

Policy on Collection of Cheques / Instruments

1. Introduction

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation Cheques, (ii) Time Frame for Collection of Local / Outstation Instruments and (iii) Interest Payment for Delayed Collection. The withdrawal of these mandatory guidelines was expected to enable market forces of competition to come into play to improve efficiencies in collection of Cheques and other instruments. This collection policy of the Bank is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. The policy is based on principles of transparency and fairness in the treatment of customers. The bank is committed to increase use of technology to provide quick collection services to its customers.

This policy document covers the following aspects:

- Collection of Cheques and other instruments payable locally, at centres within India and abroad.
- Our commitment regarding time norms for collection of instruments.
- Policy on payment of interest in cases where the bank fails to meet time norms for realization of proceeds of outstation instruments.
- Policy on dealing with collection instruments lost in transit.

2. Arrangements for Collection:

2.1 Local Cheques

All CTS Compliant cheques and other Negotiable Instruments which are payable under a grid system will be presented through the clearing system prevailing at the centre. Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time and in collection boxes outside the branch premises including off-site ATMs will be presented in the next clearing cycle. As a policy, bank would give credit to the customer account on the day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearinghouse.

Non-CTS 2010 Cheque Clearing

Will be presented in the clearing house at the prescribed intervals which is presently once in week on each Monday or as decided by RBI, from time to time. In certain categories of cheques, (subject to amendments in guidelines) or instruments demanded by the correspondent Bank or Image Quality Assessment (IQA) failure will be presented in physical form to the drawee Bank.

2.2 Outstation Cheques

Cheques drawn on other banks at outstation centres will normally be collected through bank's branches at those centres. In case the bank does not have a branch of its own, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank. The bank would also use the Speed Clearing services offered by Reserve Bank of India at centres where such collection services exist. Cheques drawn on bank's own branches at outstation centres will be collected using the inter-branch arrangements in vogue.

Transfer cheques drawn on another branch of our bank and received prior to the cut off time will be cleared on same day.

Outstation cheque clearing will be as per appended

Type	Mode of Clearing	Amount	Time Frame
A	Cheques presented in Metros and other locations where SCB is having their branches but drawee bank/Branch not available/ participating in local clearing/CTS Grid clearing. Such cheques to be sent directly to respective SCB locations for presentation under local clearing/CTS Grid Clearing.	Any amount	<ul style="list-style-type: none"> • 7 working days for cheques deposited by 1 PM • 8 working days for cheques deposited after 1 PM
B	Cheques payable at other locations as per list attached. Refer Annexure-II Sheet D for locations.	Any amount	10 working days for cheques received up to 2.00pm at CMS
C	Cheques payable at all other Centres.	Any amount	14 working days for cheques received up to 2.00pm at CMS

2.3 Cheques payable in Foreign Countries

Cheques payable at foreign centres where the bank has branch operations (or banking operations through a subsidiary, etc.) will be collected through that office. The services of correspondent banks will be utilized in country/centres where the correspondent has presence. Cheques drawn on foreign banks at centres where the bank or its correspondents do not have direct presence will be sent directly to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the bank maintained with one of the correspondent banks.

2.4 Immediate Credit of Cheques / Instruments

The bank will provide immediate credit for Interest / Dividend warrants payable at par at the respective centers up to the aggregate value of Rs.5000.00 (Rupees five thousand only) tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. The facility of immediate credit would also be made available in respect of demand drafts issued by Standard Chartered Bank drawn on its branches within India. The facility of immediate credit will be offered on Savings Bank / Current / Cash Credit Accounts of individual customers. For extending this facility there will not be any separate stipulation of minimum balance in the account. However, instant credit cannot be provided in case the account has a hold associated with KYC information.

In the event of dishonor of cheque / instrument against which immediate credit was provided, interest shall be recoverable from the customer for the period the bank remained out of funds at the rate as governed by the bank base rate.

For the purpose of this Policy, a satisfactorily conducted account shall be one a) Opened at least six months earlier and complying with KYC norms b) Conduct of which has been satisfactory and bank has not noticed any irregular dealings c) Where no Cheques / instruments, including those for which immediate credit was afforded, was returned unpaid for financial reasons d) Where the bank has not experienced any difficulty in recovery of any amount advanced in the past including Cheques returned after giving immediate credit. Bank shall levy normal collection charges and out of pocket expenses (as per schedule of service charges of the bank) while providing immediate credit against instruments tendered for collections. Exchange charges applicable for cheque purchase will not, however be charged.

2.5 Purchase of local/outstation Cheques

Bank may, at its discretion, purchase local/outstation cheque tendered for collection at the specific request of the customer or as per prior arrangement. Besides satisfactory conduct of account, the standing of the drawer of the cheque will also be a factor considered while purchasing the cheque.

3. Time Frame for Collection of Local / Outstation Cheques / Instruments:

For local Cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing house. Account holders will be allowed to withdraw funds from their transaction accounts as per clearing norms in vogue at respective centres. However, extension of return clearing timings by the Clearing House under exceptional circumstances, sometime may lead to delay in allowing withdrawals as advised. For Cheques and other instruments sent for collection to centres within the country the following time norms shall be applied for credit of proceeds:

Type	Mode of Clearing	Amount	Time Frame
A**	Local clearing * Subject to local clearing house timings for presentation of outward clearing.	Any amount	<ul style="list-style-type: none"> • 2 working days for cheques deposited by 1 PM • 3 working days for cheques deposited after 1PM <p>>> Cheques to be presented in Clearing within</p>

			above time frame. Fund to be available for utilisation after two more days. Above time frame is not applicable for any discrepant cheques e.g. ac no not available, title differs etc.
B**	Cheques presented in Metros and other locations where SCB is having their branches but drawee bank/Branch not available/ participating in local clearing/CTS Grid clearing. Such cheques to be sent directly to respective SCB locations for presentation under local clearing/CTS Grid Clearing.	Any amount	<ul style="list-style-type: none"> • 7 working days for cheques deposited by 1 PM • 8 working days for cheques deposited after 1 PM
C**	Cheques payable at other locations as per list attached. Refer Annexure-II Sheet D for locations.	Any amount	10 working days for cheques received up to 2.00pm at CMS.
D**	Cheques payable at all other Centres.	Any amount	14 working days for cheques received before cut off time at CMS.

e) Cheques drawn on foreign countries:

Bank enters into specific collection arrangements with its correspondent banks for collection of such instruments. Currently the Bank has collection arrangement for Foreign Currency instruments in USD, GBP, EUR, AUD, CAD, CHF, NOK, NZ\$, HK\$, SG\$ & AED and would give credit to the customers on credit of proceeds to the bank's Nostro Account with the correspondent bank after taking into account cooling periods applicable as under and converted at the exchange rate applicable on the date of credit:

The above referred time norms are applicable irrespective of whether Cheques / instruments are drawn on the bank's own branches or branches of other banks. In case the instruments are not cleared within the given time frame, the Bank will pay interest to the customer as per the compensation policy elaborated below.

4. Payment of Interest for delayed Collection of Local & Outstation Cheques:

As part of the compensation policy of the bank, the bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned above. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.

- Saving Bank Rate for the period of delay beyond 3 working days in case of local cheques.
- Savings Bank rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS Centres and 10 days in non CTS Centres
- Where the delay is beyond 14 days interest will be paid at the rate applicable to term deposit for the respective period.
- In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Term Deposit rate.

- In the event the proceeds of cheque under collection was to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

5. Cheques returned unpaid by Payee Bank:

In the event cheque presented in local clearing or sent for collection is returned unpaid, the instrument along with an advice providing reasons for return will be dispatched to the account holder at his/her address recorded with the bank. Charges applicable as per schedule of service charges of the bank will be levied.

6. Cheques / Instruments lost in transit / in clearing process or at paying bank's branch (applicable to banking accounts):

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care of the Cheques, if any, issued by him / her are not dishonored due to non-credit of the amount of the lost Cheques / instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the compensation policy of the bank, the bank will compensate the account holder in respect of instruments lost in transit at the presenting Bank's end.

7. Force Majeure:

The bank shall not be liable to compensate customers for delayed credit if some unforeseen event including but not limited to civil commotion, sabotage, accident, fires, natural disasters or other "Acts of God", war, resulting in damage to the bank's facilities or of its correspondent bank(s), etc., beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

8. Abnormal Circumstances

The bank shall not be liable to compensate customers for delayed credit if an abnormal circumstances like lockout, strike or other labor disturbances, absence of the usual means of communication or all types of transportation, etc., beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

9. Delay in Re-presentation of Technical Return Cheques and Levy of Charges for such Returns

Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns.

Cheques that need to be re-presented without any recourse to the payee, shall be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such re-presentation through SMS alert, email etc.

10. Service Charge

For all collection services the bank will recover appropriate service charges as decided by the bank from time to time and communicated to customer, displayed on Bank's website.