must be scanned clearly to capture the name and details of mode of account operation by the account operators.

### 2.3 Opening of Foreign Currency Account

Foreign currency account can be opened in convertible foreign currency listed in the bank's foreign exchange list having both buying and selling rate. All the saving, current, call and fixed deposit accounts can be opened in foreign currency.

Opening of foreign currency account is subject to the provisions made in circulars and directives issued by Nepal Rastra Bank from time to time. Due attention should be paid in regard to foreign exchange regulation of Nepal Rastra Bank while opening account in foreign currency. Necessary documents as required by NRB guidelines for opening of account in foreign currency must be obtained at the time of opening of the account

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- A. The provision of Customer Identification Procedures mentioned in 2.1 above is applicable for opening of account in foreign currency.

Individual person and/or firm, company having source of income in foreign currency can open FCY account. Similarly, companies carrying out foreign currency transactions like hotels, airlines, travel & trekking agents, money changer, remittance companies can open FCY account upon approval from Nepal Rastra Bank.

Branch needs to obtain documents evidencing source of income in foreign currency which may include:

- a. Remittance received for export companies
  - b. Letter of intent/agreement for foreign aid and donations
  - c. Letter/statement evidencing income from salary, facilities, fees, commission, royalty, etc.
  - d. Any other documents evidencing income in foreign currencies
- B. FCY accounts opened in the name of firm/company on the basis of NRB Permit can be operated till the validity of the NRB permit. The firm/company needs to submit renewed copy of the permit after expiry within stipulated time period as per NRB directives.

In case the customer fails to submit the renewed copy of NRB permit within stipulated period of time, branch shall mark total freeze in the account after 30 days of expiry of NRB permit till the required renewed copy is submitted by the account holder.

In case of foreign nationals, the account opened by the foreign individual can be operated till the validity of the visa of the account holder. If the account holder fails to submit valid visa or extension of visa, branch shall mark total freeze in the account till the account holder submits the copy of visa extension to the branch.

- C. While opening foreign currency account, the provisions made in directives issued by Nepal Rastra Bank from time to time needs to be adhered to. The provisions regarding operation of the account, FCY cash deposit in the account, withdrawal from the account, fund transfer, FCY exchange facilities to the FCY account holders should be followed.

#### 2.4 Account of Illiterate Person/Disabled Person

- A. A person who is illiterate or cannot read and write can open and operate the account with his/her thumb impression. Branch shall obtain thumb impression of the person in the Account Opening Form and other documents.
- B. Thumb Impression of both right and left hand should be clearly obtained in the Account Opening Form and Signature Specimen Card. The Thumb Impression must be obtained in the presence of the staff of the bank.
- C. Branch shall obtain recent photograph(s) of the customer and attach a photograph in the Signature Specimen Card. Photograph of the customer should be scanned in the system.
- D. The account of illiterate person should be operated in the presence of the account holder himself/herself. The account holder must be present in the bank along with identification documents for withdrawal transaction. Staff at the counter shall attest the thumb impression only after confirming and verifying with the photograph and identification documents in the record of the branch and proceed for payment of the cheque.
- E. An illiterate person cannot open a joint account.
- F. An illiterate person cannot appoint a mandatee.
- G. Mentally challenged person(s) and those with disabilities like autism, mental retardation, cerebral palsy and multiple disabilities are also entitled to open account with the bank. The account shall be operated by the parent(s)/legal guardian of the account holder.
- H. Account of differently abled person can be opened. The customer should be briefed about the process of account opening in presence of a witness (as deemed necessary) and obtain his/her consent/acknowledgement at the time of account opening.

#### 2.5 Account of Minor

- A. A person under the age of 18 is termed as minor. The account of a minor should be opened in the minor's name and the parents or legal guardian as the account operator. The account shall be operated by the parents or legal guardian till the minor attains majority.
- B. The account opening request must be made by the parents or the legal guardian. For opening of a minor account, following documents must be obtained:

- a. Birth Registration Certificate or Minor Registration Certificate
  - b. Identification documents of the Parents
  - c. Identification documents and Guardianship Certificate in case of account open request by Legal Guardian
  - d. Recent Photograph of the Minor, Parents and/or Legal guardian
- C. "MINOR" remarks should be noted in the Account Opening Form. Date of attaining majority of the minor should be mentioned in the Account Opening Form and system. Details of minority of the account holder must be inserted in CBS.
- D. Unless and until prohibited by any legal/special instruction, the parent/legal guardian is authorized to operate the minor account. Once the minor becomes major, the account should be immediately blocked for withdrawal transactions. The account holder, parent/legal guardians should be informed and requested to submit necessary documents for operation of the account as a normal account by the account holder. Early information is to be provided to parent/legal guardian for necessary documents preferably a month prior to the majority date.

On majority, the account holder is entitled to operate the account as a regular account (instead of minor account). A written request of the parent/legal guardian and the account holder should be obtained accordingly to change the mode of account operation. Identification documents of the account holder should be obtained and updated in the account opening file.

All remarks noted to indicate minor account should be removed in the system.

The account of minor may be closed at the request of the parents or legal guardian if the account holder does not want to continue the account operations.

## 2.6 Introduction of Account

- A. "Introduction of account" implies that the account introducer is ensuring that the details of the new customer to open the account as mentioned in Account Opening Form and the documents provided by the customer are true and correct. Introducer is the existing customer of the bank who introduces any new customer to the bank.
- B. An account can be introduced by any of the existing account holder of any branch of the Bank. However, an illiterate person cannot introduce other person for opening of new account.

Branch should ensure that the account introducer has mentioned the introducer's account number, name properly and signed the Account Opening Form in full. The signature of account introducer must be verified at the time of opening the account.

## 2.7 Refusal to Open an Account

The decision to open an account for a new customer creates a strong legal relationship between the customer and the bank. Hence, it is the primary responsibility of the branch to carry out rigorous examination and verification of documents and customer information prior to opening of a new account. All new customers should correctly complete the relevant account opening documents and furnish all supporting documents as required by KYC/AML/CFT policy and guidelines of the bank.

Branch shall verify the copies of documents submitted and information provided by the customer for opening of a new account. The right to refuse to open an account rests upon Operations Incharge or Branch Manager.

- A. Branch shall not open the account, if the customer denies providing all details in the Account Opening Form or providing information as required by Customer Due Diligence or submission of any documents. Account should also not to be opened if the information provided by the customer seems suspicious.
- B. Branch shall not open any account with incomplete KYC documents and/or KYC information.

Account without complete documents if presented, the branch may open the account upon written consent of BM to complete the documentation within 7 working days from the date of the account opened. Branch shall not issue cheque book, card or any other withdrawal facility to the account and shall restrict for any withdrawal transactions in the account immediately till all the required documents are submitted by the customer.

All the documents related to such account should be kept in a separate file in the branch.

Staff at CSD shall maintain a record of all such accounts with incomplete documents, which should be reviewed on periodical basis. Regular follow up should be made for completion of documents and written communication should be made to the customer to submit required documents. On submission of all required documents, the account should be updated and treated as a normal account.

- C. Branch should not open Savings Account to any other customer, except for natural persons and organizations established with non-profit objectives.
- D. Staff of the Bank should not be allowed to open any other accounts in any branches except the account opened upon recommendation from Human Resource Department for the purpose of salary deposit and payment, loan facility, etc.
- E. Branch should comply with NRB directive related to multiple account opening of individual.

In case of institution, more than one operative or non-operative account can be opened provided that the purpose of opening the account is clear.

However, branch must ensure that the multiple accounts are opened with the same Client ID Number in the system.

#### **2.8 Safekeeping of Account Opening Forms and Related Documents**

- A. Branch shall maintain a separate file for each account opened in the branch. All documents related to account opening and further correspondences, waivers, approvals, etc. related to the customer must be kept in the respective file.
- B. Branch shall keep all the account opening files in chronological series according to the account number assigned. The account opening documents must be kept safely in the cabinet/vault for their security and also to ensure that it can be retrieved promptly as and when needed.
- C. All documents including the Account Opening Form in the file of the customer should be scanned and uploaded in the Intranet (E-kagaj) on the same day the account is opened or by next working day if the scan is not completed due to any technical reason or-unavoidable circumstances.

#### **2.9 Mandate**

Personal account holder and sole proprietorship account holder can authorize any other person to operate the account on behalf of the account holder. The person authorized to operate the account, also called as mandatee, is authorized to operate the account. The account holder can appoint more than one mandatee in the account. However, the mandatee is not authorized to appoint another mandatee or cancel signature of the account holder or close the account.

- A. Branch shall obtain a mandate form as per standard format, copy of identification document and photograph of mandatee. The identification document must be duly verified with the original. Due

diligence along with screening of the mandatee should be carried out as per KYC/AML/CFT policy and guidelines of the bank.

- B. Both the account holder(s) and the mandatee must be present in the Bank and, or sign the documents in front of staff at Customer Service Department or appropriate authority of the Bank. Once the mandatee has been appointed, the signature of the mandatee must be uploaded in the system along with signature remarks for mode of account operation.
- C. In the presence of the account holder(s), the person receiving the mandate must be clearly explained about the authority that has been delegated by the account holder(s). The mandatee shall be authorized only to:
  - a. carry out financial transaction in the account
  - b. request for cheque book, debit card, e-banking and other facilities
  - c. request for stop payment
  - d. receive correspondence on behalf of the account holder(s)
  - e. request for other service related to the account operation
- D. The right of mandatee can be cancelled upon receipt of written request by the account holder(s). Branch shall remove the signature of the mandatee from the system for account operation immediately upon receipt of the cancellation request of the account holder(s).
- E. Cheque signed by mandatee prior to cancellation of mandate can be accepted.

## **2.10 Issuance of Cheque Book**

### **2.10.1 Maintenance of Cheque**

General Service Department (GSD) shall be responsible for procurement of cheque and delivery to the concerned branches as per their requirements raised by the branches.

- A. The stock of cheque in a branch must be kept safely in the vault room. Branch shall maintain a Cheque Stock Register as per standard format to record the details like date of receipt, cheque serial number, quantity, balance, etc. The register must be updated each time the stock is kept in or out of the vault along with the signature of the concerned staff.
- B. Branch shall keep the main stock of the cheque inside the vault and only the necessary quantity of cheque should be handed over to the staff of Customer Service Department for daily requirement. At the end of the day, the departmental stock of cheque for daily use must be kept in the vault room/fire proof cabinet overnight. A separate Cheque Stock Register should be maintained by the staff at CSD to record the total issuance and balance in the department on daily basis.

On daily basis, the concerned staff at CSD shall verify issuance and remaining stock as per the record kept in the department.

In case any staff is going on leave or is transferred, the staff holding the stock of Cheque must transfer the stock to the alternate staff in Customer Service Department. The stock in Core Banking system must be transferred to the alternate staff and the stock transfer details should be recorded in the Department Stock register.

- C. Branch shall record the cheque stock in the system as follows:
  - a. Total stock received from GSD for branch requirement
  - b. Total number of cheque handed over to CSD for departmental requirement

Each time the cheque stock is received from GSD or handed over to the staff at CSD for daily use, the details of cheque stock must be recorded in the system.

- D. If any cheque leaves become invalid due to error/mistake in printing/binding process, such cheque leaves should be marked "Void". The cheque number should be noted in the cheque book issuance register with "Void" remarks and the cheque leaves should be kept separately in a file for record purpose. Further, the cheque number of the void cheque should be entered in the system as void cheque.  
Exhibit should be prepared showing details of mutilated/void cheques which should be destroyed upon verification by Operations Incharge/ Branch Manager.
- E. The responsibility of balancing the stock of the cheque rests upon Operations Incharge. Branch Manager shall check the physical stock of cheques once a month as recorded in the Cheque Stock Register.
- F. The stock of Cheque Requisition Slip should be kept in lock and key and due care should be taken to avoid any possible instance of misuse of the slip. The stock of Cheque Requisition Slip should be physically verified by staff at CSD on regular basis. Operations Incharge shall maintain register to record the detail of stock and consumption of Cheque Requisition Slip on daily basis.

#### **2.10.2 Issuance of Cheque against Cheque Requisition Slip**

- A. Cheque book should be issued on the basis of "Request for Cheque Book" in case of new account and "Cheque Book Requisition Slip" in case of existing account. Cheque book should be issued after confirming that the minimum balance is maintained in the account and the signature of the account holder in the Cheque Request/Requisition Slip is verified.
- B. Cheque Book should be issued by the branch maintaining the account of the customer. In case where cheque book is required to be issued by branch other than account maintaining branch, the respective issuing branch shall obtain approval as per Approving Authority Matrix. The issuing branch should ensure the update of KYC documents before issuance of the cheque book. The issuing branch can confirm KYC update status through AOF/KYC documents updated in E-Kagaj or through confirmation with the account maintaining branch. Cheque requisition slip should be kept in the record of the issuing branch itself.
- C. Cheque book should be system printed.
- D. In order to restrict the unauthorized use of Cheque Requisition Slip, following details must be written in the rear side of the Cheque Requisition Slip along with round stamp of the branch:
  - a. Date of Issuance
  - b. Name of the Account Holder
  - c. Account Number
  - d. Cheque Serial Number Issued (from ..... to .....
  - e. Full Signature of the Staff who prepares the Cheque Book
- E. For each cheque book only one leaf of Cheque Book Requisition Slip should be attached inside the cheque book. The serial number of Cheque Requisition Slip must be recorded in the Cheque Book Issue Register.
- F. For next issuance of cheque book, branch shall obtain the Cheque Requisition Slip and verify the authenticity of the request. The details mentioned overleaf of the requisition slip must be checked and verified along with the signature of the account holder. The serial number of Cheque Requisition Slip must be recorded in the Cheque Book Issue Register.
- G. Prior to issuance of the cheque book, branch needs to check the status of earlier cheques in the system. If it appears that many previously issued cheques are still unused, then the customer must be inquired about the need for fresh cheques and forward the request to the Operations Incharge. New cheque book

should be issued after the Operations Incharge is satisfied with the genuineness and requirement of the customer's request.

- H. Branch shall maintain Cheque Book Issue Register to record details like date of issuance, account number, account holder's name, cheque serial number, number of leaves once the cheque book is made ready.
- I. In case the customer requests collection of cheque book through other branch rather than the branch where cheques are printed, the cheque book should be dispatched immediately and the postage charge as per the schedule of fees and charges should be recovered from the account of the customer.
- J. Upon receipt of cheque book by the customer, the acknowledgement of delivery of cheque book should be made in the system immediately by the cheque book issuing branch.
- K. Signature of the account holder must be obtained in the register and verified on delivery of the cheque book. In case of authorized agent, the signature of the authorized agent must be obtained in the register and verified with specimen provided on the requisition slip. A copy of identification documents of the authorized agent must be attached with the requisition slip.
- L. Illiterate persons with Thumb Impression for account operation cannot appoint an agent to collect cheque on their behalf. The account holder must present in the bank for issuance of the cheque book.
- M. The staff at CSD issuing/delivering the cheque book to the customer must mark his/her signature in the Cheque Book Issue Register on delivery of the cheque book to the customer.
- N. After the cheque book is issued, the customer must be asked to check and count the number of leaves to ascertain that the cheque book and number of leaves have been correctly provided.
- O. After the cheque book is delivered to the customer, all related documents including cheque request letter, cheque requisition slip, authorization letter, identification document of the account holder and/or agent must be kept in the record of the issuing branch.
- P. Operations Incharge shall check the Cheque Book Issuance register on daily basis to check and verify the correctness of cheque book issuance and acknowledged by the customer on delivery.

#### **2.10.3 Issuance of Cheque without Cheque Requisition Slip**

In absence of the Cheque Requisition Slip, staff at CSD must take extra precaution for issuance of new cheque book to avoid any possible instance of unauthorized issuance of cheque. There may be different reasons for non-presentment of the requisition slip due to loss of cheque book or requisition slip.

- A. In case of personal accounts, the account holder or the mandatee must submit a written request for issuing fresh cheque book with the reason for not being able to submit the Cheque Requisition Slip. The cheque book must be issued only after the verification of the signature in the request letter. Photo identification documents of the account holder should be obtained along with the request letter.

In case where the account holder or the mandatee is not present in the bank, branch shall obtain confirmation with the account holder over the phone/email if deemed necessary. The date, time, contact number or email correspondence of confirmation with the account holder must be noted or attached in the request letter.

- B. In case of corporate account, the request must be made in written by the authorized signatory along with the seal of the company. The request letter must contain the specimen signature of the authorized agent to collect the cheque book. Branch shall obtain photo identification documents of the authorized agent.

The authorized signatories should also be confirmed over the phone/email if deemed necessary. The date, time, contact number or email correspondence of confirmation with the account holder must be noted or attached in the request letter.

- C. If non submission of cheque book requisition slip is due to loss of the cheque book, the customer should be asked to stop the unused cheque leaves as per record in the system. On written request of the customer, branch shall mark stop payment of the unused cheque(s) in the system. Applicable charge for stop payment must be recovered from the customer.
- D. Branch shall recover applicable charges while issuing the cheque without obtaining Cheque Requisition Slip.

#### 2.10.4 Uncollected Cheque Book

Branch must take extra care in handling of uncollected cheque books. Cheque book prepared but not collected by customer shall be referred as Uncollected Cheque Book.

- A. Branch shall keep all undelivered/uncollected cheque books in Customer Service Department during transaction hour for delivery/providing to the customers. If the cheque books are not collected by the customer during the transaction hour, then such undelivered cheque book should be kept in fire proof cabinet/vault overnight under joint custody of staff in CSD or vault custodians.
- B. On monthly basis branch shall segregate cheque book not collected for a period of more than three months. The uncollected cheque books must be kept separately in a fire proof cabinet/vault under the joint custody of staff in CSD or vault custodians.

An inventory of uncollected cheque books must be maintained at the branch and updated on daily basis in the register. The register should contain following details:

- a. Account Number
- b. Account Name
- c. Cheque Serial Number (from ... to ...)
- d. Number of Leaves Printed
- e. Cheque Requisition Slip and Slip No. (if any)
- f. Cheque Printed Date

Branch shall take the uncollected cheque book out of the vault/fire proof cabinet only in case the customer visits to collect the cheque book. The register of the uncollected cheque book should be updated each time the cheque is delivered to/collected by the customer.

- C. An attempt should be made to contact customer through telephone/email or other means as appropriate and provide a reasonable time period to collect the uncollected cheques. The call record should be verified/ monitored by Operations Incharge in case the customer could not be contacted even after call of the branch.
- a. In case the customer comes to collect the uncollected cheque book, the cheque book should be handed over to the account holder upon verification of the signature/identification documents of the account holder.

- b. In case the uncollected cheque book is of company/firm, it should be handed over to the agent upon submission of written request and authorization letter by the account holder and upon verification of the signature of account holder, agent and identification documents of the agent.
- D. All the cheque books which remain uncollected for a period of more than one year must be disposed off.

Branch shall follow following process to destroy the uncollected cheque books:

- a. Branch shall segregate the cheque books not collected for more than one year and tally the number of physical cheque books with the record.
- b. Branch shall forward the detail of uncollected cheque books to Branch Operations Department and obtain approval from concerned authority as per Approving Authority Matrix for disposal of uncollected cheque books.
- c. Upon approval, Operations Incharge shall review and check the list of uncollected cheque books to confirm the total count and eligibility for disposal.

Branch shall destroy uncollected cheque books in the presence of following staff:

- i. Staff from Customer Service Department
- ii. Operations Incharge
- iii. Branch Manager
- d. Before disposal of cheque, the branch should ensure that:
  - i. Customer's statement of account has been checked to see the movement of account justifies the disposal of cheque book.
  - ii. The customer has been contacted over phone/email and reason(s) for not being collected has been noted.
  - iii. If the customer could not be contacted, the call reports have been maintained in the record.
- e. Branch shall collect necessary charge if applicable, as per standard tariff of fees and charges of the bank.
- f. The cheque book should be destroyed preferably by shredding or by incinerating the cheques at a safe and secured place.
- g. The inventory of cheques in customer's account in the system should also be marked as destroyed/cancelled. Similarly, the list of cheque books destroyed must be marked as "Destroyed" in the Uncollected Cheque Book Inventory and Cheque Book Issuance Register.
- h. A record of disposal of uncollected cheques must be prepared and signed by all staff present at the time of disposal. The record must contain details:
  - Account Number
  - Account Name
  - Cheque Serial Number (from ... to ...)
  - Number of Leaves Printed
  - Date of Cheque Destruction
  - Date of Approval
  - Reason(s) for Destruction if any
  - Method and Location of Destruction
- i. Branch shall keep the record of cheque destruction for future reference.

#### 2.10.5 Issuance of Cheque Book In Call Accounts

Cheque book should not be issued in any type of call accounts. For existing customers having maintained call accounts where if any cheque book has been issued earlier, no new cheque shall be provided on next requisition. The client should be provided with cheque book for savings and/or current account only.

#### 2.11 Account Statement

- A. The account statement should be provided on request of the account holder. The account statement can be availed by the customer by visiting the branch in person or request through an agent.
- B. Normally, statement should be provided on monthly basis. The staff at Customer Service Department shall check whether the statement of the requested period has already been provided before printing the statement. In case of re-print of the statement for earlier period is required, necessary charge should be recovered from the account holder.
- C. Account statement of an account holder of a branch can be printed by any another branch.
- D. In case the account holder personally visits the branch, the account statement should be provided on receipt of the Statement Request Form. The staff at Customer Service Department should verify the customer's signature.
- E. In case the account holder authorizes an agent to collect the statement, the branch shall obtain a request letter authorizing the agent to collect the statement. The authorization letter must bear the name and specimen signature of the agent. The Statement should be provided to the agent on verification of the account holder's and the agent's signature and photo identification documents.

The staff at CSD must pay more attention while providing account statement to the agent of the account holder to avoid unauthorized access to the details of the account holder to any other person.

- F. Branch shall maintain a Statement Issuance Register in Customer Service Department to record the details of account statement issuance to the customer. On delivery of the statement, the staff at CSD shall record the details like account number, account holder's name, date of issuance, statement period, receiver's name and signature in the register. Signature of the account holder or authorized agent should be obtained in the register as an acknowledgement of the receipt of the statement.
- G. In case of instruction to send the statement by post/e-mail to the account holder's address, the account statement should be printed as per request and posted/mailed to the address mentioned by the account holder. Applicable postage/courier charge should be recovered.

#### 2.12 Balance Certificate

- A. Balance Certificate shall be issued on written request of the account holder in prescribed format and shall be provided to the account holder or the authorized agent on verification of the account holder's and the agent's signature and photo identification documents.
- B. Balance certificate can be issued by any branch for account maintained at any other branches of the bank.
- C. Balance certificate should be issued certifying the closing balance of the previous or of earlier days before the issuance date. Balance available in the account at any point of time during the transaction hour of the day should not be considered for issuance of the balance certificate.

- D. Balance certificate should be printed (system-generated) in the numbered letterhead of the bank (Letter head with serial number) in the prescribed format endorsed with the bank stamp and signed by at least two authorized signatories of the branch.
- E. Printing of Balance Certificate should be carried out through system using the menu option in Global Chautari where reference number will be generated by system.
- F. The currency code should be inserted in the currency field to print out the equivalent amount of deposit in the designated foreign currency.
- G. In case the equivalent amount of deposit in other currency is not required, branch shall choose the currency code of the account number itself that will avoid displaying equivalent currency conversion in the certificate.
- H. Following details should be inserted in the system:
  - Customer ID
  - Date
  - Currency Code
  - Letter Head's Serial Number
  - Account Number (select the respective account number)
- I. Balance Certificate must be issued to a named person, entity or the applicant only and not as "To whom it may concern".
- J. By default the name of account holder is shown in the certificate, however if the account holder requests for addressing name of a person or entity for issuance of the certificate, branch shall change the name to whom the certificate is to be addressed.
- K. Bank charges should be applied as per standard tariff of the bank.
- L. Further, validation option for verifying authenticity of the balance certificate has been enabled in the website of the bank, where validation can be done by entering following details:
  - a. Ref Number: Reference Number of the certificate generated by system
  - b. Letter Head Number: Serial number in the letter head of printed certificate
- M. In case of Balance Certificate issuance for overdraft or operative loan account, the limit provided in the account shall not be shown as the account balance in the balance certificate; only the deposit in excess of the limit shall be shown as the account balance in the certificate.

### **2.13 Change of Address**

- A. Branch shall obtain a written request duly signed by the customer for change of address. The request must disclose the previous and current new address. In case of corporate account, the request should be obtained in the company letterhead along with authorized signature and seal of the company. The request for change of address of the customer must include contact number and location map.
- B. Branch shall verify the signature of the customer in the request letter and update the new address in the system.
- C. Branch can accept address change request of any account holder maintaining account at any branch. However, the request in original copy must be forwarded to the concerned branch to update the new address in the system.

D. The request letter of the customer should be kept in customer's account opening file.

#### 2.14 Change of Signature

A. The customer should personally visit the branch for change of signature in case of personal and proprietorship account. Branch shall obtain a written request for change of signature along with Signature Specimen Card and photo identification documents of the account holder.

In case of signature change request by mandatee of the account, the mandatee must be present in the bank and the account holder must endorse the signature of the mandatee in the signature change request letter.

B. In case of partnership and other corporate accounts, branch shall obtain a written request in the company letterhead along with Signature Specimen Card. If the person whose signature is to be changed cannot visit the branch, an authorization letter from the account holder endorsing the new signature and photo identification documents of the person should be obtained. Specimen signature of the new signatory is required to be attested by the Chief Executive or Company Secretary in the letter head, resolution copy of the company or in the Signature Specimen Card provided to change the signatory.

Branch can also depute a staff to obtain new signature on Signature Specimen Card in his/her presence.

For corporate company accounts, branch shall obtain board minute/resolution to change the signature. Branch must ensure the validity/authenticity of the signature change request and board resolution/minute upon verification of the board members' signature as per record in the account opening documents held with the bank. If any changes in the shareholder structure/board members are noticed, branch must obtain a fresh list of the shareholders/board directors duly certified by Company Registrar Office.

C. Branch shall check/verify the documents to change the signature submitted by the customer signature along with the documents/records of account opening held with the bank for genuineness of the customer's request.

D. The signature in the request letter must be verified along with the existing record in the account opening document held with the bank.

E. The existing signatures must be deleted and replaced by the new signatures in the system upon approval from Operations Incharge/Branch Manager.

F. The request letter of the customer should be kept in customer's account opening file.

#### 2.15 Change of Account Scheme

A. Branch shall obtain a written request for change of account scheme from the customer. The request must disclose the previous and newly requested scheme details.

B. The staff at CSD shall verify the signature of the customer in the request letter. The request must be approved by the Branch Manager/*Operations Incharge* *S.*

C. Branch shall replace the existing account scheme by the new account scheme in the system. Operations Incharge shall check to ensure that the new scheme has been correctly recorded in the system and account parameters such as interest rate and minimum balance has been correctly set.

*AM* *DR*

*AS* *HR*

- D. The request letter of the customer must be kept in customer's account opening file.

**2.16 Stop Payment of Cheque**

- A. Request for stop payment of cheque(s) must be made by the account holder in writing. The request must disclose the account number, cheque number, amount, payee/beneficiary's name, cheque date and the reason for marking stop payment on the cheque(s).

The request for stop payment can be made verbally over the phone and branch can entertain the verbal request of the account holder; however, a formal request in writing must be obtained from the account holder. Stop payment marked in the system should be released only after obtaining written request from the account holder.

Request for stop payment by customer must be attended immediately without any delay to mark stop payment in the system in timely manner.

- B. Upon receipt of the request, branch shall verify the signature of the account holder and endorse the request letter with timer stamp or mark the date & time of the receipt of the instruction in the face of the letter.

- C. Branch shall check the status of the cheque in the system.

If the said cheque(s) is already paid before the receipt of the request for stop payment, then the customer should be advised accordingly and a written intimation should be provided to the customer.

If the cheque is not paid and the cheque number is still valid in the system, branch shall record the instruction and mark the cheque as "Stopped" in the system. Operations Incharge must ensure that the cheque in question is correctly marked as "Stopped" in the system.

- D. A written confirmation of having the cheque stopped should be provided to the customer as per prescribed format.

- E. Branch shall collect applicable bank charge for stop payment of cheque from the customer.

- F. The stop payment request made by the payee/beneficiary of the cheque can also be entertained if the payee/beneficiary provides the details of the cheque including account number, account name, cheque number, cheque amount and date in which the cheque was drawn.

The staff at Customer Service Department shall mark the cheque for "stop payment", however a written request/confirmation for stop payment must be obtained from the account holder. Intimation of the stop payment should be issued only after obtaining confirmation/request from the account holder.

- G. If any cheque marked for stop payment is presented for payment in the counter or through clearing, then the cheque must be returned unpaid with Cheque Return Advice with a notation of "Cheque Stopped".

- H. Cheque stopped can be released for payment on written request of the account holder.

**2.17 Account Freeze/Block and Lien**

Freezed/blocked accounts are accounts in which transactions, either deposit or withdrawal or both, are restricted on instruction from the customer or other departments or legal/government authorities.

- A. Instruction for account freeze-block or amount lien should be updated in a register along with details like date of instruction received, issuing authority or requesting department/branch, account number, account name, restriction type: debit/credit/or both, lien amount, freeze-lien reason(s) and remarks.
- B. Branch shall update the account freeze-block and/or amount lien in the system along with freeze/lien remarks as follows.
  - a. Instruction from Inter Department/Branches:
    - i. Inter departmental or inter branch request for account block or lien shall be obtained in written/email by the account maintaining branch.
    - ii. The staff at CSD shall update the details in the register and mark account freeze/block and/or lien in the account in the system.
    - iii. The requesting department or branch should be notified about the account freeze-block and/or lien once updated in the system.
  - b. Instruction from Legal/Government authority:
    - i. Compliance department shall mark restriction in the account by itself for instruction(s) received from legal/government authority.
    - ii. If confirmation is requested by the legal/government authority, Compliance department shall reply about the status of the account to the concerned legal/government authority.
- C. Marking of the account freeze-block and/or amount lien shall remain effective till the receipt of release request/instruction from the concerned requesting department/branch/or legal/government authority.

Release of account freeze-block and/or amount lien in the account should be done only upon receipt of release request/instruction. Branch shall update the account in the system and the register accordingly once the account is released or lien is removed.

Branch should not release account which are freezed/blocked by Compliance department.

## **2.18 Dormant and Freezed Accounts**

Dormant account is an account where there is no customer induced transactions for last three years in case of savings accounts and last six months in case of current and call accounts. The account shall be automatically marked as dormant in the system if no transactions appear in the account for the defined period.

Dormant accounts are restricted for any customer induced withdrawal transactions. However, there will not be any restriction in posting of deposit transaction, system generated transactions like posting of interest, tax, bank charges, etc.

Similarly for any reversal required in such dormant account for correction of transaction due to wrong/mistake entry, the transaction initiating branch must take approval from concerned authority as per approving authority matrix.

Sometimes accounts are freezed due to KYC documents pending, suspicious transactions, instruction from investigating agencies/offices, etc. In such case, account holders are not allowed to withdraw money from their respective accounts.

Branch shall follow procedures as detailed below for reactivation of dormant/freeze accounts:

### ***Dormant Accounts***

- A. Branch shall obtain a written application in person from the account holder in the prescribed format before reactivation of accounts. Signature of the account holders to be verified before entertaining request.

- B. Respective staff to ensure that all KYC documents are obtained and updated. If KYC documents (e.g. photo, identification documents like citizenship, passport, government valid id, etc.) are pending, such documents also to be obtained along with application.
- C. Reactivation of account to be done only after CDD or KYC verification and it should be completely filled with all the information such as occupation/work address, date, estimated annual income and turnover in line with Bank's KYC/AML/CFT Guideline.
- D. Generally, account holder must be present in the bank for reactivation of account. In case the account holder is not present in the bank, branch may reactivate the account if the above requirements are met.
- E. At the time of reactivation of account:
  - Branch shall extract the account holder's existing AOF documents and check if any KYC information or documents are missing. In case of missing, such documents to be updated accordingly.
  - Verify the documents submitted by the customer along with photo identification documents, signature with the existing record in the branch.
  - Check the KYC information in system. In case of missing information in System, branch shall update the information required as per KYC/AML policy of the bank.
  - Branch shall ensure that minimum information like Citizenship Number, Date of Birth, Risk Grading, Customer Type, Address, Country Code, three generation details, PEP-FATCA customer are updated in CBS while reactivating the account.
- F. In case of High Risk customer, PEP and accounts where CDD is not carried out, branch shall obtain latest KYC details and carry out CDD before reactivation of the account.  
Branch shall also obtain approval from Branch Operations Department for reactivation of High Risk accounts.
- G. In case, if request for reactivation of account is received in any branch, the receiving branch shall forward the copy of documents (KYC form/CDD form/application form) to the account maintaining branch. On receipt of the documents, the concerned branch shall verify customer documents-request, reactivate the account and confirm to the originating branch accordingly. The original documents of the account holder should be forwarded to the account maintaining branch for keeping in the customer's record.
- H. Approval of reactivation of dormant account shall rest upon Branch Manager. In case of absence of Branch Manager, Operation In-charge may approve for reactivation of dormant account. However, Branch Manager shall review all such cases on return to office.

#### ***Freezed Accounts***

- I. Accounts which are freezed due to pending of KYC documents shall be unfreezed by the branches upon obtaining/updating required KYC documents.
- J. In case of accounts which are freezed for other reasons, branch shall obtain approval from concerned Department (the Department which has instructed to freeze the accounts) before unfreezing the accounts
- K. For closing of irregular or inactive accounts where no any balance is maintained, branch shall follow procedures as mentioned below to close the accounts:

- a. Customer should be communicated over phone/email/written communication to make deposit and regularize the account.
- b. Customer communication/correspondence should be noted/kept in the account opening file of the customer. Call report should be kept in the record of the branch.
- c. If the account is not regularized and/or any transaction(s) is not carried out within a month of notification, the branch shall proceed towards closure of the account:
  - i. "No Objection" clearance should be obtained from the concerned departments in the branch in case of lien/account freeze remarks exists in the system.
  - ii. A list of the irregular account along with details like account open date, account number, account name, last transaction and transaction date should be forwarded to Branch Operations Department for approval.

## **2.19 Standing Instructions**

An account holder can provide standing instruction for carrying out certain repetitive activities on behalf of the account holder without the requirement to visit the branch each time. Such instruction may be for payment of bills on regular intervals or transfer of fund from one account to another. Transaction is carried out periodically on the basis of the standing instruction provided by the customer once it is kept in the system.

- A. Branch shall obtain a written request from the account holder authorizing the bank to carry out the transaction on periodical basis. The request should also authorize the bank to collect applicable charges, if any, from the account of the customer.
- B. Upon verification of the account holder's request, branch shall input necessary details in the system. Operations Incharge shall verify the details and ensure that the parameters related to amount, account number, period are correctly inserted in the system to carry out transactions as per the instruction on due dates.
- C. Branch shall collect necessary charge if applicable as per the standard tariff of charges of the bank.
- D. The request for standing instruction must be kept in the customer's account opening file.

## **2.20 Interest and Tax**

- A. Operations Incharge must ensure that the interest and tax rates are correctly applied in each account at the time of opening the account or updating the existing accounts. For this, the Operations Incharge must ensure that the scheme code, interest table code, etc. is correctly set in the system.
- B. Preferential interest rate, if to be applied, must be provided in the accounts upon approval from the management.
- C. The Operations Incharge must ensure that the balance in Accrued Interest Payable must be nil at the quarter end or at the maturity date of interest payment.

*[Handwritten signatures/initials]*

## 2.21 Settlement of Claim on Deposit upon Death of a Customer

On death of account holder, the account in the name of the deceased person shall be treated as "Deceased Account". On receipt of authenticated intimation or information about the death of the account holder, the account must be marked "total freeze" immediately with the remarks as "Deceased Account". Transactions in the account including any deposits and withdrawals should be restricted till all legal formalities are completed.

In case mandatee has been given authority to operate account, right of the mandatee to operate the account also ceases right away after the death of account holder. The mandatee must not be allowed to carry out transaction any further.

- A. Interest in the account is continued to accrue until the account is closed.
- B. The entire account balance including accrued interest should be paid to the nominee if appointed. In case the nominee is not appointed or if the nominee is already dead, the entire account balance must be paid to the nearest relative/legal heir as defined by the Bank and Financial Institutions Act (BAFIA).
- C. Branch shall obtain a written application for claim over the balance of the account from the applicant (nominee/legal heir). The applicant should be asked to return any unused cheque(s)/debit card of the account. Branch shall obtain following documents:
  - a. Application of the nominee or heir
  - b. Death Certificate
  - c. Relationship Certificate
  - d. Identification document of nominee or legal heir

If the nominee appointed is a minor or any physically/mentally disabled person, the account balance should be provided to the nominee's account. The account of nominee, in case of minor or physically/mentally disabled person, should be opened upon receipt of all necessary documents as mentioned above along with Guardianship Certificate and identification documents of the parent/legal guardian. The account of the nominee should be operated by the parent or legal guardians.

- D. Branch shall forward the documents submitted by the applicant along with the account opening documents of the account holder to concerned authority for approval as per Approving Authority Matrix.

Legal opinion should be obtained from Legal Department if deemed necessary.

A 35 days' public notice at the cost of the applicant or account holder should be published in newspaper as follows:

- If the balance in the account of the deceased account holder exceeds Rs. 10,000/- or equivalent, notice shall be published.
- However, based on justification by Branch Manager and request of the claimant, the provision of publishing public notice shall be waived upon approval from concerned authority.

Approval of release of fund in case of deceased account shall be provided by concerned authority as per Approving Authority Matrix.

If any claim is not received even after publication of the notice, balance in the account should be paid to the applicant/claimant as per request. In case of any claim/dispute arises, the matter should be forwarded to Legal Department for further course of action and should be settled upon approval as per decision of the management.

- E. In case of death of any one of the account holders in a joint account or partnership firm account, necessary documents required as mentioned above in 2.21(C) should be obtained and procedures as

mentioned in an individual account should be followed on part of the deceased account holder/partner. The account balance should be provided to the existing account holder and applicant (legal heir) of the deceased account holder jointly.

- F. The account of deceased person should be closed after the balance is provided to the applicant/legal heir.
- G. In case of death of any director, shareholders or account operator of the company, the legal existence of the entity shall remain same. However, after the notice of the death of the account operator, cheque/other request bearing signature of the deceased person after the date of death of the account operator should not be honored/entertained. The account shall remain in operation and a fresh resolution for the operation of the account should be obtained from the company.

## **2.22 Closure of Account**

- A. Request related to closure of accounts should be made on the Account Closing Form.
- B. Request received from the mandatee for the closure of account must not be entertained.
- C. In case of personal account, the account holder must be present in the bank. Operations Incharge shall check the account closing request along with name, signature and identification documents of the authorized agent, if any, appointed by the account holder.

Operations Incharge shall confirm with the account holder over phone/email, if deemed necessary, in case the account holder is not present in the bank and sends authorized agent along with the request letter.

- D. In case of joint account/partnership firm account, signature of all the joint account holders/partners must be obtained. The joint account holders/partners can assign any one of the account holders/partners to be present in the bank for closing the account. On receipt of authorization/account closure request signed by all the joint account holders/partners, the account should be closed and balance should be provided to any one of the account holders/partners.
- E. For corporate accounts other than personal accounts, following documents in addition to the account closure application must be obtained:
  - a. Authorization letter bearing a specimen signature of the authorized person
  - b. Identification documents of the authorized person
  - c. Minutes of the Board or other governing authority to close the account if required.

Branch must ensure the validity/authenticity of the account closing request/board resolution/minute to close the account upon verification of the board members' signature as per record in the account opening documents held with the bank. If any changes in the shareholder structure/board members are noticed, branch must obtain a fresh list of the shareholders/board directors duly certified by Company Registrar Office.

- F. Operations Incharge or Branch Manager should find out the reason(s) for closing the account by the customer. To the extent possible, customers must be solicited not to close the account.
- G. Branch shall check and verify all the documents presented for closure and details mentioned in account closing request along with the documents in the account opening record of the bank. Signature of the account holder in the account closing form/request letter must be verified.

- H. Branch shall obtain Account Closing Form from the account holder along with unused cheques and details of debit card, mobile banking, internet banking service, locker identification card, etc. if the services are availed by the customer.
- I. For cancellation of cheques, card, mobile banking, internet banking service, branch shall proceed as follows:
  - All the unused cheques should be "Cancelled" in the system and marked with void remarks on the face of the cheque.
  - Branch should block the debit card in the system and the card should also be destroyed physically by cutting/shredding.
  - The "internet banking" and "mobile banking" service should be blocked in the system.
  - The "locker identification card" should be marked with cancelled/void remarks on the face.
  - The unused cheque and debit card submitted by the account holder should be physically destroyed on closure of the account.

Details of the cancellation/blocking of above mentioned services should also be written in the "Account Closing Form".

- J. If the customer fails to submit unused cheques, debit card, branch should obtain account holder's signature in the account closing form for self-declaration and acceptance of indemnity clause. However, cancellation and blocking of the unused cheques number and debit card must be carried out as mentioned above.

In case the customer does not have cheque book, branch shall issue a cheque leaf to allow withdrawal to the customer from his/her account. Applicable fee of loose cheque issuance shall be applied for the issuance of cheque leaf.

- K. Prior to the closure of the account, branch should check whether the account is linked to any loan, fixed deposit account or whether any lien/freeze/hold remarks has been placed in the system by other departments.

In case restriction, lien, freeze, hold or link with other account is found, branch shall take "no objection" consent from the respective department in the branches or corporate office.

- L. Branch shall take out print of Customer Liability Report and ensure no other liability/outstanding exists on the part of the customer in the branch
- M. Payment of entire amount in the account along with accrued interest should be made to the account holder after deducting the necessary charges as per the standard tariff of the bank. Interest should be provided till the previous day of account close.
- N. Account should be closed upon approval from Operations Incharge or Branch Manager.
- O. All the documents received from the customer for the closure of account must be kept in the customer's file. On closure of account, "Account Closed" stamp should be marked on the face of the account closing form/request letter and signed by the staff of Customer Service Department. All the account opening documents including Account Opening Form, Signature Specimen Card must be attached with the account closing form and kept separately in the record.

### **2.23 Destroying Uncollected Debit Cards/PIN Mailers by branches**

Branch must take extra care in handling of undelivered and uncollected Debit Card/PIN Mailer. Debit Card received by the branch prepared from Card Department but not collected by customer shall be referred as Uncollected Debit Card.

Branch shall keep all uncollected Debit Card/PIN Mailer in Customer Service Department during transaction hour for delivery to the customers. If the Debit Card is not collected by the customer during the transaction hour, then such uncollected Debit Cards/PIN Mailers must be kept in fire proof cabinet/vault overnight under custody of two separate Card and PIN custodians in Customer Service Department or vault custodians.

Branch shall proceed for destruction of uncollected Debit Cards/PIN mailers as follows:

- A. Branch shall put best efforts on communicating the customers to collect the Debit Cards/PIN Mailers. If the Debit Card/PIN Mailer is not collected for more than one year despite constant follow-ups, such Debit Cards/PIN Mailers shall be kept separately in the vault.
- B. On monthly basis, branch shall segregate Debit Cards/PIN Mailers not collected for a period of more than three months from the date of receipt from Card Department. The uncollected Debit Cards/PIN Mailers must be kept separately in a fire proof cabinet/vault under custody of two separate staff in the department.
- C. A list of uncollected Debit Card/PIN Mailer should be maintained with following details:
  - a. Date of Debit Card/PIN Mailer received in the branch
  - b. Account Number
  - c. Account Name
  - d. Debit Card/PIN Mailer details

Branch shall take the uncollected Debit Card out of the vault only in case the customer visits to collect the Card. The list of uncollected Debit Card should be updated each time the Card is delivered to/collected by the customer.

- D. All the Debit Cards/PIN Mailers which remain uncollected for a period of more than one year from the date received from the Card department must be disposed off.
- E. Branch shall follow procedures as follows to destroy the uncollected Debit Cards/PIN Mailers:
  - a. Branch shall tally the number of physical Debit Cards/PIN Mailers with the record of Debit Cards/PIN Mailers not collected for more than one year.
  - b. Operations In-charge shall review call report and check the list to confirm the total count and eligibility for disposal.
  - c. Branch shall forward the detail of uncollected Debit Cards/PIN Mailers to Branch Operations Department and obtain approval from concerned authority as per Approving Authority Matrix for disposal.
  - d. Upon approval, branch shall destroy uncollected Debit Cards/PIN Mailers in the presence of following staff:

- i. Custodians for Debit Card and PIN Mailer
  - ii. Operations Incharge
  - iii. Branch Manager
- e. Before disposal of the Debit Card, the branch shall ensure that:
    - i. Customer's statement of account has been checked to see the movement of account justifies the disposal of the Card.
    - ii. The customer has been contacted over phone/email and reason(s) for not being collected has been noted.  
If the customer could not be contacted, the call reports should be maintained in the record.
  - f. Branch shall collect necessary charge, if applicable, as per standard tariff of fees and charges of the bank.
  - g. *Destroying Debit Card:* The Debit Card should be destroyed preferably by cutting/shredding the cards making sure that the magnetic strip has been destroyed.

The list of Debit Cards destroyed must be marked as "Destroyed" in the list.

*Destroying PIN Mailer:* The PIN Mailer should be destroyed preferably by shredding or by Incinerating the Mailer at a safe and secure place.

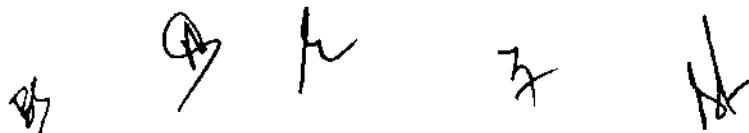
The list of PIN Mailers destroyed must be marked as "Destroyed" in the list.

- h. A record of disposal of uncollected Debit Card/PIN Mailer should be prepared and signed by all staff present at the time of disposal. The record must contain following details:
  - Date of Debit Card/PIN Mailer destruction
  - Account Number
  - Account Name
  - Debit Card/PIN Mailer details
  - Date of approval
  - Reason(s) for destruction if any
  - Method and Location of destruction
- i. Branch shall forward the list of Debit Card destroyed to the Card Department for marking the card destruction/cancelled in the system.

## 2.24 Other Provisions

- A. The balances in the accounts should not be disclosed unless the identity of the account holder is established and the account holder's signature is verified in the customer's written request.
- B. In case of inquiry made through authorized representative of the account holder, the balance should be provided in a sealed envelope.
- C. Staff must not disclose any information related to the customer's account to any other person.

- D. Staff should avoid overwriting in the documents as far as possible. If there is any overwriting made in the documents, then it should be properly authenticated with full signature of the concerned staff. "Correction Fluid" must not be used in the documents in any circumstances.
- E. While entertaining any request or instruction of the customer, necessary charges for the service defined as per the prevailing standard tariff must be recovered by debiting the customer's account.
- F. Signature of the customer must be verified and marked with "Signature Verified" stamp or signature verification notation along with the signature of the concerned staff in all requests/applications/documents submitted by the customer.
- G. Photocopy of documents submitted by the customer should always be verified with the original and the copy documents should be endorsed with "verified with true copy" stamp along with signature of the concerned staff.
- H. Outsourced staff and interns are not allowed to conduct system related transactions in CBS.

A row of five handwritten signatures in black ink, likely belonging to the staff mentioned in the list above. The signatures are fluid and vary in style, though they are all in cursive script.

### **3 Fixed Deposit**

Fixed deposit is non-recurring deposit account opened with fixed amount, maturity and interest rate and is repayable on pre-defined date. A Fixed Deposit Receipt (FDR) is issued for the deposit made in the account, which is not negotiable. Payment of the fixed deposit cannot be made to any other person other than the depositor unless specified otherwise. Fixed deposit shall be paid on the maturity date mutually agreed at the time of opening the account.

The account can be opened in single or joint name. The account balance of fixed deposit cannot be added with more deposits; however, any person and entity can open multiple fixed deposit accounts.

Fixed deposit account can be opened in both Nepalese Rupees and foreign currency.

Interest rate on the deposit is fixed at the time of opening the account and it cannot be altered even if the published interest rate fluctuates during the tenure of the deposit.

Fixed deposit is paid or renewed on maturity. On maturity, fixed deposit can be renewed for another term at an interest rate prevailing at the time of renewal. A new deposit certificate shall be issued on renewal of the fixed deposit.

#### **3.1 Opening of Fixed Deposit**

- A. Branch shall obtain a duly filled Fixed Deposit Application Form. The customer should maintain a checking account for payment of interest and principal on due date.

Branch shall obtain customer consent at the time of account opening with regard to applicable interest rate to be charged in case of sanctioning loan against the same Fixed Deposit. The consent of customer shall be obtained in the Fixed Deposit Application Form mentioning the clause as "Plus 2% on Coupon Rate or Base Rate (whichever is higher)" (as mentioned in Loan against Fixed Deposit of latest published interest rate and any amendment made in the published rate).

- B. Branch shall ensure that the application specifically contains amount of deposit, period of deposit, name of depositors, interest payment account and instruction regarding payment of interest and principal upon maturity.

- C. Deposit can be accepted through a) Cash deposit made by the customer, b) Upon transfer of fund from an account, or c) Accepting the deposit of a cheque of other bank. If the fund is deposited through a cheque of other bank, the fixed deposit should be opened upon realization of the cheque.

- D. While opening the fixed deposit account, branch shall choose the same Customer ID of the existing account holder maintaining a checking account in the branch.

- E. Branch shall open fixed deposit account in system under appropriate scheme code with correct interest rate, tax rate, checking/nominee account for interest and principal payment.

Nominee account for interest and principal amount should be the account of the person himself/herself opening the fixed deposit account.

- F. Fixed Deposit Receipt in bank copy and customer copy should be printed in the system on the day of account open. The original copy of the receipt should be handed over to the customer and the second copy/bank copy along with Account Opening Form should be kept in the bank's record.

The Fixed Deposit Receipt should be printed after all details are entered in the system. No manual printing (handwritten or otherwise) of FDR is allowed. The Receipt shall contain details of the account like date of issuance, account number, account holder's name, amount, interest rate, maturity date, payment mode, etc.

- G. The Fixed Deposit Receipt must be endorsed by Cheque Writer by the amount of fixed deposit. The FDR must be signed by two authorized signatories of the branch as per the authorized signatories list of the bank. The staff signing the FDR must ensure that all the details mentioned in the receipt are correct with the account holder's request as mentioned in the Account Opening Form.

FDR printed with any error during the printing process must be marked with "Void" remarks in the face of the receipt.

- H. All related documents including Bank's Copy of the Fixed Deposit Receipt should be kept in the customer's account opening file.

### **3.2 Delivery of Fixed Deposit Receipt**

- A. The Fixed Deposit Receipt should be handed over to the account holder after obtaining the signature in the back side of the Bank's Copy as an acknowledgment of the receipt of the FDR.
- B. The account holder can appoint an agent to collect the receipt by submitting a written request along with the signature of the account holder and seal if applicable. The request must contain specimen signature and identification documents of the agent. The FDR should be handed over to the agent upon verification of the account holder's signature & the agent's signature and identification documents.
- C. FDR not collected by the account holder for any reason(s) must be kept in fire proof cabinet/vault under dual custody of staff of Customer Service Department and Operations Incharge.

### **3.3 Matured Fixed Deposit**

- A. Branch shall generate MIS report and monitor maturity date of fixed deposit accounts on daily basis. The staff at CSD shall communicate to the customer regarding the maturity of the fixed deposit preferably a week before the maturity date of the fixed deposit. Branch shall request the customer for account renewal and deposit to the nominated account.
- B. In case of matured fixed deposit, staff at CSD shall ensure following while paying the principal amount:
- a. There is no unauthorized alteration in the certificate.
  - b. There is no marking of lien and/or account freeze-block in the fixed deposit account.

If any lien is marked, payment cannot be made until the lien is removed in the account.

The principal amount and the interest amount should be transferred to the nominee account.

- C. In case the principal of fixed deposit needs to be transferred to the nominated account on maturity date, the principal amount of the matured fixed deposit should be transferred to respective nominee account on the maturity date.

In case the fixed deposit needs to be renewed on the maturity date, branch shall renew the fixed deposit. The new FDR should be provided to the customer.

- D. The fixed deposit account should be closed once the principal amount of fixed deposit account is paid to the account holder.

### 3.4 Payment of Interest and Principal

#### 3.4.1 Payment of Interest

- A. The interest on fixed deposit shall be paid in a regular time interval or at maturity as per agreed terms at the time of opening the account and as per the features of the deposit product. System shall automatically accrue interest for the deposit amount and credit in the checking/nominee account of the account holder periodically as per details and instruction recorded in the system.
- B. The interest will be paid in the nominee account at the time of interest payment.

#### 3.4.2 Payment of Principal

- A. The payment of principal amount should be made on maturity of the fixed deposit. Payment of principal amount shall be made by the branch only from where the account is maintained. In case the maturity date falls in a holiday, the principal amount should be paid in the next working day.
- B. Payment of the principal amount of the fixed deposit should be made to the account holder only through account transfer.

### 3.5 Renewal of Fixed Deposit

- A. For renewal of the fixed deposit, the customer must provide a request in writing. The customer can be self-present in the bank or authorize an agent for renewal of the fixed deposit.
- B. In case of renewal of fixed deposit, the principal amount of the matured fixed deposit and interest posting frequency shall remain unchanged. However, for interest rate, the prevailing/published interest rate at the time of renewal should be applied.
- C. Procedure as mentioned in opening of new fixed deposit account and delivery of Fixed Deposit Receipt should be followed in case of fixed deposit renewal.
- D. Customer's request and the original Fixed Deposit Receipt of matured fixed deposit should be kept in the customer's account opening file.

### 3.6 Premature Withdrawal of Fixed Deposit

In case customer wants to withdraw the amount in Fixed Deposit before maturity, staff at CSD shall explain about the possible loss of interest to the customer. The customer should be counseled to take loan against Fixed Deposit to avoid possible loss in case of premature liquidation of the fixed deposit.

Branch shall follow procedures as follows for premature liquidation of fixed deposit:

- A. The customer must provide a request in writing and submit the original Fixed Deposit Receipt. In case of company, a board minute for premature liquidation of the fixed deposit should be obtained.  
If the original Fixed Deposit Receipt is lost or misplaced or could not be surrendered by the customer due to any reason(s), an indemnity letter should be obtained.
- B. The customer should not be provided with any interest; and in the case of already paid interest to the customer, the net interest paid should be recovered from the customer.

Interest accrued in the fixed deposit should be reversed to the interest expense account. Interest, if already paid to the customer, should be reversed in the customer's account and credited to the interest expense account in the system.

- C. Premature liquidation of fixed deposit should be made upon approval from concerned authority as per Approving Authority Matrix.
- D. Customer's request, original Fixed Deposit receipt and other documents should be kept in the branch record.

### **3.7 Issuance of Duplicate Fixed Deposit Receipt**

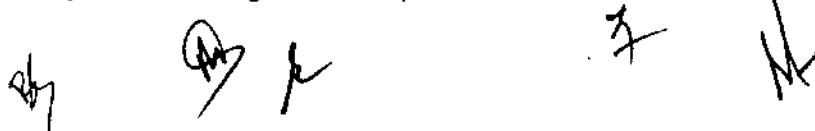
- A. Duplicate Fixed Deposit Receipt shall be issued to the account holder in case the original Fixed Deposit Receipt is reported lost and upon request for duplicate receipt by the account holder.
- B. The duplicate Fixed Deposit Receipt must be issued by the branch where the fixed deposit account is maintained. The receipt must be issued on approval of concerned authority as per Approving Authority Matrix.
- C. Before issuing the duplicate Fixed Deposit Receipt, an indemnity letter signed by the account holder must be obtained.
- D. After obtaining the indemnity, a copy of the Bank's Copy of the Fixed Deposit Receipt should be made which will serve as the duplicate Fixed Deposit Receipt.

The duplicate Fixed Deposit Receipt must be marked with "Duplicate Issued against Original Reported Lost" stamp and signed by two authorized signatories as per the authorized signature list of the Bank.

- E. An acknowledgement of the receipt of the duplicate Fixed Deposit Receipt must be obtained from the customer.
- F. Customer's request, indemnity letter, original fixed deposit receipt and other documents must be kept in the account opening file of the customer.

### **3.8 Storage of Stock of Fixed Deposit Receipt**

- A. The unused stationery of fixed deposit receipts (inventory) must be kept in the vault under joint custody of staff in the Customer Service Department. A stock register of the inventory must be kept to record the details of issuance of the receipt and available stock.
- B. The Operations Incharge and Branch Manager shall be responsible to check the stock/inventory of the receipt on periodical basis.
- C. Any fixed deposit receipt printed with any error during the printing process must be marked with "Void" remarks and should be kept in a separate file. Branch shall mark the "Void" remarks in the fixed deposit inventory register. The inventory register should be checked and verified by the Operations Incharge and/or Branch Manager on monthly basis.



#### **4 Checks and Review**

- 4.1** Branch Manager and Operations Incharge shall be responsible for overall operations and activities related to Customer Service Department including monitoring of transactions of CSD staff, customer service; supervise, verify and monitor all the record books, register, MIS reports on daily basis as well as when needed.
- 4.2** Branch Manager and Operation Incharge shall ensure that vault, locker key are properly handled by the Key holders as per assignment and proper records are maintained in the branch on daily basis.
- 4.3** Branch Operations Department on daily basis shall check and review the MIS report for the details of account opened in the branches to ensure KYC details and information of the account holder are correctly entered in system.
- 4.4** Branch Operations Department on daily basis shall check and review the MIS reports and make follow-up with branches to regularize the instances.
- 4.5** Online account opening (Domestic) can be made as per the bank's product paper and user manual related to it.
- 4.6** Digital banking services to customers like viber banking, GlobalSmart mobile banking, missed call banking, QR merchant payment, Global online banking, etc. should be encouraged by branches.
- 4.7** The approving authority shall be exercised according to the Approving Authority Matrix as approved by CEO.
- 4.8** Forms/formats/registers shall be used as circulated from time-to-time.
- 4.9** The manual shall be reviewed annually and any updates or amendments if required shall be incorporated accordingly. In case any new provisions or guidelines are introduced through directives, circulars issued by NRB and/or any regulatory authority, the same shall prevail.
- 4.10** Any exception to the provisions made in this manual is subject to the approval of CEO.

A series of handwritten marks, including initials and stylized signatures, likely representing signatures of approval or review.

## Chapter II:

### Cash, Vault Operations and Transaction Procedures - Operations Manual

#### 1 General Guidelines

This manual-guideline has been developed in order to streamline the operations procedures in relation to cash and vault operations management and related transactional procedures in Global IME Bank Ltd (GIBL). The manual has been revised to accommodate the recent changes and shall be effective for implementation in GIBL immediately after approval.

- 1.1 **Teller:** A staff who is assigned and authorized in the branch to carry out deposit, payment, remittance fund transfer and other related job in relation to cash, cheque or any other instruments of payment.
- 1.2 **Head Teller:** A staff who is authorized to supervise and facilitate the tellers and their activities as assigned to him/her in the cash/remittance department. He/she is also authorized and responsible to execute the teller activities as and when required.
- 1.3 **Operations Incharge:** A staff who is assigned and authorized to supervise, facilitate and approve all the activities in the cash and operations area in the branch. He/she is the head of the department in the branch and is accountable to the activities of overall branch operations including customer service.
- 1.4 **Vault Key Holder:** A staff who is authorized custodian to hold and handle the bank's vault/locker/strong room/fire-proof cabinet, etc. as assigned by the Branch Manager. He/she is responsible for the movement of cash or any other items from/to the vault.
- 1.5 **Cash Counter:** An area within branch, extension counter where the teller carries out cash transactions related to deposit, payment, remittance, fund transfer, etc.
- 1.6 **Cash:** A promissory note issued by the Central Bank guaranteeing payment of the value mentioned on the paper notes or metal coins. It is a physical form of money or currency and acts as a legal instrument of payment.
- 1.7 **Foreign Currency:** All cash, notes and metal coins, which are issued by foreign country. Foreign currency is further classified as convertible and non-convertible currency:  
**Non-convertible currency:** Indian currency is not convertible to any other currency other than Nepalese Rupees  
**Convertible currency:** All other foreign currencies whose buying and selling rates are mentioned by NRB
- 1.8 **Cheque:** An unconditional order in writing made to the bank to make payment of specified amount to the bearer or specified person and/or institution mentioned in it. A cheque is a negotiable instrument and it can be endorsed by the payee and the entitlement of the payee can be transferred.

#### Terms in cheque transactions:

- a. **Bearer cheque** – A cheque drawn in the name of a person with the mark "or bearer" or simply drawn to the bearer. Payment of a bearer cheque can be made to any person who presents the cheque for payment.
- b. **Order cheque** – A cheque in which the "bearer" printed in the cheque is crossed or the word "to the Order" is mentioned after the name of the payee. Order cheque is payable to the true payee of the

cheque. The Bank must obtain valid identification documents of the payee to ascertain the true payee for payment of the cheque.

- c. **Crossed cheque** – A cheque bearing two parallel lines in its face with or without any instruction or “& Co.” mentioned in between those lines. Crossed cheque is payable to the account of payee or any account as endorsed by the payee. A crossed cheque can be negotiated. A copy of photo identification documents of the payee should be obtained.
- d. **Account payee cheque** – A cheque bearing two parallel lines in its face with “not negotiable” or “Account Payee” mentioned in between those lines. An account payee cheque is payable only to the account of payee as mentioned in the face of the cheque. Account payee cheque cannot be further negotiated or transferred.
- e. **Special crossing** – A cheque bearing two parallel lines in its face with name of bank mentioned in between those lines. A special crossing cheque is payable only to the account maintained in the bank mentioned in between those parallel lines. For example if “Global IME Bank Ltd.” is mentioned in between the parallel lines in the face of the cheque, then such cheque is payable to the account maintained with “Global IME Bank Ltd.” only.
- f. **Stale Cheque** – A cheque presented after six months from the date mentioned in the face of the cheque or after validity of the cheque if otherwise arranged
- g. **Postdated cheque** – A cheque presented before the date mentioned in the face of the cheque
- h. **Cheque is issued to withdraw an amount from the accounts of the account holders and has three parties to it:**
  - 1. **Drawer** – who draws a cheque
  - 2. **Drawee** – the bank where the account is maintained
  - 3. **Payee** – to whom the amount to be paid.
- i. **Manager's Cheque**: A Manager's Cheque is a cheque issued by the bank on itself, to pay a certain sum of money to the named payee and signed by the bank's two authorized signatories to pay its own obligation.
- j. **Loose Cheque**: Loose cheque is a counter cheque issued to the account holders of the bank with the facility of withdrawing funds in the absence of chequebooks and debit cards.

- 1.9 Stop Payment:** An instruction made for stopping payment against cheque at the request of account holder.
- 1.10 Good for Payment Cheque:** It is an endorsement of a cheque by the bank at the request of the customer for guaranteeing confirmed payment against such cheque. The cheque is drawn by the customer against his/her own account with the bank to which the bank adds its certification/endorsement. Such certification/endorsement guarantees that the bank holds funds to cover the cheque and will effect payment upon presentation of the cheque.
- 1.11 Dormant Account:** Status of an account which indicate that there was no customer initiated transaction taking place in the account for at least within the period of last three years in case of savings accounts and last six months in case of current and call accounts. The account is restricted for any kind of customer induced debit transaction.
- 1.12 Cash Over/ Short:** Excess of physical cash over the book balance is Cash Over whereas short of physical cash compared to the book balance is Cash Short.

## 2 Vault, Cash Management and Transaction Procedures

### 2.1 Maintenance of Cash Limit

- A. Branch should normally hold the cash balance sufficient for carrying out their daily transactions.
- B. Teller should normally hold the cash balance sufficient to carry out regular transaction. In exceptional cases like bulk cash deposits, the cash in the counter should be managed soon after completion of the particular transaction. Any excess cash held with the teller must be surrendered to Head Teller/Operations Incharge immediately.
- C. The sum of cash at vault, cash at ATM and with the tellers and head tellers should not exceed the insured limit. It is the responsibility of the Head Teller, Operations Incharge and Branch Manager to ensure that the cash is within the insured limit. If the total cash balance in the branch is more than the vault limit, then the excess cash should be immediately deposited at any nearby branch of the Bank or preferably at Nepal Rastra Bank or Note Chest maintained at nearest locations. If the cash cannot be deposited in the nearby branch of the Bank or at Nepal Rastra Bank or Note chest then additional insurance cover must be ensured by the branch by informing General Services Department and Branch Operations Department.
- D. Branch Operations Department shall monitor on daily basis that the total cash balance of all branches is under the vault limit and shall instruct the branches for management of the excess fund.

### 2.2 Management of Vault and ATM Keys

- A. The vault must be kept under dual custody of the Branch Manager, Operations Incharge, Head Teller or any other custodians as assigned from time to time and therefore they shall act as vault custodians.
- B. There must be two panels/groups ("A" and "B" panel) amongst the vault custodians in the Branch to handle keys of the vault. The vault custodians in each panel/group shall handle only one set of keys at a time. Approving authority for vault key assignment will be as per Approving Authority Matrix.
- C. The Main custodian shall be called "Primary Key Holder". Similarly, branch shall nominate alternate staff as alternate key holder(s) in the prescribed format. If the key holders/vault custodians are required to be changed, prior approval should be taken from concerned authority. In absence of Primary Key Holder or inability to hold key by the Primary Key holder, the alternate key holder shall handle the vault keys.
- D. The list of the key holders must be updated the moment any staff listed in the key holder list is transferred and/or leaves the Bank.
- E. A set of vault keys including vault of evening and holiday counter held by one vault custodian in one panel should not be handed over to the custodian in other panel.
- F. While making the handover of the vault keys by/to the vault custodians, the details of keys, name of the persons and date should be recorded in Key Transfer Register.
- G. The key holders should take extra care regarding safekeeping of keys; the respective key holder will be liable to bear the cost incurred in case of loss/misplace of keys due to his/her irresponsibility.
- H. Spare/duplicate set of the vault keys, including keys of a separate vault maintained for evening and holiday counters should be kept in the safe deposit locker in the nearest branch of the Bank or in the locker of another nearby bank after taking approval from concerned authority. In case if such locker is

not available, the spare key should be kept in the vault of another nearby branch in sealed envelope duly signed by BM/OI with proper handover to the BM and OI of the receiving branch.

Spare keys should be maintained in dual custody of Branch Manager and Operations Incharge or personnel authorized by the approving authority. The locker used to keep the spare keys of vault of the branch must be operated under joint signature of the Branch Manager and Operations Incharge of respective branch.

- I. Spare/duplicate keys can be used when original keys are lost, misplaced or cannot be reached due to some other reason(s) upon prior approval from concerned authority.
- J. All live vault keys should be replaced by the spare keys by the end of the first month of Nepalese calendar in every one year upon prior approval from concerned authority in order to ensure that the spare keys kept in safe deposit locker are intact and in operating condition. The exchange of key must be recorded in Vault Key Exchange Record register with notification to Branch Operations Department.
- K. For handling of ATM key and code, branch shall assign two separate staff to handle the ATM vault key and code.

#### **2.3 Management of Keys for Evening and Holiday Counters**

- A. The vault shall remain under the dual custody of the Head Teller and the Teller assigned to operate the evening and holiday counter of the day. Each set of the keys should be held by the Head Teller and Teller respectively.
- B. The Head Teller and the Teller who shall act the vault custodians shall be approved by concerned authority.
- C. While making the handover of the vault keys by/to the vault custodians, the details of keys, name of the persons and date should be recorded in Key Transfer Register.

#### **2.4 Management of Cash Vault**

- A. The vault custodians shall be responsible for the cash and cash items kept in the vault of the branch. The vault custodian shall be held liable if any Bank notes, coins, foreign currencies, gold and silver and other cash value items kept in the vault are lost or differ with that in the record book.
- B. The vault custodians should be compulsorily present each time the vault is opened and closed.
- C. The name and purpose of the person entering the vault room must be recorded along with their signature, date and time of the vault in and out instances in the Vault In-Out Register.
- D. The vault custodians and security guard(s) must be present each time the vault is opened. It is the responsibility of the vault custodians to ensure that the vault is properly closed. The vault custodians should ensure that any unauthorized persons are not allowed to enter the vault.
- E. The vault custodians are responsible for handover of cash to/from the Head Teller/Teller and movement of cash in and out of the vault. The vault book should be recorded mentioning the type of currencies, denomination and the total sum while making cash in and out of the vault. The vault book must be compulsorily signed by the vault custodians at each time the cash is taken in/out from the vault.

- F. Head Teller/Operation Incharge shall keep the total cash at the end of the day in the vault. While keeping the cash in the vault, the Head Teller should ensure that the notes are arranged properly in packets and bundles and each packet is strapped with the note tag of the Bank bearing teller's name, signature and date. Loose notes should be arranged properly and coins should be kept in an envelope as per the denomination.
- G. The Vault Book should be updated by recording the cash transferred to the vault. The vault custodians shall print Cash Position report from the MIS and ensure that the physical cash balance and the cash balance mentioned in the report is tallied. The vault book must be closed on daily basis with signature of the Head Teller and vault custodians.
- H. All supplies of cash and cash items shall be independently counted in details in the presence of Internal Auditor or persons designated by the management periodically.

## **2.5 Movement of Cash within the Branch Premises**

### **2.5.1 From Vault to Head Teller**

- A. The Head Teller shall take out the cash from the vault as per the daily requirement and record in the Vault Book. All the cash balance of the vault should not be taken out of vault while opening the cash counter. Cash should be taken out of the vault only as per regular requirement in the counter. HT/OI shall provide only required amount of cash to the tellers to operate the counter. Any excess cash taken out of the vault should remain in the custody of HT. The Head Teller and vault custodian must verify the amount and physical cash therein.
- B. The Head Teller shall record the details of cash taken out of vault in Vault Book mentioning the denomination and the sum amount taken out from the vault. The vault custodians and the Head Teller must sign the Vault Book.
- C. The Head Teller shall prepare Multi Entry Voucher and record the cash transfer in the system.

### **2.5.2 From Head Teller to Teller(s)**

- A. The Head Teller shall write the currency, denomination and total sum amount in the Proof Sheet and distribute the cash to each Teller. The Head Teller and concerned Teller shall mark his/her signature in the Proof Sheet on handover of the cash to the Teller.
- B. Branch shall provide only required amount of cash to the teller to operate the counter. Excess cash taken out from the vault should remain in the custody and account of the Head Teller.
- C. The Teller shall check and verify the denomination and total cash received from the Head Teller. The teller shall sign the Proof Sheet on satisfaction of the cash being received is correct.
- D. The Head Teller shall record the cash transfers in the system. Each Teller shall individually check the cash transfer transaction in the system for correctness of the entry made in system.

### **2.5.3 From Teller to Teller**

- A. Cash transfer directly from one teller to another teller should not be allowed.



- B. In case a Teller needs to transfer the cash to another Teller then the Teller, first of all, needs to transfer the cash to the Head Teller. The Teller shall record the details of the cash to be transferred in Proof Sheet along with signature and hand over cash to Head Teller.
- C. The Head Teller shall verify the physical cash and sign in the Proof Sheet for acceptance of the cash transfer recorded. The cash transfer from the Teller shall be recorded in the system. Cash transfer from Teller shall be carried out as and when required if there is excess cash in the counter of the Teller during transaction hours.
- D. The Head Teller shall transfer the cash to the Teller-in-need and record the denomination and total amount in the Proof Sheet along with signature. The Teller-in-need shall verify the cash received from the Head Teller and on satisfaction shall sign in the Proof Sheet.
- E. The Head Teller shall record the cash transfer transaction in the system immediately. Each Teller shall individually check the cash transfer transactions entered in the system for correctness.

#### **2.5.4 From Teller(s) to Head Teller**

- A. At the end of the transaction hour, Teller(s) shall carry out physical verification of cash balance as per record in the system. On balancing of the cash, the Tellers shall record the denomination and the total sum amount in the Proof Sheet and handover the entire cash to the Head Teller.
- B. Teller shall ensure that the notes are arranged properly in packets and bundles. Each packet is strapped with the note tag of the Bank bearing name, signature of the Teller and the date. Loose notes should be arranged properly. Coins should be kept in envelope as per the denomination.
- C. The Head Teller shall check and verify that the physical cash handed over by the Teller is correct as per the record and has been arranged properly. The Head Teller should ensure that each packet has been signed by the concerned Teller with date and his/her name.
- D. After ensuring that the physical cash handed over by the Teller is correct as per the record, both the Head Teller and the Teller shall sign in the Proof Sheet as an acknowledgement of cash handover-takeover.
- E. The Head Teller shall record the cash transfer transaction in the system. Each Teller shall individually check the cash transfers in the system and ensure that the balance on Teller's Account is made nil.

#### **2.5.5 From Head Teller to Vault**

- A. The Head Teller shall merge the physical cash received from all the Tellers. The Head Teller should ensure that the physical cash is tallied with the cash balance in the system.
- B. After ensuring that the entire cash has been transferred and there is no balance in Tellers' and Head Teller's account, the Head Teller and vault custodians shall verify the physical cash balance with the record mentioned in the system. Physical cash balance must tally with the ledger balance as displayed in Cash Position Report in the system.
- C. The vault custodians shall sign the Vault Book and transfer the total cash back to the vault. The amount transferred each time to the vault must be recorded in the Vault Book and signed by the Head Teller and vault custodians.
- D. The Head Teller shall prepare Multi Entry Voucher and record the cash transfer in the system.

#### 2.5.6 Cash Transfer for Evening and Holiday Counters

- A. On closure of regular counter, the Head Teller shall keep sufficient cash for operation of the evening or holiday counter after transferring excess cash to the main vault. A separate Proof Sheet for the evening and holiday counter shall be maintained to record the cash transfer transactions.
- B. Transfer of cash to/from the teller for evening and holiday counter shall be recorded in the proof sheet as per the procedures mentioned in case of cash transfers in regular transaction.
- C. Branch shall maintain a separate vault to keep the cash of evening and/or holiday counter.
- D. On closure of the evening or holiday counter, the Teller shall handover all the physical cash to the Head Teller and record the details in the Proof Sheet. The Head Teller shall verify the physical cash and keep in the vault maintained for evening or holiday counter. Branches where the separate vault is not maintained for evening or holiday counter, the cash on closure of the transaction should be transferred to the main vault.
- E. The Head Teller shall record the cash transfer transaction in the system.

The Vault Book for Evening and Holiday counter shall be recorded with the cash balance on transfer of the cash to the vault. The vault book must be signed by the Head Teller and Vault Custodians.

### 2.6 Movement of Cash outside the Branch Premises

#### 2.6.1 General Provisions

The movement of cash outside the bank premises for deposit to NRB/other banks, transfer to another branch/ATM or for any other purpose as approved by concerned authority is subject to the following provisions.

- A. The movement of cash outside the branch's premises must always be governed by insurance coverage arrangement as per insurance policy and such amount should not exceed single cash carrying limit as mentioned in the insurance policy. The movement of cash must be accompanied by at least one staff and one security guard or as per provision mentioned in Insurance coverage policy. Provision of staff, security guard, vehicle and security arrangement should be followed as per the terms of insurance policy.
- B. The cash must be kept in a trunk with lock till the cash is handed over to the concerned. After the cash is handed over, the acknowledgement of hand over of cash should be obtained invariably.
- C. Notification of movement of cash in transit of any amount from one branch to another, to another bank and/or to NRB/Note Chest should be provided to Branch Operations Department. This provision is not required for collection of fund being made by different branches as a part of their service offered to the customers and also for cash transfer to/from among inside Kathmandu Valley branches.
- D. The branch must use bank owned vehicle to the extent possible. In case of bank owned vehicle unavailable, branch can use rented vehicle.
- E. Each packet should be strapped with the note tag of the Bank bearing name and signature of the Teller and the date in which it was made.
- F. Branch must maintain the confidentiality regarding the cash movements, amount, destination, transit route, etc. Only concerned staff should be allowed to the details of the cash movement. Information like cash transfer date, time, amount and destination must not be disclosed to any other unauthorized

person. Besides, any unauthorized person must not be allowed in the transit vehicle during the cash movement.

- G. The deputed staff and the security guard must not leave the cash at any point of time before deposit in NRB/other banks or handover to the concerned staff in respective bank/branches and obtainment of the acknowledgement of the receipt of the fund by the receiving bank/branch.

#### **2.6.2 Inter-Branch Cash Transfer**

- A. Branch can transfer its fund to another branch or request for fund from another branch of the Bank on need basis.

- B. Once the confirmation is received, the branch sending its staff to transfer/collect the fund shall send a letter/email to the other branch as per the format mentioned.

- C. The staff responsible for delivering of the cash should count the bundles as per the details mentioned in the letter.

- D. Branch sending the cash shall book cash in transit account as follows:

Cash in Transit account	Dr.
Head Teller Cash account (sending branch)	Cr.

- E. Once the cash is received at destination branch, the concerned HT shall count and verify the cash delivered with an acknowledgement in the letter. The receiving branch shall make entry of receipt of cash as follows:

Head Teller Cash Account (receiving branch)	Dr.
Cash in Transit Account	Cr.

#### **2.6.3 Inter-Bank Cash Transfer**

Cash deposit to or withdrawal from NRB/Note Chest for a particular branch is not feasible at all times. In such case, to facilitate the cash transfer based on proximity and safety, the branches can arrange transfer from/to the branch of other banks.

- A. The requesting branch must take a confirmation from the competent authority of the branch of another bank for cash transfer from/to the branch.

- B. Once the confirmation is obtained, the Operations Incharge/Head Teller must inform Treasury Department for confirmation of the Treasury Deal.

- C. Upon confirmation by Treasury Department, the requesting branch shall prepare a letter to the concerned branch of other bank regarding transfer of fund.

- D. Branch shall inform Treasury Back Office about the cash transfer and transaction shall be recorded in the system upon dispatch or receipt of the fund.

- E. The staff assigned to dispatch/receive fund shall count cash before making transfer to or receiving fund from the branch of other bank. The staff assigned to collect/dispatch the cash from/to branches of another bank must ensure that the currency notes provided are correct. The staff should submit the acknowledgement of the cash transferred from the branch of other bank and hand it over to Head Teller/Operations Incharge.

- F. In case of withdrawal of fund by other bank, branch must verify the authorized signature in the request letter of the requesting bank and make a confirmation call to the requesting branch of the Bank. Branch shall confirm about the Treasury Deal with Treasury Department. The acknowledgement of cash, copy of employee identification card must be obtained.
- G. In case the branch of other bank initiates for the transfer of fund, branch shall obtain confirmation from Treasury Department for acceptance of the Treasury Deal. The cash transferred by the bank should be duly counted and verified before providing acknowledgement of the receipt of the fund.
- H. Transaction for cash transfer to/from other bank shall be entered as:

Head Teller cash Account	Dr./Cr.
Pool account	Cr./Dr.

The office pool account shall be settled by Treasury back office upon completion of the transaction.

#### **2.6.4 Cash Transfer for Nepal Rastra Bank and Note Chest**

- A. Branch shall inform Treasury Department before making any withdrawals from/deposit to the account of the Bank maintained at Nepal Rastra Bank or Note Chest.
- B. While making deposits to Nepal Rastra Bank/Note Chest, branch shall prepare a letter along with the denomination, details of the cash, name and ID of staff accompanying such deposit. The currency notes should be properly arranged in bundles with note tags with teller's signature and date as per NRB requirement. If any note is confiscated by Nepal Rastra Bank due to counterfeit currency note, the Teller whose name, signature appears in the note tag shall be held liable for reimbursement.
- C. After the deposit is made, a copy of deposit voucher from the NRB/Note Chest should be provided to the Treasury Department for necessary accounting entries.
- D. While making withdrawals, a cheque for the withdrawal amount should be drawn by the branch along with a covering letter in attention of NRB or Note Chest maintaining bank for withdrawal of the fund.
- E. The staff assigned to collect the cash from Nepal Rastra Bank or Note Chest should ensure that the currency notes provided are correct.
- F. The charge taken for deposit to and withdrawals from Note Chest should be booked as bank charge under appropriate account head.
- G. In case of foreign currency withdrawal from and deposit to Nepal Rastra Bank, prior approval from concerned authority should be obtained.

#### **2.6.5 Refilling of ATM**

- A. Cash in the ATM should be refilled within the prescribed limit provided by Card Department and within the insurance coverage limit.

Branches are required to timely refill the ATM cash without waiting for alert from ATM cell regarding warning state of ATM cash position, for smooth and continuous operation of the ATM. Before refilling ATM cash, the Head Teller must make cash-in of any remaining cash in the ATM to make the balance zero first and then make fresh refill with cash-out. The record of cash in and cash out should be properly recorded in ATM Log book each time. Likewise, branch should indicate the ATM cash balance along with vault cash-in hand over-take over memo in case of transfer/resignation of staff in the branch.

- B. Cash should be well sorted for refilling in the ATM.
- C. For ATM located in the branch premise, transaction for refill of cash in the ATM shall be passed as follows:

ATM Cash Account	Dr.
Head Teller Cash account	Cr.

The remaining cash in ATM during the replenishment should be booked in the Head Teller account by debiting respective ATM account.
- D. For ATM located in off-locations, the respective monitoring branch shall proceed as follows:
  - a. The Operations Incharge / Head Teller of the branch shall handover the cash for filling ATM machines within the prescribed limit to a designated staff of the branch. The Head Teller shall book the cash sent to ATM under Cash in Transit Account as follows:

Cash in Transit Account	Dr.
Head Teller Cash account	Cr.
  - b. The staff assigned to refill the ATM machine needs to count each note before taking over the cash from Head Teller/ Operations Incharge.
  - c. Once the cash is refilled in the ATM machine, the designated staff should call over the phone to Head Teller/ Operations Incharge for settlement of Cash in Transit account by transferring the cash to respective ATM Account.
  - d. The remaining cash in the ATM during the replenishment should be returned to the branch on booking in the Cash in Transit account. The Cash in Transit is settled once returned amount is handed over to the Head Teller/ Operations Incharge by the designated staff.
- E. A Log Book for cash replenish in the ATM should be maintained at the time of refilling the amount in ATM.

#### **2.6.6 Cash Collection and Delivery Facility to Customers**

Cash deposit and withdrawal facility is provided at the customer's location on the basis of prior arrangement/agreement with the customer based on business considerations and relationship. For the purpose, the bank is required to collect cash or provide cash to the customer at their locations.

- A. In case cash to be disbursed to the customers:
  - a. The amount of cash withdrawal as requested by customer shall be reserved/marked lien in the customer's account.
  - b. Operations Incharge/ Head Teller of the branch shall handover the cash to a designated staff of the branch.
  - c. The Operations Incharge/ Head Teller shall book the cash under Cash in Transit a/c.
  - d. The staff assigned to disburse cash to the customer should count the cash before taking over from Operations Incharge / Head Teller.
  - e. Once the cash is handed over to the customer, the designated staff shall call over the phone to Operations Incharge/ Head Teller for settlement of Cash in Transit account by debiting the Pool account/ respective customer's account. Balance reserved in the customer account shall be released before debiting customer's account.
  - f. The staff shall obtain duly signed acknowledgement of the cash received by the customer and hand it over to Operations Incharge/ Head Teller.
- B. In case cash to be collected from the customers:
  - a. The staff assigned to collect cash from the customer should count the cash before taking over from the customer. After counting and verification of the cash with the amount stated in the deposit voucher, the staff shall mark the deposit/cash voucher with Received Stamp and Signature and provide one copy of the deposit voucher/ receipt to the customer. The document evidencing the

- receipt of cash from the customer (deposit voucher, letter, etc.) will be as per the agreement between the bank and the customer.
- b. Once the cash is received from the customer, the designated staff shall call over the phone to Operations Incharge or Head Teller for booking Cash in Transit by debiting Cash in Transit Account.

Cash in Transit	Dr.
Customer Account	Cr.
  - c. The Head Teller or Operations Incharge shall settle the Cash in Transit account once the cash is handed over by the concerned staff and credit the deposit to the account of the customer.

## 2.7 Cash Deposit

- A. Cash Deposit voucher in bank and customer copy should be taken along with the cash. The cash provided by the depositor must be counted in front of the depositor.
- B. Teller must ensure followings matters before accepting the deposit voucher:
  - a. Name of account holder and account number in which the deposit is to be made is correct.
  - b. Current date is mentioned.
  - c. Amount mentioned in words and figure is correct
  - d. The currency and denomination is correctly mentioned.
  - e. The name and signature of depositor is mentioned.
  - f. Return amount if change needs to be returned.
  - g. Customer declaration or the source of fund must be obtained as per circular issued by Nepal Rastra Bank.

In case of cash deposit by the third party other than the account holder himself/herself for amount of more than Rs. 100,000/-, branch shall obtain copy of identification documents along with purpose of deposit.

- C. Teller shall ensure that all the copies of cash deposit vouchers contain same information and there should be no apparent alterations and deviations in the copies of deposit vouchers.
- D. In case there is any mistake in the deposit voucher, Teller must not correct it. Such deposit voucher must be corrected by the customer along with his/her signature.
- E. After ensuring that the details mentioned in the deposit voucher matches with the cash provided for deposit, the Teller shall record the deposit in the customer's account.
- F. The deposit voucher must be validated with slip/voucher printer along with signature of the Teller. Validation by slip/voucher printer bears the details of transaction including amount, account number, value date, user id and transaction reference number and hence every deposit voucher must be validated by slip printer.
- G. Teller shall return the Customer Copy of the deposit voucher and keep the Bank Copy for bank's record.

- H. If cash receipt is over Teller's authority as per the limit specified by the management, the Teller shall submit the deposit voucher to Head Teller or Operations Incharge as the case may be for approval. Operations Incharge or Head teller must ensure correctness of cash collected and record in the system before authorizing the transaction and mark his/her signature in the deposit voucher on posting of the transaction.

A series of handwritten marks and signatures in black ink, including initials and a stylized signature, positioned below the instructions for signatures.

- I. Teller must ensure that the account number mentioned in the deposit voucher is correct as per the record in the system and the transaction is posted correctly in the system before handover of the deposit voucher to the customer.
- J. Teller shall ensure that mutilated, soiled currency notes are kept separately while receiving the cash deposit. Any such notes received or in the custody of the teller should not be included in the re-issuable notes and must be kept separately and in no circumstances, customers should be given such notes. Separate packet of soiled/mutilated notes shall be disposed off by depositing in NRB by the branch.

#### **2.7.1 Cash Binding Wrapper**

Branch should take extra care while using Cash Wrapper (Note binding Tag) in the cash department to avoid any misuse of such wrapper. The wrapper must be properly tagged in each packet of currency note with 100 pieces tagged in one packet.

Staff in cash department in the branch shall follow procedures as follows with regard to the use of Cash Wrapper:

- A. Cash Wrapper should not be provided to the customer. It should be used by the bank staff only while binding currency note deposited in the counter by the customer. Customers should not be asked to bind the currency note while accepting their deposits.
- B. The wrapper should not be left over counter, table in the branches for easiness or use by customer over the counter. It should be kept with the teller himself in the counter.
- C. The wrapper should not be left idle or unnoticed in any space or room where cash sorting job is carried out. After completion of the job, the unused stock of the Cash Wrapper must be brought back to the Teller/Head Teller/Operation In-charge.
- D. The concerned staff/teller accepting/counting the currency note must put his/her signature, date, branch name/branch code on the Cash Wrapper after confirming the currency note received/checked is in order with regard to denomination and quantity.
- E. Cash Wrapper already used once should not be reused for binding currency note packet. All the used wrappers must be destroyed to avoid possible misuse of such used wrapper.
- F. Before accepting the deposit from the customer, the staff/teller must ensure that no any counterfeit currency notes are included in the packet of the note.
- G. Similarly, soiled or mutilated currency notes should be kept in a separate packet and bind with red colored Cash Wrapper for surrender/deposit to Nepal Rastra Bank. Such notes should not be mixed with other reusable currency notes for payment to the customer.
- H. After the closure of the cash counter in the branches, the unused stock of Cash Wrapper must be kept under lock overnight to avoid possible chances of misuse.
- I. Further, while making payments, the concerned staff/teller in the counter in the branches should ask the customer to count the cash received over the counter to ensure the correctness of the payment received prior to leaving the counter. To keep customers aware, branches should keep a notice in the counter to notify the customer to count the cash for the payment received.
  - a. It will be the responsibility of the concerned staff/teller in the branch if cash short/excess or counterfeit currency note is found in the packet signed by the staff/teller
- J. Clean Note Policy in relation to cash management issued by NRB must be followed and complied with.

## **2.8 Cheque Related Transactions**

While carrying out cheque transactions, branch is required to follow process and comply with provision as follows:

### **2.8.1 General Provisions**

Cheque presented in the counter for deposit to another account (or account transfer) or cash payment is subject to the following conditions:

- A. The date mentioned in the cheque must be proper - stale cheque or postdated cheque must not be honored.
- B. The amount in words and figures must be the same.
- C. The cheque must not have any alterations. If any alteration exists, it must be authenticated with full signature of the drawer(s).
- D. Signature depicted on the cheque must be verified as per the bank's record. During signature verification process, any special instructions marked in the system like requirement of company seal, number of signatories required and modality of account operations must be checked and verified properly. Teller can confirm with the account holder over telephone, email in case of any doubt or confusion over the instructions or signatures mentioned in the account.
- E. The cheque must be written in the same language and with the same ink. If the ink differs, then full signature of drawer(s) on the place it differs must be obtained.
- F. Provisions made for payment of cheque by Nepal Rastra Bank from time to time must be followed without fail.
  - a. Payment of cheque beyond the threshold limit for the cash payment as set by NRB must not be paid in cash. Cheque drawn in excess of the limit amount must be paid through the account of the payee only.
  - b. Cheques drawn in the name of any firm, company or organization must be "Account Payee" and cannot be paid in cash. This provision implies that cash payment cannot be made against the cheques drawn (issued) by any firm/ company/ organization where payee's name is written as "Self (आफै)" or the payee bears the name of the firm/company/organization itself which has issued the cheque.
  - c. For any cheque issued by any bank and financial institution, the amount of the cheque must be written by the cheque writer in the front face of the cheque.
  - d. Cheque bearing stamp of Crossing of other banks/financial institutions must not be honored for cash payment unless the crossing/bank endorsement is cancelled by the concerned bank or financial institutions.
  - e. Payment of NRB cheque received through clearing must be made in the account of the payee as mentioned in the cheque.
- G. Torn or mutilated cheques should not be honored.
- H. The cheque must be clearly written either in Nepali or English language.
- I. The account must have sufficient balance. If the account does not have sufficient balance, Cheque Return Slip should be provided to the customer. Cheque return charge in line with the Schedule of Fee and Charges of the Bank should be recovered from the account.

If the account does not have sufficient balance to recover the Cheque Return Charge (as per standard tariff), the available balance in the account shall be recovered as the Cheque Return Charge.

If the account is in dormant or freezed status or in accounts with loan limit expiry instances, cheque return charge shall not be applied in such accounts.

- J. In case a transaction exceeds the Teller's authority the Teller should submit the cheque and deposit voucher to Head Teller or Operations Incharge as the case may be for approval. The cheque should be marked with full signature of the Teller and the approving authority. Payment should be made only after the Cheque is duly approved by the Competent Authority and that the competent authority has signed on the face of the cheque.

#### **2.8.2 Cheque Transfer**

- A. Deposit Voucher in bank copy and customer copy must be obtained along with the cheque to be deposited.
- B. The Teller should ensure that the cheque presented satisfies the general provisions as mentioned in 1.8.1
- C. Signature marked in the cheque deposited must be verified as per the bank's record in the system.
- D. The Teller must check the following matters before accepting the deposit voucher:
  - a. Name of account holder and account number in the Deposit Voucher is correct.
  - b. Today's date is mentioned.
  - c. Amount mentioned in words and figure is same.
  - d. The details in the cheque are properly and correctly mentioned.
  - e. The name and signature of depositor is mentioned.
- E. In case the details mentioned in the deposit voucher is different than the cheque presented, the Teller must ask the depositor to correct the deposit voucher. In no case, such mistakes should be rectified by any staff of the Bank.
- F. After ensuring that the details mentioned in the deposit voucher matches with the cheque presented for deposit, the teller shall record the cheque deposit in the customer's account.
- G. The deposit voucher should be validated with slip/voucher printer, endorsed with "Transfer" stamp and signed by the teller. The customer copy of the deposit voucher should be provided to the depositor and the Bank Copy should be kept in the bank's record.

#### **2.8.3 Cash Payment against Cheque**

- A. The teller shall receive cheque from the customer and ensure that the cheque presented satisfies the general provisions as mentioned in 2.8.1
- B. In case the cheque is crossed cheque or account payee cheque, cash payment cannot be made. The customer should be advised to deposit the cheque in the account for payment.
- C. Signature on the cheque must be verified as per the bank's record.
- D. Cash payment against cheque should be made as per the threshold limit amount set by Nepal Rastra Bank.

- E. In case of cheque drawn against the account of an illiterate person, the payment can be made to the account holder only over the counter and upon receipt and verification of identification documents of the account holder. The account holder must put the thumb print in the cheque in front of the Teller. The Teller shall ask the amount to the account holder drawn before making the payment to ensure that the payee is aware of the amount to be withdrawn.  
Staff at the counter shall attest the thumb impression only after confirming and verifying with the photograph and photo identification documents in the record of the branch and proceed for payment of the cheque. Branch should keep a copy of Photo Identification documents at the time of cheque payment.
- F. If the cheque is of NPR 500,000 or more and drawn by any individual, verbal confirmation should be obtained by the Teller/Head Teller from the drawer to the possible extent. Teller/Head Teller should mention the contact number, time of confirmation and signature at the back of the cheque evidencing that confirmation was obtained from the drawer. If required, the teller can obtain confirmation of the account holder or drawer for confirmation of the cheque for any amount.
- G. In case of bearer cheque, the Teller shall obtain a copy of valid identification documents of the payee if the cheque amount is NPR 100,000 or more. However, branch shall obtain photo identification documents of the payee on need basis for cheque below the above limit. The copy of identity card must be endorsed as "verified with original" by the Teller.
- H. In case of "Order Cheque" for any amount, a copy of valid identification documents of the payee must be obtained and verified. The identification documents must be of the payee in whose name the cheque is drawn. The copy of identity card must be endorsed as "verified with original" by the Teller.
- I. In case the account holder is self-present, identification document is not necessary for bearer and order cheque provided that the signature for withdrawal of the cheque matches with that in the bank's record in the system. However, the teller can ask the customer for submission of photo identification document for verification.
- J. After ensuring that all details are acceptable, the Teller shall record the cheque payment in the customer's account in the system and endorse the cheque with "Paid" stamp and signature.
- K. The teller shall mention cash denomination on the back of the cheque and obtain the signature of the payee on the back side of the cheque and pay the amount to the payee.
- L. The original cheque must be kept safely in the bank's record.

#### 2.8.4 Good for Payment Cheque

Customer can request the bank to add endorsement of the bank as "Good for Payment" on the cheque issued by the account holder regarding validity and certainty of payment of the cheque. Branch shall follow procedure as follows for issuance of Good for Payment cheque:

- A. Procedures for Issuance of GFP Cheques:
  - Branch shall obtain a written request for GFP from the customer along with the original cheque that is to be marked as good for payment.
  - The cheque to be marked as "good for payment" must be an "Account Payee" cheque. The cheque must be a valid cheque and such cheque must not be a post-dated cheque. Signature on the cheque must be verified as per the bank's record.
  - Branch shall debit the customer's account with the Cheque at the time of GFP issuance request by the customer

- The Cheque amount shall be credited in GFP payable accounts as follows:  
“A/C PAYABLE GOOD FOR PAYMENT (NPR)”  
“A/C PAYABLE GOOD FOR PAYMENT (USD)”  
“A/C PAYABLE GOOD FOR PAYMENT (GBP)”  
“A/C PAYABLE GOOD FOR PAYMENT (EUR)”
  - While issuing GFP cheque, branch shall insert the details of GFP cheque in system as follows:  
Name of Payee/ Beneficiary : to be inserted in the “Remarks” field  
Cheque Number : to be inserted in the “Ref. No.” field
  - System generated transaction validation remarks must be printed on the back side of GFP cheque with following details:  
Transaction ID/ Transaction Date/ Amount/ Entered by and Posted by users
  - Branch shall mark endorsement of “Good for Payment” stamp with date on the Cheque. The endorsement must be signed by two authorized signatories as per authorized signatory list of the branch with their name, designation & signature code number.
  - Charge of issuance of GFP cheque should be obtained as per the Schedule of Fee and Charges of the bank.
  - Branch shall obtain the signature of the customer/applicant in the copy of the GFP cheque as an acknowledgement of the receipt of the cheque from the customer.
  - On presentation of GFP cheque for payment, procedures should be followed as follows:
    - i. if presented through Clearing:  
Clearing Department shall debit the GFP payable account and credit to Inward Clearing Account.
    - ii. if presented in counter in the branch:  
Staff/Teller in the counter shall debit the GFP payable account and credit to the payee/beneficiary's account maintained with the bank.
- While debiting the GFP payable account, staff in Clearing Department/Branches shall insert the correct cheque amount and cheque number of GFP Cheque in system. The Cheque number should be inserted in the “Ref. No.” field in the system.
- For cancellation of GFP cheques, branch shall obtain a written request along with the original cheque from the customer for cancellation of Good for Payment cheque
  - Cancellation of GFP cheque shall be done by debiting the GFP payable account and crediting to the respective customer's account.
  - While debiting the GFP payable account, staff in branches shall insert the correct details of Cheque Number in the “Ref. No.” field in the system.
  - The original cheque shall be retained by the branch.
  - Branch shall prepare exhibit of GFP issuance and report to Branch Operations Department on monthly basis in the exhibit report. Branch Operations shall make review of the report and make follow-ups with the branches for settlement of pending GFP cheques.

- B. Good for Payment cheque should be Account Payee and should not be paid in cash.
- C. The Teller shall obtain the deposit voucher along with the cheque for deposit to another account.
- D. The Teller shall ensure that the cheque presented satisfies the general provisions as mentioned in 2.8.1. In addition, the cheque must be marked with “Good for Payment” stamp and the amount of the GFP cheque is booked in Good for Payment payable account in the system.
- E. If any discrepancies are noted, the teller shall refer to the Head Teller or Operations Incharge for their instruction regarding payment of the cheque. Head Teller or Operations Incharge shall inquire regarding the genuineness of the cheque with the concerned account holder and relationship officer/manager or the concerned branch.

- F. The Teller shall verify authorized signatures of the staff marked on the cheque as per Authorized Signature booklet of the Bank. If any of the authorized signatures do not match, the Teller shall refer to the Head Teller or Operations Incharge for their instruction regarding payment of such cheque. Head Teller or Operations Incharge shall inquire regarding the genuineness of the cheque with the concerned account holder and relationship officer/manager or concerned branch.
- G. The Teller must check the following matters before accepting the deposit voucher:
  - a. Name of account holder and account number in which the deposit is to be made is correct.
  - b. Today's date is mentioned in deposit voucher.
  - c. Amount mentioned in words and figure is same.
  - d. The details in the cheque are properly and correctly mentioned.
  - e. The name and signature of depositor is mentioned.
- H. In case the details mentioned in the deposit voucher is different than the cheque presented, the Teller must ask the depositor to correct the deposit voucher. In no case, such mistakes should be rectified by the staff of the Bank.
- I. Reporting of outstanding GFP cheque shall be made to COO on periodical basis.

#### 2.8.5 Dishonor of Cheque

- A. A cheque presented over the counter shall be dishonored provided:
  - a. The cheque presented is stale cheque or postdated cheque.
  - b. The cheque is marked with stop payment.
  - c. The amount in words and figures is different.
  - d. The payment from the account in question is restricted by the management.
  - e. The alteration(s) on the cheque is not authenticated by the full signature of drawer(s).
  - f. The language and/or ink are different in the same cheque.
  - g. The account in which the cheque is drawn does not have adequate balance for payment.
  - h. The cheque is torn, mutilated or muddy and is partially or fully damaged.
  - i. Signature of the drawer in the Signature Specimen Card does not match with that in the cheque.
  - j. An account payee cheque is presented for deposit and the payee does not have account at any branch of the Bank.
  - k. If the payee demands cash payment of an amount exceeding the threshold limit set by Nepal Rastra Bank.
  - l. The payee is unable to furnish a valid identity card as required for the payment of bearer and order cheque.
- B. In case of cheque returned, the Teller shall issue a cheque return slip by indicating reason(s) of dishonor.

There may be different reasons for the cheque being returned in the counter or through clearing like insufficient fund, postdated or stale cheque, cheque stopped, account freeze or dormant, signature not verified, account closed, alterations in cheque, drawer's signature missing, etc.

For the instance of Insufficient fund in the account, the branch is required to clearly state "insufficient fund" in Cheque Return Remarks.

However, there may be few instances, where the Cheque Return instance can attract more than one reason as mentioned above besides "insufficient fund" in the account. In such case, branch must return the cheque with proper return remark(s) in order to avoid any confusion or possible disputes that may arise in future.

There are different stages of applicable cheque return instance(s), where branch shall mark appropriate return reason(s) based on the first applicable return instance.

The applicable instances of cheque return reason(s) are categorized on first occurrence basis as follows:

a. First applicable instance

Validity of the Cheque presented:

- Account holder's signature and stamp missing or irregular
- Account holder's signature not verified
- Cheque is stopped
- Cheque is post-dated or stale or undated
- Cheque is mutilated
- More than one language used in cheque
- Alteration made without drawer's signature
- Payee's endorsement is irregular or not marked
- Presentment stamp is required in Clearing
- Crossed cheque presented in counter for cash payment
- Company cheque not marked "A/C Payee"
- Order cheque presented by different payee/beneficiary
- Prior endorsement of other banks not cancelled on cheque, etc.

b. Second applicable instance

Status of the account:

- Account Dormant
- Account Freezed
- Amount hold or lien marked
- Account Closed

c. Third applicable instance

- Insufficient fund in the account

Branch is required to provide Cheque Return Advice in case of return of the cheque for any reasons. While mentioning the return reason, branch should quote "exact return reason" in the return slip on the basis of the applicable return instances as mentioned above.

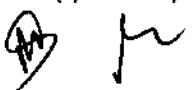
Thus, before returning cheque citing the reason of insufficient fund in the account, branch is required to first check the validity of the cheque presented and the status of the account.

#### 2.8.6 Cheque Return Reason

A cheque is a written order directing a bank to pay out money of account holder. Cheque is also known as a bill of exchange drawn on a bank by the holder of an account; payable into a bank account, if crossed, or on demand, if uncrossed. The term bill of exchange means a document ordering the payment of money; drawn by one person or bank on another.

Nepal Rastra Bank has made provision under Unified Directives that any individual or firm or company or institutions may not be allowed to issue a cheque without having sufficient fund in the account. That is, if cheque is not realized due to insufficient funds in the accounts, bank and financial institutions to mention that check is dishonored (returned) due to "Insufficient fund" and upon request of the payee (a person/firm/company/institution to whom a cheque, money order, etc. is payable), in line with NRB directive, the account holder/associated persons are to be blacklisted.

Besides, there may be number of other reasons for a cheque being returned in the counter or through clearing. The applicable instances of reason(s) for cheque return are categorized in the following which is illustrative but not an exhaustive list:

S. No	Reason for Return	Remarks
1.	<b>Funds:</b>	
	Insufficient fund	No enough funds in the account to pay the cheque or draft drawn.
	Exceeds arrangement	This is normally applicable to overdraft loan accounts, where cheque amount exceeds the overdraft limit to pay the cheque or draft drawn.
	Effects not cleared, present again	Cheque in debit account are in clearing cycle, fate is still unknown.
2.	<b>Signature:</b>	
	Drawer's signature incomplete	In case drawer's signature (s) differs from specimen signature(s) in the bank's record or could not be verified.
	Drawer's signature and stamp missing	
	Drawer's signature illegible/unclear	
	Drawer's signature required	In case drawer's signature (s) is blank
	Drawer's signature not as per mandate	
	Drawer's signature to operate account not received	
	Drawer's authority to operate account not received	
	Alteration requires drawer's authentication	Drawer's signature missed/not signed in place where alteration seen in cheque demand draft drawn.
3.	<b>Stop Payment:</b>	
	By drawer	
	Withdrawal stopped owing to death of account holder	If account is blocked due to death of account holder or lunacy of account holder.
	Withdrawal stopped owing to lunacy of account holder	
4.	<b>Account blocked/Freezed</b>	
	By NRB / investigating agencies	Account is blocked /freezed on the request /instruction of NRB, investigating agencies or court.
	By court order	
5.	<b>Instrument:</b>	
	Post dated	Future dated
	Stale /Out dated	Cheque which is dated more than 6 months ago.
	Exceeding limit	Any cheque presented in the counter for cash payment exceeding withdrawal threshold limit set by NRB and not crossed/mark "A/C Payee".
	Cheque not A/C Payee	Payee is an artificial person like firm, company, institution, etc. and presented for cash payment
	Undated/ without proper date	Cheque or draft drawn without date or with incorrect date
	Alteration in cheque made without drawer's signature	Any changes in cheque made without drawer's endorsement/signature.
	Script alter	More than one language used in Cheque or demand draft drawn.
	Amount in words and figures differs	Cheque or demand draft irregularly drawn
	Clearing house stamp/ date required	Cheque or demand draft presented without clearing house stamp/ date
	Wrongly delivered/ not drawn on us	Cheque or demand draft is drawn on us
	Present in proper session	Cheque or demand draft is presented in wrong session for clearing.

	<b>Instrument contains extraneous matter</b>	<b>Instrument with irrelevant matter</b>
	Already paid/honored	Re-presentment of same instrument which is already honored/paid
	Image not clear, present again with paper	
	Presentment stamp not marked in clearing	
	Order cheque presented by different payee/beneficiary	In case if cheque or demand draft is presented by other than payee.
<b>6.</b>	<b>Account:</b>	
	Account closed	Account of the drawer is closed or not in operative due to dormant status.
	Account in dormant status	
	No such account	Account not related to the bank
	Account blocked/Freezed	Due to KYC documents Pending
<b>7.</b>	<b>Crossing/Endorsement:</b>	
	Crossed cheque presented in counter for cash payment	
	Crossed to two banks	
	Crossing stamp not cancelled	
	Clearing stamp not cancelled	
	All endorsement not cancelled	All previous endorsement not cancelled.
	Endorsement request bank's confirmation	
	Non MICR cheque	Non MICR cheque presented in clearing
	Instrument specially crossed to another bank	
	Amount in protective crossing incorrect	
	Amount in protective crossing required/illegible	
	Payee's endorsement required	
	Payee's endorsement irregular / requires collecting bank's confirmation	

The branch is required to provide cheque return advice in case of return of the cheque. While mentioning the return reason, branch should quote the "exact return reason" in the cheque return slip on the basis of the applicable return instances as mentioned below:

- (a) If there is no enough fund in the account to pay/honor the cheque or draft drawn (as cited above in point no.1); mention the reason as "Insufficient Fund".
- (b) If there is sufficient fund available in the account; however cheque could not be honored due to the reasons of signature (as cited above in point no.2) mention the reason as "Signature differs".
- (c) If sufficient fund is available in the account to pay/honor the cheque however stop payment as cited above in point no. 3 is prevailed, mention the reason as "Stop Payment".
- (d) If sufficient fund is available in the account to pay/honor the cheque however the account is blocked/freezed on the instruction/request of NRB / investigating agencies/court (as cited above in point no. 4) by Compliance Department or on instruction of Compliance Department/Corporate Office, mention the reason as "Account blocked".
- (e) If sufficient fund is not available in the account to pay/honor the cheque and the account is blocked/freezed on the instruction/request of NRB / investigating agencies/court (as cited above in point no. 4)

by Compliance Department or on instruction of Compliance Department/Corporate Office, mention the reason as "Account blocked/Insufficient Fund".

- (f) In case presented cheque could not be honored due to instrument, Account and Crossing/Endorsement (as cited above in point no. 5, 6 and 7), mention exact reason provided in the respective column.
- (g) In case presented cheque is to be returned due to other reasons than specified above, mention the reason as "Other" with specific return reason.
- (h) If there is no enough fund in the account to pay/honor the cheque or draft drawn as per point no. (a) above along with other multiple reasons, mention the reason as "Insufficient Fund/Other applicable reason like Refer to Drawer, Stop Payment, etc.".
- (i) In case payee requests for blacklisting due to insufficient fund, branch to proceed as follows and in compliance with the provision made in NRB directives regarding blacklisting of account holder for dishonor of cheque.

Branch need not mark additional discrepancies in the cheque return slip if the drawer's signature differs from that in bank's record. In case of dishonor of cheque due to mismatch of drawer's signature, branch should only quote the reason as signature mismatch in the cheque return slip instead of including all observed reasons.

#### **2.8.7 Blacklisting for Dishonor of Cheque due to Insufficient Fund in the Account or Drawer's Signature Mismatch**

Branch should ensure that the provisions made by Nepal Rastra Bank in relation to Blacklisting or the reason of Cheque Dishonor must be followed and complied. Following provisions shall be applied to foreign individuals maintaining accounts with us as well.

##### *Blacklisting for Dishonor of Cheque due to Insufficient Fund in the account:*

As per the provision, the bearer or payee (a person/firm/company/institution to whom a cheque, money order, etc., is payable) of the cheque can request the bank to process for blacklisting the account holder/drawer of the cheque in case of cheque return for the reason of insufficient fund in the account. However, if the cheque has already become stale at the time the blacklisting request is made in the bank, such request shall not be entertained or processed. Blacklisting request should be made by the bearer/payee within validity period of the cheque i.e., within six months from the date of cheque issued.

Branch should proceed as follows in case bearer/payee requests for blacklisting the account holder/drawer of the cheque due to cheque returned for the reason of insufficient fund in the account and release of the same:

- A. Once branch receives written request letter from the bearer/payee, branch should affix the timer stamp in the application. The application should contain full name of bearer/payee along with address, contact number, etc. Branch should forward the scanned copy of request letter to Branch Operations Department for notification on the same day of receipt of request via email. If the account holder/drawer is a credit client, branch should also notify concerned Business Head/Desk at Corporate Office.
- B. Branch should also obtain following details along with application from the bearer/payee who request for blacklisting the drawer/account holder:
  - a. A copy of identification document of the bearer/payee or applicant in case of individual. A copy of PAN/registration documents of the bearer/payee in case of institution.
  - b. If available, a copy of letter or notification issued by bearer/payee to the account holder/drawer of the cheque to make necessary arrangement for payment of cheque returned.

- c. A copy of the cheque in question.
  - d. A copy of cheque return slip provided by the bank on the first and second presentment of the said cheque. The time gap between cheque return first and second presentment should be at least 2 working days.
- C. Upon receipt of the request letter from bearer/payee, branch should issue a notification letter in prescribed formats in case of account is closed and in case of insufficient balance within next working day to the account holder/drawer allowing the account holder/drawer the time period of 7 working days to make all necessary arrangements for deposit in the account to honor the cheque.
- D. Branch should send the letter directly to the account holder/drawer, related persons and obtain an acknowledgement of the receipt of the letter or post the letter through registered post/mail in the address of the account holder/drawer and other related persons - director/shareholder who owns 15% or above shares (by individual or in group) in case of company, proprietor in case of firm and partners in case of partnership firm, and keep for bank's record. Branch shall also send a scanned copy of the letter to the email address of the account holder as per the record with the bank.
- E. Branch shall also endeavor to communicate with the account holder and other related persons - director/shareholder who owns 15% or above shares (by individual or in group) in case of company, proprietor in case of firm and partners in case of partnership firm through phone or email and bring the knowledge of the blacklisting process to the account holder to the possible extent and record of the same to be maintained.
- F. After elapse of the stipulated time period, branch shall confirm with the bearer/payee whether the cheque has been realized or the bearer/payee has received the payment through any other means.
- G. If the cheque has been realized or the bearer/payee has received the payment through other means, then with due written notification to the bearer/payee and/or upon receipt of written request from the bearer/payee, the blacklisting process shall be stopped with notification to Branch Operations Department.
- H. If the bearer/payee confirms of non-payment of the cheque even after 7 working days' notification, branch should request the bearer/payee to present the cheque and issue a "Cheque Return Slip".
- I. The "Cheque Return Slip" must clearly mention the reason as "Insufficient Fund". Branch shall ensure that following documents are forwarded to Branch Operations Department for approval process (with due notification to concerned Business Head/Desktop at Corporate Office if the account holder/drawer is a credit client):
- a. Copy of the cheque in question
  - b. Cheque return slips (1<sup>st</sup> and 2<sup>nd</sup> return slips)
  - c. Bearer's/Payee's request to the Bank
  - d. Bank's 7 working days' notification letter to the drawer/ account holder
  - e. Bearer's/Payee's confirmation, if available regarding non-payment of the said cheque
  - f. Cheque return slip (3<sup>rd</sup> return slip issued after 7 working days' notification letter)
  - g. Copy of citizenship certificate in case of individual account holder
  - h. Copy of PAN/registration documents, Latest share holding pattern in case of company in case of institutional account holder
  - i. Copy of citizenship certificates of director/shareholder who owns 15% or above shares (by individual or in group) in case of company, proprietor in case of firm and partners in case of partnership firm.

- J. The bearer/payee or applicant should deposit blacklisting fee/charge as charged by Credit Information Centre Limited. In case of amendment in blacklisting fee/charge Credit Administration Department (CAD) shall update the same from time to time.
- K. Branch Operations Department shall verify the documents and forward to reporting line for approval for blacklisting. The minimum authority for approving the request shall be as per Approving Authority Matrix. The Department shall also notify to concern Business Head/Desktop at Corporate Office if the account holder/drawer is a credit client.
- L. Branch should forward the approval along with a copy of all the submitted documents to CAD for registering the request of blacklisting.
- M. Once the drawer is blacklisted, CAD shall notify the branch and Branch Operations Department. Branch should partially block (Debit Freeze) the account of the drawer with remarks of "blacklisting" in CBS, restricting for withdrawal transactions in the account.
- N. Entire documents, approvals and correspondences, irrespective of the account holder being blacklisted or not, should be kept in the file of the account holder for future record by the branch.
- O. Even after blacklisting, if branch receives a written request from the bearer/payee on receipt of the payment through the cheque or any other means and withdrawal request of the blacklisting the drawer/account holder, branch should affix the timer stamp in the application and forward the request to Branch Operations Department for approval.
- P. The bearer/payee or applicant or drawer should deposit blacklisting release fee/charge as charged by Credit Information Centre Limited. In case of amendment in blacklisting release fee/charge, Credit Administration Department shall update the same from time to time.
- Q. Branch Operations Department shall forward the request for releasing the account holder from blacklist to reporting line for approval. The minimum approving authority for release of blacklisting shall be as per Approving Authority Matrix. After the approval, branch shall forward the approval to CAD for releasing the account holder from blacklist.
- R. CAD shall register the release request at Credit Information Center Limited to release the account holder from blacklisting and notify the branch and Branch Operations Department. Upon release, branch shall remove the restriction of transaction in the account.

*Blacklisting for Dishonor of Cheque due to Drawer's Signature Mismatch:*

- A. In case of drawer's signature mismatch, branch shall provide cheque return slip with the reason for cheque dishonor due to mismatch of signature in writing to the bearer/payee of the cheque.
- B. The bearer/payee shall notify regarding signature mismatch to the drawer of the cheque through the bank.
- C. If the correct signature is not put in the cheque by the drawer or if the cheque is not replaced, bearer/payee can notify the bank in writing after 2 working days from the date when the cheque is first presented in the bank by the bearer/payee.
- D. The bank shall provide 7 working days' notice to the drawer for payment of the cheque after receiving bearer's/payee's letter.

- E. If the cheque cannot be encashed within the 7 working days' time period provided by the bank (except in cases where bank has been notified of cheque lost, stolen or cheque issued in unauthorized manner), the drawer should be blacklisted.
- F. The bearer/payee or applicant should deposit blacklisting fee/charge as charged by Credit Information Centre Limited. In case of amendment in blacklisting fee/charge Credit Administration Department (CAD) shall update the same from time to time.
- G. Branch Operations Department shall verify the documents and forward to reporting line for approval for blacklisting. The minimum authority for approving the request shall be as per Approving Authority Matrix. The Department shall also notify to concern Business Head/Desk at Corporate Office if the account holder/drawer is a credit client.
- H. Branch should forward the approval along with a copy of all the submitted documents to CAD for registering the request of blacklisting.
- I. Once the drawer is blacklisted, CAD shall notify the branch and Branch Operations Department. Branch should partially block (Debit Freeze) the account of the drawer with remarks of "blacklisting" in CBS, restricting for withdrawal transactions in the account.
- J. Entire documents, approvals and correspondences, irrespective of the account holder being blacklisted or not, should be kept in the file of the account holder for future record by the branch.
- K. Even after blacklisting, if branch receives a written request from the bearer/payee on receipt of the payment through the cheque or any other means and withdrawal request of the blacklisting the drawer/account holder, branch should affix the timer stamp in the application and forward the request to Branch Operations Department for approval.
- L. The bearer/payee or applicant or drawer should deposit blacklisting release fee/charge as charged by Credit Information Centre Limited. In case of amendment in blacklisting release fee/charge, Credit Administration Department shall update the same from time to time.
- M. Branch Operations Department shall forward the request for releasing the account holder from blacklist to reporting line for approval. The minimum approving authority for release of blacklisting shall be as per Approving Authority Matrix. After the approval, branch shall forward the approval to CAD for releasing the account holder from blacklist.
- N. CAD shall register the release request at Credit Information Center Limited to release the account holder from blacklisting and notify the branch and Branch Operations Department. Upon release, branch shall remove the restriction of transaction in the account.

## 2.9 Loose Cheque

- A. Loose Cheque shall be provided to the customers with the facility of withdrawing fund in the absence of cheques and/or debit cards.
- B. The facility of loose cheque is eligible to the accounts maintained by individuals and sole proprietorship firms only.
- C. The facility of loose cheque should be provided during Office Hours only.

- D. The account holder or mandatee can request for the loose cheque. The customer must provide an application disclosing the need for the use of loose cheque along with a valid photo identification documents.
- E. The account holder or mandatee must be self-present in any branch of the Bank. Loose cheque shall be provided by any branch where the account holder or mandate is self-present.
- F. Minimum approving authority for the loose cheque issuance shall be as per Approving Authority Matrix. All necessary charges as per Schedule of Fee and Charges should be obtained from the account holder.
- G. The signature of the account holder in the Cheque Issue Register must be obtained in the presence of staff at Customer Service Department. The signature of the account holder must be verified by the staff of Customer Service Department on issuance of the loose cheque.
- H. The maximum amount to be withdrawn through loose cheque is subject to the withdrawal limit approved by the management from time to time.
- I. The record of issuance of loose cheque must be maintained in a separate Cheque Book Issuance Register other than regular Cheque Book Issue Register.

#### **2.10 ABBS Charge**

Branch shall recover ABBS charge if the cash deposit in the account or cash withdrawal from the account which is maintained at branch located in places other than the locality/area of the transaction originating branch is made.

ABBS charge shall be taken exceeding threshold limit as specified by NRB provision issued from time to time.

ABBS Charge to be taken from service taker (the customer who make deposits or who make withdrawal). For example the concern person either depositor or withdrawing person should be charged for ABBS.

ABBS Charge to be taken from service taker upfront on cash and receipt (debit advice) to be provided to the concern. Account shall not be debited for the recovery of charges, except where the account holder authorizes in written to debit the account.

#### **2.11 Cash Over and Short**

Generally, in carrying out daily cash transaction, differences in teller's cash position, while balancing cash on closure of the transactions in the department results in occurrence of cash over/short.

Besides regular transactions, occurrence of cash over/short also results in due to negligence, misconduct or procedural lapses by the concerned staff/teller, excess payment/deposit, short payment/deposit, wrong entries in system, etc.

- A. Cash over and short is the disparity in physical cash in hand and the cash balance recorded in the system. Cash over or short occurs when the actual cash in hand do not tally with cash balance recorded in the system. The Cash Over and Short account is debited with cash shorts and credited with cash over.
- B. Cash over and short regular in nature resulting from rounding off of the teller cash balance on close of the transaction shall be booked in Cash Over and Short Account. Branch shall directly book such amount in regular course of transaction in the counter. The cash over and short due to the rounding off in making payments and receiving deposits are common in daily transactions and are not significant in value. Therefore, such cash over and shorts shall be netted off and booked as income or expense at the end of each fiscal year.

- C. All cash over and shorts except as mentioned above in point "B" should be booked immediately in Cash Over and Short Account irrespective of the amount with due notification to Branch Operations. For cash over and short upto Rs. 1,000, branch shall book the amount in cash over short account upon approval of concerned Branch Manager with due notification to Branch Operations. Branch shall obtain approval from concerned authority as per Approving Authority Matrix for booking of cash over or short in excess of NPR 1,000.
- D. Cash Short:
- a. Staff in the cash counter shall not leave the counters until the cash of the Teller are balanced and handed over to the Head Teller/OI and decided to book the cash short in the account.
  - b. In case of cash short, following actions should be taken by the branch:
    - i. All other Tellers have balanced their cash.
    - ii. Check and ensure that all cash receipts and payments are recorded in system without any error.
    - iii. Check that number of entries and sum of number of cheques, deposit vouchers, vouchers, etc. tallies.
    - iv. Check that the denomination of cash at hand with the Teller and the sum of all denominations mentioned in proof sheet, cheques, deposit vouchers and vouchers tallies.
    - v. Check the drawers/cabinets of other Tellers as well to check whether the cash is erroneously kept in other counter
    - vi. Check the back of the drawers, table and other areas in the cash counter for the cash may be stuck in the places.
    - vii. Check the cash in vault properly as per vault book and balance
    - viii. Check the belongings (handbags etc.) if such have been brought in Teller/Cash area.
    - ix. Search/frisk bags of other Tellers and Head Teller as well
    - x. Check and make inquiry with the person(s) suspected by the Tellers.
    - xi. Check CCTV footage
    - xii. Keep a copy of record of CCTV footage
    - xiii. Inform Branch Operations Department if cash short is not recovered the same day.
  - c. Reporting, investigation and settlement of Cash short shall be processed as follows:
    - i. Cash Short up to NPR 100:  
Head Teller / Operations Incharge shall investigate the case. If the over/short is found to be as a result of the nature of transaction or rounding off the figure in transaction without negligence on part of the teller, the branch shall book the short in Cash Over and Short Account upon approval of the Branch Manager. Such cash short shall be booked as expense at the end of the fiscal year.
    - ii. Cash Short in excess of NPR 100 to NPR 1,000:  
Head Teller/ Operations Incharge shall investigate the case and report to the concerned Branch Manager. Branch shall book the short amount in Cash Over and Short Account upon approval of Branch Manager. Any short amount in excess of NPR 100 and up to NPR 1,000 shall be recovered from the concerned tellers within the next three working days.
    - iii. Cash Short in excess of NPR 1,000  
Cash Short in excess of NPR 1,000 shall be investigated by the branch and submit the transactions details, review and findings within the next three working days to Branch Operations Department. Branch Operations shall review the case and report to COO with findings and further recommendations based on reports of the branch, subsequent Investigations and findings.

In case of cash short in excess of NPR 100,000, Internal Audit Department shall carry out necessary investigation and report to the CEO of its review, observations, findings and recommendations. The report should include listing of the teller's history of all differences over the previous twelve months, including those subsequently located. The concerned staff shall be asked to submit written explanation about the instances of cash short setting forth all the known facts in relation to the instances and transactions of the day. Respective Head Teller, OI and BM shall put on their remarks over the instance of cash short.

Appropriate measure of recovery for cash short shall be initiated upon investigation report and recommendation of Branch Operations and/or Investigating Authority. If deemed necessary, the short amount may be partly or wholly settled from the proceeds of bonus and other incentives to be provided to the staff. The minimum approving authority for recovery of cash short shall be as per Approving Authority Matrix.

E. Cash Over:

Although cash over does not cause financial loss to the bank, it can also be a cause of poor image of the bank and create suspicion as to the handling of the cash transactions by staff.

- a. Staff in the cash counter shall not leave the counters until the cash of the Teller are balanced and handed over to the Head Teller/OI and decided to book the cash over in the account.
- b. In case of Cash Over, following actions should be taken by the branch:
  - i. All other Tellers have balanced their cash.
  - ii. Check and ensure that all cash receipts and payments are recorded in system without any error.
  - iii. Check that number of entries and sum of number of cheques, deposit vouchers, vouchers, etc. tallies.
  - iv. Check that the denomination of cash at hand with the Teller and the sum of all denominations mentioned in proof sheet, cheques, deposit vouchers and vouchers tallies.
  - v. Check and make inquiry with the person(s) suspected by the Tellers.
  - vi. Check CCTV footage
  - vii. Keep a copy of record of CCTV footage
  - viii. Inform Branch Operations Department if cash over is not settled the same day.
- c. For cash over instances, the concerned Branch shall carry out preliminary investigation and report to Branch Operations. Decision to go further investigation if required shall be made by COO. In case of cash over in excess of NPR 100,000 Internal Audit Department shall carry out for investigation based on observations and findings on preliminary investigation and further recommendation.
- d. If any customer makes claims for refunding of the excess booked with reasonable evidence, the amount shall be refunded to the customer upon findings of investigation of the cash over instance and satisfaction of his claim.

The concerned Branch shall obtain a written application from the customer and carryout detailed assessment of the customer's claim and forward its report and findings along with recommendation to Branch Operations Department. If required, Branch Operations shall assess

the claim request and further carry out investigation and submit its findings, view and recommendation to COO. Approval from concerned authority as per Approving Authority Matrix shall be obtained prior to refund to the customer.

- e. Cash Over amount shall be booked as income at the end of each fiscal year if no claims are received within three years from the date of the Cash Over booked by the branch.
- F. Cash over/short irrespective of the amount, if found to have been caused by a staff with wrong intention or gross negligence or if any staff/teller found to be suppressing the information of such incident(s), a detailed investigation shall be carried out and necessary action may be taken against the staff/teller based on his/her part in the incident.

- a. If there is frequent short/over instances from a teller, Branch shall keep close monitoring over the performance of the teller. Frequent cash over/short instances indicate the performance level of the teller.

Branch shall obtain a written explanation from the teller about the instances of cash over and shorts. Branch manager and Operation Incharge shall counsel the concerned teller and guide accordingly for improvement in his/her performance level.

G. Cash found in bank premises:

- a. There may be possible instances of finding of unidentified or unnoticed cash in the bank premises. On finding of such cash, branch shall report to Branch Operations. Cash found in the premises of the bank shall be booked in "Payable Accounts" upon approval from concerned authority.
- b. Branch shall follow procedures as follows while dealing with unidentified cash:
  - i. The concerned teller, staff, guard or support staff who find the cash shall report to BM in written.  
The reporting should include details as follows:  
Date of finding, Amount, Location, presence of any other staff, person in the area of finding.
  - ii. Branch shall book the amount in "Payable Account" on the day of cash findings.
  - iii. Branch shall keep a record of CCTV footage of the area of cash finding if area is covered by CCTV cameras
- c. If any claim by customer is received in the branch for such cash found in bank premises, branch shall follow procedures as follows:
  - i. A written request letter from the claimant shall be obtained with details of the name, address, communication number and identification documents of the claimant, amount, date of loss of cash, possible area, location of cash lost, denomination and note packet details, etc.  
If any witness is presented by the claimant, a written statement of the witness along with his/her identification documents shall be obtained.
  - ii. Record of CCTV footage shall be reviewed if the place, area of cash finding is covered with CCTV camera.
  - iii. Further clarification, statement of the staff, guard or the person who found the cash shall be obtained if required.
  - iv. Branch shall forward all the documents and the details of its investigation and findings to Branch Operations.
  - v. If the claim of the claimant customer proves to be valid or reasonable, with available evidences and findings of investigation, the amount shall be refunded to the customer upon approval from concerned authority.

If substantial evidences or ground for refund of the cash found is not established, branch may decline the request of the customer and communicate accordingly.

- d. Amount of unidentified cash booked in the "Payable Account" shall be transferred to income account after one year from the date of finding and if no any claim is received by the branch during the period.

## **2.12 Foreign Currency**

Branches are required to obtain NRB FCY Transaction Permit/Approval before carrying out any foreign currency transaction. The NRB permit should be renewed within the stipulated time period upon expiry of the permit date. Processing of NRB permit and subsequent renewals shall be carried out by Branch Operations. The record of NRB permit of branches along with original copy of the permit shall be kept by Branch Operations.

Acceptance and purchase of deposit of foreign currency (FCY) denominated notes must be carried in line with the provisions made in Nepal Rastra Bank circulars issued from time to time. Branches are required to take extra care while dealing with FCY notes as there is possibility of deposit of counterfeit notes by the customer. In order to mitigate the risk of accepting counterfeit FCY notes, branches are required to follow the procedures as follows:

- a. Branch should accept only those FCY notes that are listed on the exchange rate published by the bank. Coins should not be accepted.
- b. FCY notes deposited by the customer must not be torn or mutilated.
- c. Any currency note reported to be out of circulation by NRB or other regulatory authority should not be accepted from the customer. Branch shall keep copy of such currency note and related NRB circular and provide information to the teller in the counter to instruct and educate them for not to accept such foreign currency notes. In case if any such out of circulation currency note is accepted, refund for the currency note should be obtained from the respective customer, depositor. In case where, NRB accept for collection of such note, then branch shall send the note for collection to NRB for deposit in the account of the bank.
- d. Branch should carefully screen out the physical notes deposited by the customer for genuineness. Each and every currency note should be carefully checked out through fake note detecting machine.
- e. Teller should apply the current exchange rate of the day as provided by the Treasury Department.
- f. In case of deposit made by the account holder like individual person, money changers, travels agencies, hotel or airline companies or any other licensed institution, the branches shall obtain a FCY Denomination Numbering Sheet with following details:
  - Date of deposit
  - Account Number and Account Holder's name in case of deposit
  - Customer's name, address and communication number in case FCY exchange
  - Currency details, Denomination and Currency Serial Number

The FCY Numbering Sheet must be signed and marked with stamp by the account holder/customer.

In case of exchange of FCY by non account holder, branch should obtain a copy of passport or valid photo identification documents of the customer along with current address and communication number.

- g. The FCY Numbering Sheet must be filed datewise, so that timely retrieval is possible in case of need.
- h. If any foreign currency note is returned by Nepal Rastra Bank due to the reason of counterfeit, mutilated reason(s), the concerned branch shall proceed as follows:
  - Identify the depositor/customer on the basis of FCY Numbering Sheet record.
  - Branch shall recover the amount from the depositor/customer equivalent to the foreign currency amount returned at the time of settlement.
  - If the depositor's account does not have sufficient balance, branch shall notify the account holder for deposit in the account. Branch shall book such amount under Account Receivable until the amount is recovered or settled.

- In case of non account holders, branch shall keep effort to identify and contact the customer to recover the amount.
- i. Settlement of the amount in case of non recovery from the customer or account holder should be carried out as per approval of the management.

#### 2.13 Handling Suspicious Notes

- A. If any currency note is suspicious to be a counterfeit currency, such notes should not be returned to the customer. A receipt or letter should be issued to the depositor that the note is suspicious and shall be forwarded to Nepal Rastra Bank for deposit/ examination. If the note is found to be genuine and NRB makes deposit in the bank's account, the amount shall be credited in the depositor's account; otherwise, the currency note shall be seized for the reason of counterfeit.

Counterfeit currency note needs to be surrendered to NRB centrally as per NRB directives. Hence, branches shall keep a record of the details of counterfeit currency note if any received or collected in the branches during the course of transactions. Branches shall forward the counterfeit currency note to the main branch (Kantipath Branch). Kantipath branch shall prepare a covering letter and send such currency to NRB in attention of Currency Management Department, Thapathali, Kathmandu with due acknowledgement for record purpose. For outside valley branches, the concerned branch shall coordinate with the respective branch making transactions with NRB, for deposit with NRB for examination.

- B. Teller holding the counterfeit currency note in the cash counter or if any counterfeit currency note is found during cash handover process or if the counterfeit notes are found in the labeled or tagged packets of notes, then the concerned Teller labeling or tagging the currency note shall be held responsible.

If the counterfeit notes are found on packets and bundle which are not labeled or tagged, Head Teller/Operations Incharge shall be held responsible. The loss occurred for the reason of counterfeit currency note shall be recovered from the respective Teller/Head Teller.

- C. Counterfeits currency note identified shall be booked in Cash Over and Short account till it is settled through recovery or booking as an expenses as per approval of the management.

#### 2.14 Financial Transaction Report

With regard to financial transaction carried out and recorded in the core banking system, necessary supporting documents along with voucher must be raised to pass the entry. Financial transaction refers to any type of debit or credit entry in the system that can be related to deposits, payments, account transfer, fund transfer, commission and charges recovered, interest and tax paid or adjusted, reversal entry made, adjustment entry made, etc.

For any such financial transaction entered in the system, the concerned user/staff must prepare respective voucher and attach necessary supporting documents to the voucher. For any reversal transaction due to wrong posting either deposit or payment in the account of the customer, approval should be obtained from Branch Operations. The voucher must be reviewed and approved by the Branch Manager and Operation Incharge of the respective branch.

In this regard, branches are required to comply with following provisions in relation to preparation of voucher and transaction report checking:

- a. Financial ticket should be prepared for each financial transaction entered in core banking system. Branch should prepare Double Entry or Multi Entry Voucher as required for each financial transaction entered in the system. The supporting documents must be attached with the voucher.

- b. The voucher should be checked and verified by the concerned staff while making entry in the system. The voucher must be approved by the competent authority in the branch. The approving authority should check the details of transaction in the voucher and system before posting the transaction to ensure that correct transaction are created by staff in the department/branches.
- c. At the close of the transaction hour, the concerned staff in the department/branches should take out print of Financial Transaction Report (FTR). FTR should be printed out by all departments in the branch, including Cash, Customer Service, Remittance, Credit, GSD, etc.
- d. All staffs (Tellers, Head Teller, CSD Staffs, Remittance tellers, Operations Incharge or other staff in back office/department) involved in creation and posting of the financial transactions must check and verify Financial Transaction Report (FTR) at the end of the transaction day.
- e. At the end of day, all staff must take printout of Financial Transaction Report and check/ tally the entries recorded in the system with the deposit vouchers, cheques, entry vouchers (tickets), etc.

The Financial Transaction Report must be checked first by the concerned staff and by the supervisor or any other staff designated by the Branch Manager/Operations In-charge. The staffs checking and cross checking the FTR staff shall sign and mark the date on the FTR printout.

For any reversal/adjustment entry respective Double Entry or Multi Entry voucher must be prepared and approved by Operations In-charge or Branch Manager.

- f. Operations In-charge must check and verify the register on daily basis to ensure that FTR is checked & cross checked and FTR details are updated in the register. This will assist in identification of any error, mistakes or omissions in timely manner so that necessary correction can be made in timely manner.
- g. The Financial Transaction Report of each staff along with all supporting documents/vouchers (tickets) should be kept in an envelope and marked with the transaction date, staff/ user's name and number of tickets included in the FTR list.
- h. The FTR along with tickets (cheque, voucher, advices, etc.) must be kept in the record of the branch for future reference under dual control of Head Teller/Operations In-charge or any other staff assigned by the Branch Manager.

## 2.15 Conductor's Details in CBS

"Conductor" can be defined as the actual person who visits the bank to conduct deposit or withdrawal transaction.

As per NRB circular, the bank has been making "online TTR Reporting" since Kartik 01, 2075. Branch is required to input correct "Tran Code" while doing cash deposit or payment transaction along with name of the conductor. Moreover, as per regulatory requirement, it is required to input the "Contact Number of the conductor" on cash transactions. This shall be applicable for transactions in foreign currencies as well.

In case of both deposit and withdrawal transactions, the full name of the conductor should be entered in the "Transaction Particulars" field in CBS. The conductor's name in the "Transaction Particulars" field in CBS should contain "First Name", "Middle Name" (if any) and "Last Name" separated by single space. Any other symbols/words/titles like Mr., Mrs., Miss, etc. should not be used in "Transaction Particulars" field.

*In case of deposit transaction:*

While making any deposit transaction, the concerned staff is required to obtain the full name of conductor/actual depositor (i.e., person who deposits the fund) in the deposit voucher, be it individual depositor or institutional

depositor. The full name of the conductor (actual depositor) should be entered in the "Transaction Particulars" field in CBS.

Branch should not leave the transaction particulars field blank and should also not fill in institution's name (in case of deposit on behalf of institution). Even if the actual depositor requests the bank to keep institution's name instead of his/her own name, the depositor should be guided accordingly to provide his/her name to the bank. In such case, branch should keep actual depositor's name in "Transaction Particulars" field, and keep institution's name in "Remarks" field in CBS (if necessary).

Further, in case of deposit amounting NPR 1 lakh or above by third party who is also the account holder of the bank, the contact number of the conductor should be entered in the "Reference Number" field in CBS.

*In case of withdrawal transaction:*

If the conductor and payee is the same person, the full name of payee should be entered in the "Transaction Particulars" field in CBS.

However, if the conductor and payee is not the same person i.e., if the person who actually withdraws the fund is different than the payee, then the full name of "conductor" (person who actually withdraws the fund) should be entered in the "Transaction Particulars" field and the name of the payee should be entered in the "Remarks" field in CBS.

Likewise, the contact number of the conductor should be entered in the "Reference Number" field in CBS.

## **2.16 Security Arrangements**

- A. The Branch Manager shall ensure security arrangements in the Cash Department in the branch.
- B. The cash area/vault must be restricted to authorized person only. Any other person other than Tellers, Head Teller, Operations Incharge must not be allowed to enter the cash area/vault and if needed, they must be under direct supervision of Operations Incharge or Branch Manager.
- C. The Tellers must ensure that their teller cash is locked safely in drawers while leaving their stations temporarily. However, at least two staff in the cash department must remain all the time during the transaction hour.
- D. Branch Manager/ Operations Incharge must ensure that the Close Circuit Television (CCTV) recording is regular and in running condition to record each counter activities. Branch Manager/ Operations Incharge must monitor the CCTV on constant and regular basis.
- E. Branch Manager/ Operations Incharge must ensure that emergency alarms, fire & smoke alarms, fire extinguishers installed are in working condition.
- F. Operations Incharge/ Head Teller must ensure that access lock in the Teller/Cash area is properly maintained. Except for Tellers, Head Tellers, Operations Incharge and others as approved by Branch Manager, no other staffs of the branch should be allowed to enter the Teller/Cash area and vault. Access control system should be arranged in the cash/vault area. Where access control system is not available, a register should be maintained and access to cash/vault area by other person on need basis must be recorded in the register along with the reason(s) for the entry.
- G. Operations Incharge must ensure that hand bags and personal belongings are not brought in by the Tellers/Head Teller in cash and vault areas. Such personal belongings must be kept separately in a locker/cabinet/rack away from cash/vault area under the custody of respective staff.

- H. In case of huge cash deposits received by the Teller such that the cash received cannot be kept in the Teller's drawer, the cash must be instantly transferred to the Head Teller. Head Teller must ensure that the excess cash in the cash counter are immediately stored in the vault during transaction hour.
- I. The Head Teller/Operations Incharge must instruct the security personnel to remain in high alert in the counter/vault area and in cash transit all the time.



Four handwritten signatures are displayed in a horizontal row. From left to right: a signature starting with 'A', a signature starting with 'W', a signature starting with 'R', and a signature starting with 'T'.

### **3 Checks and Review**

- 3.1** Branch Manager and Operations Incharge shall be responsible for overall operations of cash and vault operations including monitoring of transactions of teller, Head Teller in the counter. Supervise, verify and monitor all the record books; vault register, cash book, vault key register on daily basis as well as when needed.
- 3.2** Branch Manager and Operation Incharge shall ensure that vault, locker key are properly handled by the Key holders as per assignment and proper records are maintained in the branch on daily basis.
- 3.3** Head Teller and Tellers shall ensure to maintain proper records of all cash/cheques related transactions and maintain cash limit, counter limit and report to Operations Incharge on daily basis on the related areas.
- 3.4** Branch Operations Department shall on daily basis review the MIS of vault cash position of the branches and make follow-up with branches exceeding the cash position to maintain within the limit.
- 3.5** The approving authority shall be exercised according to the Approving Authority Matrix as approved by CEO.
- 3.6** Forms/format/registers shall be used as circulated from time-to-time.
- 3.7** The manual shall be reviewed annually and any updates or amendments if required shall be incorporated accordingly. In case of any new provisions or guidelines/instruction is introduced through directives, circulars issued by NRB and/or any regulatory authority, the same shall prevail.
- 3.8** Any exception to the provisions made in this manual is subject to the approval of CEO.
- 3.9** Any provisions in this manual which are not in line with NRB rules/circulars/directives shall be superseded by NRB rules/circulars/directives.



## Chapter III: Outward Remittance - Operations Manual

### 1 General Guidelines

This manual has been developed in order to streamline the operations procedures in relation to outward remittance transaction, bank draft, TT issuance process to be followed by branches and concerned departments in Global IME Bank Ltd (GIBL). This manual shall be effective for implementation in GIBL immediately after approval.

#### 1.1 Parties in Remittance

- Remitter - The person/entity (applicant) who requests and sends funds to the beneficiary.
- Remitting Bank - The bank who acts under instruction of the remitter and transfers funds
- Intermediary Bank - The bank who receives funds from remitting bank and act as channel to remit the funds further to the paying bank
- Paying Bank - The bank who pays funds to the beneficiary under instruction of the Remitting Bank / Intermediary Bank
- Beneficiary - The recipient of the funds sent by the Remitter

#### 1.2 Modes of Remittance

Following are some of the modes of remittance:

- Demand Draft
- Telegraphic Transfer (TT)
- Fax Transfer
- Manager's Cheque (MC)/ Banker's Cheque

#### 1.3 Demand Draft

Demand Draft or Bank Draft is a bill of exchange drawn by a bank on another bank, instructing to pay the payee the amount stated in the draft. Demand Draft also called Bank Draft or Draft is issued by the bank upon receipt of value from the customer. So it is treated as a secured and reliable means of payment.

Draft is prepared with security features in pre-numbered format. Prior to issuance of draft, arrangement for such issuance is made between the corresponding banks, where draft issued by either of the banks is paid by another bank. Prior arrangement like exchange of signature booklet, funding arrangements is made between the banks. On the basis of such arrangement, draft is issued. Issuing bank indicates the name of paying bank on such draft issued

Parties to Draft:

- a) Drawer: the bank that issues the demand draft
- b) Drawee: the bank on which the draft is issued or the bank that pays the demand draft
- c) Payee: the person/party on whose behalf the draft is issued and receives payment

#### 1.4 SWIFT

SWIFT (Society for Worldwide Interbank Financial Telecommunication) is a specialized data-processing and communication system to process interbank financial and non-financial transactions between member banks in an automated and highly secure environment. SWIFT is the most popular means of fund transfer in the present banking environment.

### **1.5 Manager's Cheque**

Manager's Cheque, often known as Banker's Cheque or Cashier's Cheque, is an instrument where the drawer and drawee is the issuing bank itself. MC is primarily issued to discharge bank's own obligations.

Manager's Cheque can be issued as a service extended to customers to facilitate local payments and to transfer of funds on request of the customer.

### **1.6 Outward FCY Transactions and NRB Directives**

Outward FCY transactions refer to transactions in regard to fund transfer, draft/TT issuance in currencies other than the Nepalese Rupees.

Transactions in foreign currency are guided as per directives issued by Nepal Rastra Bank (NRB) from time-to-time. Branches/departments shall ensure compliance of all such directives issued by NRB while dealing in FCY transactions.

A row of handwritten signatures and initials, likely representing approval or review by various staff members. From left to right, there are approximately five distinct sets of handwriting, some with small numbers (1, 2, 3) above them.

## 2 Procedures

### 2.1 Demand Draft

#### 2.1.1 General Procedures for Issuing Demand Draft

- A. The applicant should be account holder of the bank for issuance of demand draft. For payment of some services like fees for college, medical treatment and similar nature, the transaction may be done through account of parent/guardian/dependent upon obtaining the document evidencing relationship and identification of the applicant.
- B. The applicant should fill up the standard form of the bank. The application should be prepared in two copies and should contain details like:
  - a. Full name and address of applicant
  - b. Purpose of the demand draft
  - c. Currency and amount of the demand draft in words and numbers
  - d. Full name and address of beneficiary and if available, the account number and contact number of the beneficiary
- C. In case of foreign currency draft, Selling Rate should be applied. All applicable charges are to be obtained in accordance with the schedule of fee and charges of the bank. The total amount shall be received by debiting the customer's account.
- D. Sanction screening of applicant and beneficiary of the draft should be conducted to ensure neither the party to draft is listed in sanctioned list.
- E. Branch shall make entry of the issuance of demand draft in the system and ensure that the demand draft number in the system and the number of the demand draft printed is same.  
Branch shall mention the Tran ID, demand draft number and details of draft amount and commission charged to the customer in the demand draft application form under the Bank's Use section.

F. Branch shall print the demand draft from the system. Handwritten draft should not be issued. Branch shall also check that all details printed in the demand draft is correct and endorse the amount of the draft by cheque writer in the face of the cheque. The demand draft, irrespective of the amount, should be account payable and the branch should not issue bearer or general crossing (& Co.) demand draft.

G. After all the above mentioned procedures are fulfilled, the demand draft should be signed by two authorized staff of the branch. The limit for signing of demand draft is as per the limit specified under Authorized Signatory booklet of the bank.

H. Branch shall record the details of draft issued in demand draft issuance register.

I. Branch shall obtain the signature of the applicant in the copy of the demand draft as an acknowledgement of the receipt and handover the demand draft to the customer along with the customer's copy of the demand draft application form duly signed and marked with bank stamp.

J. While issuing the demand draft in foreign currency, the directives issued by Nepal Rastra Bank from time to time should be adhered to. While issuing the demand draft in foreign currency, following procedures are to be followed:

- a. For issuance of the demand draft, all necessary documents should be obtained as per directives issued by Nepal Rastra Bank from time to time.
- b. In case of foreign currency demand draft equivalent to over USD 1,500, foreign currency exchange rate should be obtained from Treasury Department.

- K. Intimation to the Nostro bank is to be provided the same day after a demand draft is issued. Confirmation of draft issuance shall be sent to the Nostro by Branch Operations as per arrangement made. Hence, branches shall forward the details of draft issued to Branch Operations on daily basis at the end of the transaction on prescribed format.

#### **2.1.2 Maintenance of Stock of Draft**

- A. The stock of draft in a branch should be kept safely in the vault/fire-proof cabinet. A draft stock register should be maintained in which the receipt of demand draft from Corporate Office and handing it over to/from the staff of Remittance Department is to be maintained to prevent possible misuse of stock of drafts.

The register should be maintained separately in the branch for vault stock and department stock.

- B. Only the necessary quantity of draft is to be handed over to the staff of Remittance Department in the branch and unused drafts at the end of a day is to be stored in the vault room safely.
- C. The responsibility of balancing the stock of the drafts rests upon Operations In-charge and should carry out checking and reconciliation on daily basis. Branch Manager should check the physical stock of draft at least once a month to ensure no any deviation is noticed.,
- D. If any draft, during the process of printing/issuing, becomes invalid or void due to mistake in printing or endorsement, etc., such drafts should be marked as Void. Such drafts should be noted in the draft issuance register with appropriate remarks and such drafts should be kept in the record of the branch.

#### **2.1.3 Issuance of Demand Draft for Import of Goods from India**

- A. Issuance of Draft for Import related transactions should be allowed only to the account holders of the bank.
- B. NRB directives regarding the issuance of Demand Draft in INR should be followed. In addition to this, the branches are also required to ascertain that the goods imported are not in restricted list as mentioned in NRB directives; or, where approval from concerned government authority is to be obtained, branch shall issue Draft upon receipt of such documents from the customer/applicant.
- C. Branch can issue demand draft to the account holders of any branches. However, the issuing branch should ensure to check with the account maintaining branch if there are any pending documents.
- D. Branch should obtain Pragyapan Patra/Custom Documents of the goods imported against the demand draft issued for the advance payment within 90 days from the date of issuance. If a customer fails to submit these documents within the 90 days, such customers should not be entertained for issuance of draft to the same payee/beneficiary further until Pragyapan Patra/Custom Documents are submitted.
- E. The demand draft amount should not exceed the total value of goods imported as mentioned in the Pragyapan Patra/Proforma Invoice.
- F. Branch shall not issue demand draft of partial amount as mentioned in the Pragyapan Patra when the customer has already made the part payment through other banks.
- G. Branch shall endorse original documents (Proforma Invoice, Duty Paid Receipt, Pragyapan Patra) where applicable by the amount of the draft issued along with the seal of the Bank.



Handwritten signatures and initials are present at the bottom of the page, likely representing approval or review by various bank officials. The signatures are in black ink and vary in style.

- H. Branch needs to obtain an indemnity before issuing demand draft for advance payment or payment of goods imported on credit. Branch should verify the signature of its customers in the application for demand draft and indemnity.
- I. Branch should be vigilant regarding the Pragyapan Patra/custom documents for its genuineness. Branch should verify the signature of the Customs' staff in original Pragyapan Patra and any other original documents issued by the Customs' Office certifying that the goods has been imported.
- J. For payment against import on credit basis where the Pragyapan Patra/custom documents is more than 90 days old, branch must obtain approval as per Approving Authority matrix.
- K. Central Trade Finance shall keep and update the record of Custom Officials' signatures in Global Chautari. Also, the nearby branch where Custom Office exists in the location will have to update the specimen signature of Custom Officials situated at that place and send a copy to Central Trade Finance.
- L. Branch has to inform Foreign Exchange Department, Nepal Rastra Bank in writing with a copy to Branch Operations if a customer fails to submit Bi.Bi.Ni Form, Pragyapan Patra and custom documents of the goods imported against the demand draft issued for the advance payment within 90 days from the date of issuance of the demand draft.

#### **2.1.4 Alteration of Details in the Draft**

In case, any details in the demand draft have been printed with incorrect details, any correction in such draft must be authenticated with signature of two authorized signatories in the branch. In case, by rectifying the error, the demand draft cannot be read properly, then the draft is to be cancelled and another draft is to be printed and handed over to the customer.

#### **2.1.5 Cancellation of Demand Draft**

- A. The request for cancellation of demand draft should be obtained in writing from the applicant along with the original copy of demand draft. Branch shall verify the signature of the applicant as per the initial draft application form.
- B. After the signature is verified, branch shall cancel the demand draft and make reversal entry in the system, obtain cancellation charge as per the schedule of fees and charges, and refund the draft amount by crediting the account of the applicant.
- C. Current exchange rate is to be applied while making reversal of transaction.
- D. Branch shall mark "Cancelled" stamp in the face of the demand draft and keep in the record of the branch.

#### **2.1.6 Issuance of Replacement for Lost Demand Draft**

- A. The applicant should request the branch for cancellation/stop payment of the lost demand draft and issue a replacement of it. Branch shall verify the signature of the applicant.
- B. Confirmation from Nostro Bank is to be obtained regarding whether the demand draft has been paid till date. If the demand draft has already been paid, then the customer's request cannot be entertained.

For obtaining confirmation about the payment of the draft, branch shall request Reconciliation Department with details of the draft. If the demand draft has not been paid till date, then branch shall

- request for stop payment of the draft with the related Nostro and receive confirmation that the demand draft has been marked as stop payment.
- C. After the receipt of confirmation of stop payment of the demand draft, new demand draft should be issued to the customer after obtaining a written request of the customer for issuance of new draft against the lost one.
  - D. Branch shall recover all the charges related to cancellation of demand draft and issuance of demand draft as per the schedule of fees and charges of the bank. Also, any charges applied by Nostro Bank must be recovered from the customer/applicant.
  - E. The remarks that the duplicate demand draft was issued due to reported lost should be mentioned in the copy of demand draft. The details of draft issuance should be recorded in demand draft issuance register.

## **2.2 Telegraphic Transfer (TT)**

### **2.2.1 Telegraphic Transfer for Outward Remittance**

- A. The applicant should be account holder of the bank for issuance of TT. For payment of some services like fees for college, medical treatment and similar nature, the transaction may be done through account of parent/guardian/dependent upon obtaining the document evidencing relationship and identification of the applicant.
- B. The applicant should fill the standard form of the bank. The application should be prepared in two copies and should contain:
  - a. Full name and address of applicant
  - b. Purpose of the transfer
  - c. Currency and amount to be transferred in words and numbers
  - d. Full name and address of beneficiary and if available the account number and telephone number of the beneficiary
- C. Branch shall obtain the amount to be remitted along with the applicable commission and SWIFT charge from the customer. All applicable charges are to be obtained in accordance with the schedule of fees and charges of the bank. The total amount can be received by either debiting the customer's account or in cash over the cash counter.
- D. Branch shall make entry of TT transaction and SWIFT message in the CBS. Record the detail of SWIFT message in a register. Branch shall mention the Tran ID, reference number and details of amount transferred and commission charged to the customer in the SWIFT application form. The customer copy of the application form duly signed and marked with bank stamp should be provided to the customer/applicant.
- E. The SWIFT message should be signed by two authorized persons as per the signing authority mentioned in List of Authorized Signatures of the Bank. The signed SWIFT message should be forwarded to SWIFT Department within the stipulated time.
- F. SWIFT Department on receipt of branch request, shall route the message and forward a copy of SWIFT message to the concerned branch.
- G. After the SWIFT transmitted copy is received from SWIFT Department, branch should check and verify whether the correct message was transmitted so that the error can be rectified in time without any delay. The copy of SWIFT message should be kept along with the application and documents in the file.

- H. It shall be responsibility of the requesting branch to make the follow up with Swift Operations for transmitted copy of the message to keep in the branch record.
- I. Treasury Department should be pre-informed before transfer of the SWIFT message for purpose of necessary fund arrangement in Nostro.
- J. While transferring foreign currency, the directives issued by Nepal Rastra Bank from time to time should be adhered to. While remitting the fund through SWIFT in foreign currency, following procedures are to be followed:
  - a. The amount to be transferred and the purpose of such transfer should be in accordance with the directive issued by Nepal Rastra Bank from time to time.
  - b. All required documents as per the directive of Nepal Rastra Bank should be obtained.
  - c. In case of transfer of foreign currency equivalent to over USD 1,500, foreign currency exchange rate should be obtained from Treasury Department.
- K. Issuance of TT facility for import related transactions should be allowed only to the account holders of the bank.

#### **2.2.2 Issuance of TT for Import of Goods from India**

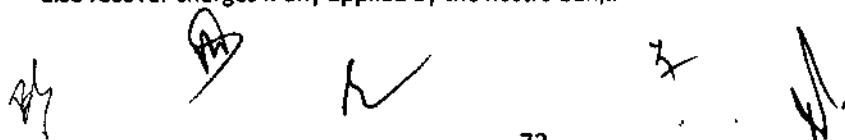
Similar provisions as mentioned in 2.1.3 shall be followed in relation to issuance of TT for import of goods from India.

#### **2.2.3 Cancellation of TT**

- A. The applicant should submit a written request to cancel the TT. The signature of the applicant should be verified with the signature in the application form.
- B. Branch should clearly state to the applicant that the cancellation of the TT cannot be made if the corresponding bank has already acted upon the initial payment instruction.
- C. Confirmation from Nostro Bank is to be obtained whether the TT request of the bank has already been executed/debited in the bank's account maintained at nostro bank. If the debit transaction has already been made by nostro, then the customer's request cannot be entertained and should be communicated to the customer accordingly.

For obtaining confirmation about nostro account debit, branch shall request Reconciliation Department with details of the TT transaction. If no debit is made in the account till date, then branch shall request for Cancellation of the payment instruction. The SWIFT message for cancellation of the payment should be forwarded promptly to SWIFT Department.

- D. After the receipt of confirmation of the cancellation of the payment instruction from the nostro bank, branch shall reverse the transaction and settle the amount as per request of the customer/applicant. Refund of the amount against cancelled payment message should be made through credit to the customer's account.
- E. Current exchange rate should be applied for reversal of transaction.
- F. Branch shall recover charges for cancellation and swift message as per Standard tariff of the bank and also recover charges if any applied by the nostro bank.



#### **2.2.4 Reconciliation of Nostro Bank Charges**

Generally, outward SWIFT payment messages attract certain charges by Nostro bank in case the payment is sent with charge liability on part of the bank (charge detail as "OUR"). Besides, nostro bank may also apply their charge in the payment in other types of charges instruction as well.

While sending the SWIFT message, branch shall hold certain amount in the account of the applicant/customer to ensure recovery of possible charges by the nostro bank where charge is mentioned as "OUR". The amount to be held in the account of the applicant/customer shall be advised to the branches by Branch Operations from time-to-time.

On monthly basis, Branch Operations shall review the MIS report of details of TT sent by branches and tally total charges debited by nostro as per their billings. Branch Operations shall make follow-up with the branches for recovery of such charges.

#### **2.3 Manager's Cheque**

##### **2.3.1 Issuance of Manager's Cheque upon Request of a Customer**

- A. The applicant can be account holder of the bank or a walk-in customer for issuance of Manager's Cheque. The applicant should fill the standard form of the bank. The application should be prepared in two copies and should contain
  - a. Full name and address of applicant
  - b. Amount in words and numbers
  - c. Full name and address of beneficiary and if available, the account number and contact number of the beneficiary
  - d. Purpose of the Manager's Cheque
- B. Branch shall obtain the amount along with the applicable commission charge from the customer in accordance with the schedule of fees and charges of the bank. The total amount can be received by either debiting the customer's account or in cash over the cash counter.
- C. Branch shall make entry of the issuance of Manager's Cheque in the system and ensure that the Manager's Cheque number in the system and the number of the Manager's Cheque printed is same. Branch shall mention the Tran ID, Manager's Cheque number and details of amount and commission charged to the customer in the application form.
- D. Branch shall print the Manager's Cheque from the system and check that all details printed is correct. Handwritten Manager's Cheque should not be issued. MC should be endorsed by cheque writer in the face of the cheque. Manager's Cheque should be account payable and the branch should not issue bearer or general crossing (& Co.) cheque.
- E. Manager's Cheque should be signed by two authorized staff of the branch. The limit for signing of demand draft should be as per the limit specified under Authorized Signatory booklet of the bank.
- F. Branch shall record the details of Managers cheque issued in MC Issuance Register.
- G. Branch shall obtain the signature of the applicant in the copy of the Manager's Cheque as an acknowledgement of the receipt of the MC and provide the customer copy of the application form duly signed and stamped.

#### **2.3.2 Issuance of Manager's Cheque on Inter-Departmental Request**

Manager's Cheque can be issued on behalf of other departments on the basis of Inter Department Memorandum/Request approved by competent authority or on email request sent by concerned Department Head.

No commission should be applied for issuing the Manager's Cheque on inter departmental request.

#### **2.3.3 Payment of Manager's Cheque**

- A. The Manager's Cheque should not be stale.
- B. Signature of authorized signatories on the Manager's Cheque should be verified as per the signature mentioned in the list of authorized signatories.
- C. While making entry in the system for the payment of Manager's Cheque, the paying branch should ensure to settle correct cheque and details as recorded in the system. Details of payee and Manager's cheque serial number must be recorded in the system.
- D. Branch shall affix "Paid" stamp once the payment of MC is made to the concerned beneficiary.
- E. On monthly basis, branch shall reconcile Managers Cheque payable account and prepare exhibit of unpresented Managers Cheque. The exhibit report of outstanding Managers Cheque should be forwarded to Branch Operations for record.

#### **2.3.4 Stale Manager's Cheque**

Manager's Cheque issued but remaining outstanding for a period of more than six months is termed as Stale Manager's Cheque.

#### **2.3.5 Cancellation and Revalidation of Manager's Cheque**

- A. A Manager's Cheque may be cancelled on the receipt of an application in writing from the applicant.
- B. Cancellation charge should be recovered as per the standard rate of the Bank.
- C. The face of the Manager's cheque should be marked with Cancelled stamp.
- D. The amount should be refunded to the applicant in cash or by account transfer. In case of cash payment, photo identification documents of the applicant/customer must be obtained.
- E. Re-issuance of Manager's Cheque in lieu of cancelled one should be carried out as per issuance of new Manager's Cheque. However, issuance charge shall not be applied in case of reissuance.

#### **2.3.6 Loss of Manager's Cheque**

- A. Written intimation of the loss of Manager's Cheque from the applicant/customer should be obtained. If intimation/request is received from the payee, it should be counter signed by the applicant or a confirmation of the applicant should be obtained.

- B. Upon receipt of the intimation/request, branch shall verify the signature of the applicant and mark timer stamp on such request.

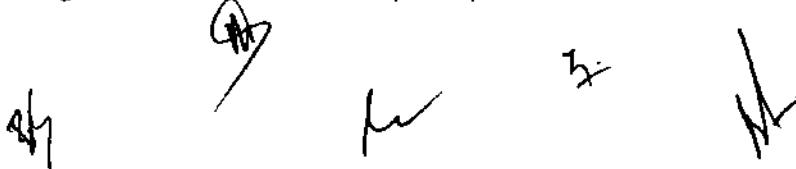
Branch should check in the system if the said Manager's cheque is already paid. If the Manager's cheque is already paid, branch should inform the applicant immediately in writing.

If the Manager's Cheque is not already paid, branch shall proceed for reversal of the Manager's cheque. Branch shall make reverse entry of the Manager's Cheque in system and book the amount in Pool Account for settlement/refund as per applicant's/customer's request.

Branch shall obtain applicable charge for cancellation/stop payment of the MC charge from the applicant.

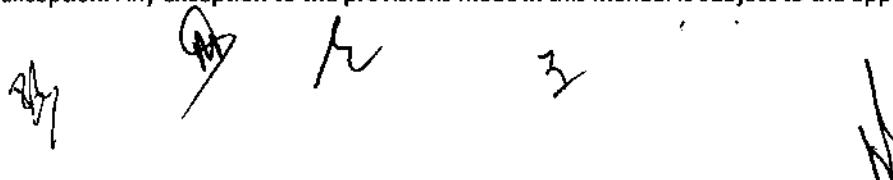
#### **2.3.7 Maintenance of Stock of Manager's Cheque**

- A. The stock of Manager's Cheque in the branch should be kept safely in the vault/cabinet under lock. A Manager's Cheque stock register should be maintained. The register should be maintained separately in the branch for stock kept in the vault and stock kept in the department for use.
- B. Only the necessary quantity of Manager's Cheque should be handed over to the staff of Remittance Department.
- C. The responsibility of balancing/verification of the stock of the Manager's Cheque rests upon Operations In-charge. And Branch Manager should check the physical stock of Manager's Cheque at least once a month to ensure no any deviation is occurred.
- D. If any Manager's Cheque becomes invalid due to error/mistake in printing-issuance process, such cheque should be marked as Void. Such Manager's Cheque should be noted in the Manager's Cheque issuance register with void remarks and kept in separate file for record.



### **3 Checks and Review**

- 3.1** Branch shall carry out reconciliation of Manager's Cheque payable account on monthly basis and prepare exhibit of unpresented Managers cheque and forward to Branch Operations.
- 3.2** Operation In-charge shall on daily basis check and reconcile the stock of security printings and stationery like bank draft, manager's cheque, Bi.Bi.Ni forms, etc. Branch Manager shall on monthly basis check and verify the stock of security printings and stationery.
- 3.3** Operation In-charge shall on daily basis check for necessary reporting of Draft/TT issuance, follow-up for Bi.Bi.Ni forms, settlement of margin held and NRB cheque issued for Draft/TT issuance transactions.
- 3.4** Operation In-charge shall on daily basis ensure that detailed list of demand draft issued by the branch is forwarded to Branch Operations to send draft confirmation message to the nostro banks.  
Branch Operations shall be responsible for sending Bank Draft confirmation message to the nostro banks on daily basis.
- 3.5** This manual shall supersede the existing Outward Remittance Manual and other circulars issued which have been incorporated herein.
- 3.6** The manual shall be reviewed annually and any updates or amendments if required shall be incorporated accordingly. In case of any new provisions or guidelines is introduced through directives, circulars issued by NRB and/or any regulatory authority, the same shall prevail.
- 3.7** Exception: Any exception to the provisions made in this manual is subject to the approval of CEO.

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## Chapter IV: Safe Deposit Locker (Vault) – Operations Manual

### 1 Locker Operations

For the safety of valuables, the locker facility offers a safe, trustworthy space to store them. Bank provides customers with individual safe deposit locker for the safekeeping of their valuable items. Renting of a locker establishes a contractual relationship between the bank and the customer.

Locker is normally offered in the various sizes. Lockers shall be located in a strong room and generally separated from other sections of the bank with additional security arrangement for safeguarding of customers' valuable items kept in the locker. Following are the basic features related to locker service:

- Each locker shall be equipped with a dual control lock operated by the use of the common key held by the Bank and the customer's key held by the customer.
- The locker entrance must be covered under CCTV recording.
- Employee of the bank shall not have custody of customer's locker or have in his/her possession a customer's key.
- Allotment of lockers is on first-come-first-served basis. At the time of hiring the locker, bank will obtain a minimum security deposit from the lessee which will be decided by the bank from time to time.
- Lessee of a safe deposit locker (vault) can appoint another person for operating the locker, on the terms and conditions in rent agreement and the authority in favor of the said person ceases with the death of the lessee.
- The locker holders shall not be permitted to use the locker for the deposit of weapons or any liquid or anything of explosive, dangerous or offensive nature or any other illegal objects. Branch shall inspect the contents of the locker as deemed necessary to ensure the same.

#### 1.1 Eligibility

- 1.1.1 The Bank's Safe Deposit Locker (Vault) Service is made available to those customers (person and entity) who maintain a Savings/Current Account (individually or jointly).
- 1.1.2 Minor, mentally disabled and blacklisted persons shall not be eligible to avail the facility. Lockers can be leased out to physically disabled (differently abled), blind person as well. Physically disabled (differently abled) person shall be provided privilege service in choosing and availing locker service as per the ease of the customer.
- 1.1.3 In case of lockers to be leased out to blind and illiterate person, they shall be allowed to appoint any mandatee and/or nominee in operation of the locker service in presence of bank official. KYC documents of mandatee and/or nominee also to be obtained.
- 1.1.4 In case of individual customer, the locker holder can authorize any other person (mandate) to operate the locker. KYC form along with identification documents of the authorized person (mandatee) must be obtained. Mandatee shall not be eligible to appoint any other mandatee.

- 1.1.5 In case of locker in joint name, mode of operations must be clearly obtained. In case of locker opened jointly, each locker operator can operate the locker either individually or jointly as per instruction provided in the Locker Application Form.
- 1.1.6 In case of corporate entity, the locker should be in the name of the firm/company/institution. The firm/company/institution should submit a written request/resolution/authorization letter to the bank for renting out of the locker and authorizing any person(s) to operate the locker on behalf of the firm/company/institution. The name and specimen signature of the locker operator(s) must be disclosed in the request letter/ board resolution/authorization letter. KYC form along with identification documents of the authorized person/locker operator must be obtained.

## **1.2 Procedure for Issuance of Locker**

**1.2.1** Branch shall obtain duly filled Locker Application Form as per standard format. The signature of the customer must be verified with the specimen signature maintained with the bank. Mode of operation of the locker (single, joint, mandate, etc.) must be clearly mentioned in the Locker Application Form and Signature Specimen Card.

**1.2.2** Branch shall obtain three copies of recent passport size photograph of the locker operator(s). One photo should be affixed in the application form, one in Locker Visit Register and another in the Customer Identity Card for locker.

**1.2.3** In case the locker is to be operated by a mandatee, Locker Authorization Letter as per standard format should be obtained along with two recent passport size photograph and Identification documents of the mandatee.

**1.2.4** In case of appointment of nominee, branch shall obtain Nominee(s) Form filled-up and signed by the applicant along with identification documents of the nominee.

**1.2.5** Allotment of lockers shall be on first-come-first-served basis. The bank has the right to deny providing locker facility without providing any reason(s) to the customer if any locker is not available vacant in the branch. The customer may be allowed to choose the locker on availability of vacant lockers in the branch.

**1.2.6** The customer's request for locker service should be approved by Operations Incharge or Branch Manager. Branch shall issue the locker to the customer upon receipt of all the documents and recovering necessary locker deposit and annual locker rental charge in advance.

**1.2.7** Risk grading and CDD review procedures of the locker holders should be carried out by the branch.

In case of locker to be provided to the high risk customer, account of such customer to be approved by Branch Operations Department as per existing rules and approval assignment of Locker to be done by Branch Manager of the concerned branch.

**1.2.8** The key deposit should be hold/lien marked and the locker rental should be debited in the account of the customer in advance.

**1.2.9** Upon approval, branch shall assign the locker to the customer and note/mark the locker number and key number in the application form.

**1.2.10** Branch shall issue a Customer Identify Card for Locker as per standard format with duly posted photo of the customer signed by designated authority of the bank and handover the key of the locker to the customer. An acknowledgement of the receipt of the locker key should be obtained in the locker application form.

**1.2.11** A Locker Rent Register as per standard format to record the details like name of locker holder, locker number, key number, date of issuance, etc. should be maintained.

**1.2.12** The staff at CSD shall guide the customer to the locker area and brief the procedure to operate the locker, terms and conditions and other information as applicable. Both the staff and the customer shall test and inspect the locker as well as locker key. On satisfaction, the locker key should be handed over to the customer.

**1.2.13** The tenure of locker agreement shall be for a period of one year and shall be automatically renewed until the customer request for cancellation of the service.

**1.2.14** The annual locker rental fee shall be recovered in advance at the time of locker issuance. From the second year of locker operation, branch shall recover the locker rental on due date in advance. The rental fee already obtained should not be returned back or reimbursed to the customer even if the customer request for cancellation of the service during the tenure of the locker agreement.

**1.2.15** Branch shall obtain details of the family members of the locker holder (KYC form to be obtained if not updated/submitted by the client) and update the details of locker issuance in the portal in Locker Management System upon issuance of any new locker to the customer. Branch shall also update the details of Mandatee or authorized locker operator in Locker Management System. Similarly, in case of changes like addition or removal of mandatee in locker operations, closure of locker by customer, branch shall update the details in Locker Management System accordingly.

**1.2.16** During the tenure of the locker agreement, if the customer requests to avail locker in bigger size than the existing locker size, branch can provide the same on availability of the locker as new issuance of the locker.

### **1.3 Locker Key Deposit**

**1.3.1** The locker key deposit should be obtained at the time of providing a locker to the customer. The locker key deposit must be earmarked in the account of the customer till the termination of the locker agreement or cancellation of the locker service by the customer.

**1.3.2** For the account where the minimum balance of the deposit product is more than the locker key deposit, branch must also mark lien for key deposit amount.

**1.3.3** In case the customer requests to discontinue the locker service, the earmarked amount of locker key deposit should be released and branch shall obtain the locker key back from the customer after ensuring that the locker is empty upon receiving locker closure application form.

**1.3.4** Branch shall not allow the customer to withdraw fund in the account by releasing the lien under any circumstances unless the locker is surrendered by the customer.

**1.3.5** In case the customer avails bigger size locker than the existing size, branch shall recover the additional key deposit for the bigger sized locker.

**1.3.6** The locker key deposit shall be waived for GIBL staff until the tenure in bank service.

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**1.4 Locker Rent**

- 1.4.1** The locker rent shall be obtained annually in advance as per the standard tariff of fees and charges of the bank. The locker rent is non-refundable either partially or in full even if the locker service is discontinued or cancelled by the customer during the tenure of the locker agreement.
- 1.4.2** Tenure of locker rental shall be for one year. Customer's account shall be debited to recover the locker rental fee on due date for another tenure. Branch shall mark a Standing Instruction in the system to debit the customer's account automatically on the due date.
- 1.4.3** In case there is insufficient balance on due date in the account of the customer, branch shall make follow up with the customer to make necessary deposit in the account and upon deposit of necessary amount, the applicable rental charge should be collected.
- 1.4.4** In case of requirement or if demanded by the customer, the branch may provide a debit advice for the locker rental charge recovered.
- 1.4.5** In case the customer avails bigger size locker than the existing size, branch shall recover the rental fee as new issuance of the locker. In such case, remaining rental may be included while recovering rental for bigger size locker.
- 1.4.6** In case where the customer's account does not have sufficient balance to recover the rental fee, branch shall recover the fee from key deposit and the customer should be informed and instructed to make deposit for necessary locker fee at the time of auto renewal of locker agreement.
- 1.4.7** Branch shall suspend the locker service in case the customer fails to provide locker rental fee. In case of suspension of the locker service, a note having such suspension remark should be attached in the Locker Operation form of the customer.
- 1.4.8** In case of GIBL staff, 50% discount shall be provided on the standard tariff of the bank in locker rental. However, once the staff leaves from the bank services, such waiver shall not be provided.

**1.5 Procedure to Operate Locker**

- 1.5.1** Management and handling of key to Locker Room, Common Key of Locker and key to unrented Locker shall be as follows:
  - (a) Key to the strong room of Locker: to be kept in vault with joint custody of Vault Key Holders
  - (b) Common Key of Locker: to be kept by Operation Incharge/CSD Incharge/designated staff in the vault/ fire proof cabinet
  - (c) Key of unrented Locker: to be kept in vault with joint custody of Vault Key Holders. Common Key Holders must not be in the possession of unrented locker keys at any point of time.

Handover of key of locker room and Common Key of the Locker between Operation Incharge, CSD Incharge or Locker attending staff must be recorded in the Key Register.

All spare keys of Locker Strong Room and Locker are to be kept in Locker of another nearby branches/banks or vault of another branches with due approval from concerned authority as per Approving Authority Matrix.

**1.5.2** The service shall be provided during regular office hour. The staff at Customer Service Department or the locker attendant facilitates customers on visit to the locker. The staff shall obtain locker key from the Operations Incharge/ Branch Manager or Vault Key custodians.

Any unauthorized person shall be restricted to visit the Locker room.

**1.5.3** On visit to the locker by locker holder, branch shall follow the procedures as mentioned below:

**1.5.3.1** The staff at CSD shall request the customer for presentment of Locker Identity Card and verify the signature, photograph of locker holder/operator and locker details along with the Locker Visit Register/locker specimen card held with the bank.

**1.5.3.2** The staff shall check that the customer details like locker holder/operator's name, locker number and Customer Identity Card for Locker and any special instruction for locker operation recorded in the form/locker specimen card.

**1.5.3.3** Branch shall record the detail of the customer in the Locker Visit Register as per standard format and verify the signature of the customer. The details must include:

Date of visit  
Time in of locker visit  
Signature of the customer  
Signature of staff in the department

The locker attendant must mark his/her signature in the Locker Visit Register.

**1.5.3.4** Branch shall ensure that customers of two different lockers are not allowed to visit the locker room or open the locker at the same time. Once the customer comes out from locker room, another customer shall only be allowed to enter into the locker room.

**1.5.3.5** The staff at CSD shall open the locker in front of the customer. The staff shall first insert the Common Key of the bank and request the customer to insert his/her key to open the locker.

**1.5.3.6** Once the customer opens the locker by applying his/her keys, the staff shall remove the Common Key of the bank and keep the key with self and give complete privacy to the locker holder/operator. The staff, at any circumstances, shall not assist the locker holder to handle the contents/items for keeping in/out of the locker. The customer should not be allowed to leave the locker room un-noticed by the staff attending for locker service.

**1.5.3.7** The staff must ensure that safe deposit locker opened by the customer is properly closed before the customer left the locker room. The staff must record the "Time of exit" of customer in the Locker Visit Register once the customer left the locker room. The staff must check and examine the locker room properly at the time of exit of the customer to ensure that no any contents/items or customer belongings or any key is left out in the Locker Room.

**1.5.3.8** In case where the staff finds the locker key or any contents of the locker, the staff must immediately report to the Operations Incharge/Branch Manager. Branch shall note the time and make a list of such contents/item to be kept in vault.

**1.5.3.9** The contents/items may be provided back to the customer on detailed investigation with due approval. The minimum approving authority shall be COO. The customer needs to

acknowledge the receipt of the items handed back by the branch. The receipt of acknowledgement must be kept in the file of the customer for record purpose.

**1.5.3.10** At the end of transaction hour, the key of the locker room must be handed over to the Operations Incharge and such key must be kept in the main vault under dual control of vault key custodians/ authorized key holders of the branch. However, same is to be delivered to the CSD staffs at the beginning of the day. The delivery should be recorded in standard format.

**1.5.3.11** If the locker holder during the course of operations of the locker wishes to change his/her signature and/or to change mode of locker operation by authorizing any other person, branch shall obtain a request letter and/or Locker Mandate form and honor the request upon verification of the signature, photo and identification documents of the mandatee.

#### **1.6 Event of Default**

**1.6.1** On daily basis, branch shall review the locker rental payment details to ascertain whether locker rental fee is due for any locker in the branch. If the locker rental fee could not be recovered due to insufficient balance in the customer's account, branch shall inform the customer to make necessary deposit in the account.

**1.6.2** The locker should be suspended in case of non-recovery of locker rental on due date. A note having such remark should be attached/ noted in the Locker Application Form/Locker Visit Register.

**1.6.3** In case the customer fails to make deposit in the account for locker rental fee within 3 months of due date, the customer should be communicated in writing for payment of due rental fee. A reminder letter should be communicated if the customer fails to pay the due locker rental fee within 1 month of the first notice.

**1.6.4** If the customer fails to response positively or pay due rental fee despite the bank's notification, a 35 days' notice should be published in a national daily newspaper at the cost of the customer upon approval from Branch Operations Department.

**1.6.5** If the customer still fails to clear his/her locker rental due, branch shall proceed for recovery action of all rental and due amount. Branch shall obtain approval from COO for breaking open the locker and if required, legal opinion from Legal Department shall be obtained before breaking open the locker.

The locker shall be broken in presence of the following officials' representatives:

- a. Operations Incharge
- b. Branch Manager
- c. Representative of locker supplier company
- d. Representative from local police authority
- e. Representative of ward office or local government authority

**1.6.6** A list of contents/items recovered from the broken locker must be prepared and attested with the signature of officials/representatives present during locker break-open process. The contents of the locker must be kept in possession of the branch.

**1.6.7** The contents/items recovered should be disposed off as per the decision of management and approval from CEO to recover all rental dues, fixing charge and other dues in relation to the locker of the customer and residual/remaining amount to be deposited in the account of the customer.

**1.6.8** Branch shall fix up the broken locker in coordination with General Service department and such locker shall be treated as unoccupied locker available for new issuance.

**1.6.9** The representative other than bank staff/official shall be provided specified allowance; required tax to be deducted and receipt to be prepared and kept in the record. Such expenses are to be settled/recovered as receivable from the concerned locker holder.

**1.7 Loss of Key**

**1.7.1** In case of loss of the key, branch shall obtain a written request from the customer with regard to the loss of key of the locker.

**1.7.2** On receipt of the request letter, branch shall restrict in operation of the locker and mark the restriction on the Locker Application Form and Locker Visit Register and the locker must be broken and key must be changed/replaced at the cost of the customer.

**1.7.3** In case of information/instruction received over the phone from the customer for the loss of locker key, branch shall immediately keep restriction in the operation of the locker. The date and time of information/instruction received over the phone must be recorded in the Locker Application Form and Locker Visit Register. Branch shall follow up with the customer to obtain a written request.

**1.7.4** On verification of the customer's request and signature, branch shall forward the request to Branch Operations Department to break the locker upon approval as per Approving Authority Matrix.

**1.7.5** The locker should be broken in the presence of the customer, Operations Incharge or Branch Manager, staff from Customer Service department handling locker service and the representative from the vendor should be present at the time of locker break-open.

**1.7.6** After breaking open the locker, the customer should be allowed to take possession of the contents/items kept by the customer in the locker. A declaration regarding acknowledgement of all the contents/items in the locker should be obtained from the customer.

**1.7.7** Actual expenses related to breaking-open the locker, repairing and fixing the same and replacing the fresh key (as per standard tariff of the bank) should be recovered from the customer.

**1.7.8** The customer can be assigned a new locker as per request if available in the branch. Branch shall follow the standard procedures as mentioned above in case of issuance of new locker to the customer.

**1.8 Death of Locker Holder**

**1.8.1** The general procedures for settlement of claim over the locker of deceased person are same as in case of claim on bank account of deceased customer. The contents thereof kept in the locker should be provided to the nominated person(s) or the legal heir(s) of the locker holder.

**1.8.2** Branch shall follow procedures as follows:

- A. Upon receipt of information/notice of the death of the locker holder, branch shall restrict in operation of the locker and keep such restriction note in the Locker Application Form and Locker Visit Register. The Locker Application Form should be kept in separate file with a note of restriction in locker operation.

- B.** A written request from the nominee or legal heir should be obtained for the claim over the contents of the locker along with following documents:
- a. Identification document copy of the applicant
  - b. Death Registration Certificate
  - c. Relationship Certificate
  - d. Locker Identity Card of the Locker Holder
- C.** Branch shall forward the request of the Applicant along with all other documents of locker operation to Branch Operations Department for approval. The minimum approving authority shall be Chief Branch Operations.
- D.** The contents/items kept in the locker shall be provided to the Applicant upon verification of the documents and satisfaction of the request of the Applicant and recommendation by the branch. In case of locker where the nominee is assigned, branch shall provide the contents/items to the nominee, otherwise a 35 days' notice shall be published in a daily newspaper.
- E.** Where any doubt is raised on the request of the Applicant, a public notice at the cost of the customer should be published in a national daily newspaper with details of person deceased, name of the claimant/nominee, and relationship of Applicant with deceased person. Such cost to be borne by the applicant.
- F.** If any claim during the period is not received, the Applicant shall be allowed to receive the contents of the locker and a letter of acknowledgement regarding receipt of all the contents of the locker by the Applicant shall be obtained.
- G.** If any claim is received or dispute is raised, branch shall consult with Legal department for further settlement of the claim and/or dispute through Branch Operations Department.
- H.** In case where the Applicant (nominee/legal heir) is not able to present the key of the locker, same procedure as in case of "Loss of Locker Key" should be followed. Locker should be broken-open in the presence of the nominee/legal heir(s) of the deceased locker holder. The contents/items recovered in the locker should be listed and an acknowledgement of the receipt of such contents/items must be obtained from the nominee/legal heir(s) of the deceased locker holder.
- I.** The receipt of acknowledgement of the contents/items by the Applicant should be kept in the bank's record and branch must ensure that all outstanding rental dues, if any, are cleared by the concerned person.
- J.** In case the nominee/legal heir(s) request for operation of the same locker or a new locker, branch shall proceed for locker issuance and operation as per procedures mentioned for issuance and operation of locker to a new customer.
- K.** In case of death, insolvency, lunacy or any other similar situation of Locker Holder during agreement period, the bank shall initiate the procedure to terminate the agreement and hand over the contents to authorized nominee/legal heir of the customer.

### 1.9 Discontinuation of Locker

- 1.9.1 The locker service provided to the customer is automatically renewed for tenure of next one year, until and unless the customer requests the bank for discontinuation of the service. Branch shall on its own recover annual locker rental fee in advance from the customer. In case the locker holder/customer wants to discontinue the locker service, the customer needs to submit a written request before the expiry of the rental period.
- 1.9.2 Branch shall obtain a written application along with Locker Identity Card and the locker key from the locker holder.
- 1.9.3 The signature of the customer in the request letter must be verified and the request should be forwarded to Operations Incharge or Branch Manager for approval. If the locker rental fee is due and remains un-recovered, the same should be recovered first from the locker holder prior to closure of the locker service.
- 1.9.4 Upon approval, locker holder should be allowed to visit the locker room for vacating the Locker. The staff from Customer Service department, in presence of the customer, should ensure that the locker has been completely vacated by the locker holder/customer before receiving the Locker key back from the customer. The staff at Customer Service department shall take possession of the key.
- 1.9.5 A declaration from the customer regarding withdrawal of all the contents/items of the locker should be obtained at the time of locker closure.
- 1.9.6 The lien marked for key deposit and the standing instruction marked for annual locker rental fee in the account of the customer should be removed in the system.
- 1.9.7 The surrendered locker key should be kept in a sealed envelope signed by Operations Incharge or Branch Manager and concerned staff of Customer Service department and should be kept in Vault/Locker till next issuance. The locker shall be treated as available locker for issuance to a new customer. The locker shall be rented out to another customer as per above mentioned procedures.
- 1.9.8 Mandatee shall not to be allowed to request for discontinuation of locker.

### 1.10 Locker Access Blocked

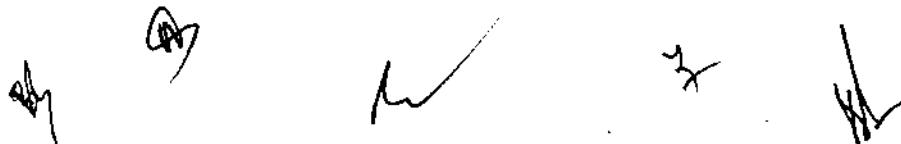
- 1.10.1 There are certain instances where instruction for block/restriction on locker operation is received from Nepal Rastra Bank and/or other regulatory government authority or court.
- 1.10.2 Upon receipt of such instruction, branch shall immediately block/restrict the operation of the locker by the customer/locker holder. The Compliance department/Corporate Office of the Bank shall also provide instruction in relation to block/restriction of locker.
- 1.10.3 Branch shall follow procedures as follows:
  - i. The document of locker of the customer should be kept in a separate file in the vault
  - ii. Branch shall mark a notation of "Locker Block/Restriction for Operation" in the Locker Application Form and Locker Visit Register.
  - iii. In no circumstance, the locker holder/customer should be allowed to visit/operate the locker.

- iv. The restriction/block should only be removed after instruction is received to this effect from the competent regulatory authority/ Compliance Department/Corporate Office.
- 1.10.4** In case of instruction received from NRB and/or other Government Regulatory Authority for breaking-open of locker of any customer, branch shall forward the instruction to Branch Operations Department and Compliance Department. Branch shall obtain opinion form Legal department also if required.
- The locker should be broken open in the presence of person as mentioned above in point 1.6.5
- 1.10.5** A list of contents/items recovered from the broken locker must be prepared and attested with the signature of officials/representatives present during break-open process. The contents of the locker must be kept in possession of the branch or disposed off as per instruction received.
- 1.10.6** In case of locker open and inspection instruction received from NRB and/or Government regulatory authority, branch shall proceed for opening of locker in presence of the locker holder and follow the procedures as mentioned in 1.5. Signature of the concerned locker holder along with the authorized official's signature should be obtained in the Locker Visit register. The documents related to instruction letter must be kept in the locker file of the customer.

A row of four handwritten signatures or initials, likely representing the signatures of officials or representatives mentioned in the text above.

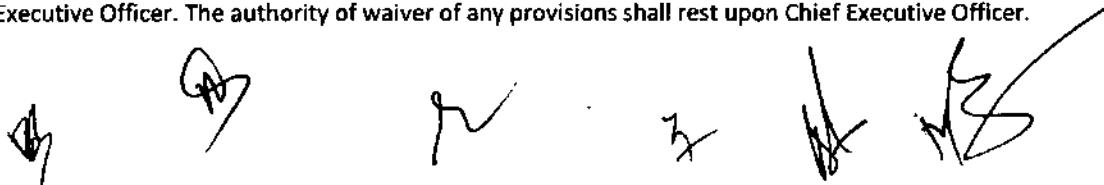
## **2 Relocation of Locker**

- 2.1** In case of locker to be relocated from one branch to another, branch shall proceed as follows:
- i. Branch shall arrange to invite the representatives from Local Government Bodies, Area Police Office as well as concerned customers on date and time as approved by the Management.
  - ii. Branch shall send the invitation letters to representatives from local government bodies and Area Police Office for relocating the safe deposit lockers in prescribed format.
  - iii. Locker to be relocated in presence of following:
    - a. Operations Incharge
    - b. Branch Manager
    - c. Representative of locker supplier company (if available)
    - d. Representative from area police office
    - e. Representative of local government bodies
    - f. Concerned customers (if available)
- 2.2** A "muchulka" as per prescribed format should be raised upon relocation of lockers and attested with the signature of officials/representatives/concerned customers present during relocation process.
- 2.3** Branch shall arrange to publish a public notice regarding relocation of locker in coordination with Branch Operations and Marketing Departments upon relocating the lockers for customer's information.



### **3 Checks and Review**

- 3.1** This manual shall supersede previous manual in relation to the safe deposit locker (vault) operations of the bank.
- 3.2** The manual shall be reviewed annually and any updates or amendments if required shall be incorporated accordingly. In case of any new provisions or guidelines introduced through directives, circulars issued by NRB and/or any regulatory authority, the same shall prevail.
- 3.3** Any provisions under this manual which are not clear/ambiguous shall be interpreted by Chief Executive Officer. The authority of waiver of any provisions shall rest upon Chief Executive Officer.

A row of five handwritten signatures or initials, likely representing approval from different branches or departments. From left to right: a stylized 'A', a 'G' with a small circle, a 'W', a 'Z', and a signature that appears to start with 'K' and end with 'S'.