



INDIA POST PAYMENTS BANK (IPPB)

Cheque Collection Policy

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1. Introduction

1.1. Introduction

1.1.1. This Cheque Collection Policy of India Post Payments Bank (IPPB or ‘the Bank’) is a reflection of our on-going efforts to provide better service to our customers and set higher standards for performance. The Cheque Collection Policy of IPPB is based on principles of transparency and fairness in the treatment of customers. The Bank is committed to use of technology to provide quick collection services to its customers.

2. Applicability

2.1. Aspects covered

2.1.1. This policy document covers the following aspects –

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

3. Arrangements for collection

3.1. CTS clearing

3.1.1. With the introduction of CTS i.e. the imaging and truncation of cheques, the physical movement of instruments has stopped, resulting in speeding up of the process of settlements.

3.1.2. This has helped in reducing the realization time of proceeds for a cheque presented in clearing. As a result, the customer is able to derive the benefit of earlier credit of funds.

3.1.3. Grid clearing under CTS has ensured erasing the boundaries and eliminating the process of intercity clearing, thus enabling the realization of cheques across cities along with the local cheques.

3.1.4. India CTS operations is handled through three grids only viz., South/West/North.

3.1.5. Payable-at-par / multi-city CTS 2010 standard cheques are issued to all customers and no charges will be levied for clearing of payable at par cheques.

3.2. Local cheques

3.2.1. All cheques and other Negotiable Instruments payable locally would be presented through the clearing system prevailing at the clearing center corresponding to the branch location. 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.

3.2.2. Cheques deposited after the cut-off time and in collection boxes outside the branch premises including ATMs will be presented in the next clearing cycle. As a policy, Bank would give credit to the customer account on the same day on which the clearing settlement takes place.

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- 3.2.3. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearinghouse. Wherever applicable, facility of high-value clearing (same day credit) will be extended to customers.
- 3.2.4. Bank branches situated at centers where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the Bank's endeavor to credit the proceeds at the earliest.
- 3.2.5. The Bank shall compensate the account holder in respect to delay in credit in accordance to Bank's Customer Compensation Policy.

3.3. Speed clearing

- 3.3.1. Outstation cheques drawn on banks participating in speed clearing at specified locations (where both presenting and drawee banks participate in clearing) will be collected and treated at par with as if they were local cheques. All terms and conditions applicable for local clearing instruments will also apply to speed clearing.
- 3.3.2. Instruments of all transaction codes (except Government cheques) and drawn on CBS-enabled bank branches are eligible for being presented in Speed Clearing.

3.4. Outstation cheques

- 3.4.1. Cheques drawn on other banks at outstation centers other than those covered under Section 3.1, 3.2 and 3.3 above, will normally be collected through the Bank's branches at those centers.
- 3.4.2. Where the Bank does not have a branch of its own, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank.
- 3.4.3. Cheques drawn on the Bank's own branches at outstation centers will be collected using the inter-branch arrangements in vogue.
- 3.4.4. Branches will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches.

3.5. Cheques payable in foreign countries

- 3.5.1. Bank will utilize the services of correspondent banks for collection of cheques drawn on banks in other countries. The Bank may also have arrangement with other domestic banks in India for clearing of such cheques.
- 3.5.2. Cheques drawn on foreign banks at such centers will be sent directly to the drawee bank with instructions to credit proceeds to the Nostro Account of the Bank or its correspondent banks, or sent to the domestic branch of other bank, with which the Bank may have such arrangement.

4. Time frame for collection of cheques / instruments

4.1. Time Frame

- 4.1.1. For local cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms in vogue at that center.
- 4.1.2. For cheques and other instruments sent for collection to clearing centers within the country the following time norms shall be applied:

S. No.	Cheque Type	Time Norms	Transaction Mode	Remarks
1	Local Cheque – CT; Non MICR Clearing	Same day Credit / Next Day Credit (Clear funds will be available for withdrawal by the customer depending on the clearing house timelines for return of cheques in that city)	Clearing House	<input type="checkbox"/> Both the presenting bank as well as the drawee bank should be Members of the Clearing System
2	Outstation Cheque - deposited Metro location and payable at at	Maximum of Seven working days	Collection basis	

S. No.	Cheque Type	Time Norms	Transaction Mode	Remarks
	another metro location (Mumbai, Chennai, Kolkata & New Delhi)			
3	Outstation Cheque - payable at IPPBbranch locations other than Metro Location	Maximum of Ten working days	Collection basis	
4	Outstation Cheque - payable at State Capitals or Metro centers (other than those of North Eastern States and Sikkim)	Maximum of Ten working days	Collection basis	

5	Outstation Cheque -payable at Locations where IPPB does not have a Branch	Maximum of Fourteen working days		
6	Outstation cheque-payable in speed clearing	Maximum of two working days	Collection basis	<input type="checkbox"/> Cheques not payable locally and Non "AT PAR" of banks participating in Speed Clearing at the location are presented in Speed Clearing <input type="checkbox"/> The Banks participating have core banking enabled branches <input type="checkbox"/> Available at select MICR centers
S. No.	Cheque Type	Time Norms	Transaction Mode	Remarks
7	Cheques drawn on foreign countries	Twenty one working days	Best of effort basis	<ul style="list-style-type: none"> • Bank would give credit to the party on credit of proceeds to the Bank's Nostro Account with the correspondent bank after taking into account cooling periods as applicable to the countries concerned • IPPB may enter into specific collection arrangements with its correspondent banks in those countries for speedy collection of such instrument(s) • IPPB may also have arrangement with other domestic banks in India for clearing of such cheques

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

4.1.4. The following conditions are applicable for the time norms given above –

- 4.1.4.1. For customers availing Cash Management Services, collection of instrument shall be as per the terms of the bilateral agreement between the Bank and customers. Penalties, if any, will be payable as per the terms of the bilateral agreement.
- 4.1.4.2. All local cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be processed for clearing on the same day.
- 4.1.4.3. 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.
- 4.1.4.4. The specified cut-off time at each branch is normally two hours before the respective clearing house timing and will be displayed at each of the branches.
- 4.1.4.5. Outstation Cheques (locations where IPPB does not have clearing facility and the drawee banks are not a part of CTS clearing) are sent on collection basis.
- 4.1.4.6. Customers shall be able to utilize the proceeds, subject to adequate withdrawable balance, as soon as clear funds have been received in line with return clearing time lines at various locations.

5. Payment of interest for delayed collection of outstation cheques and cheques payable outside India

5.1. Outstation cheques and cheques payable outside India

- 5.1.1. The Bank shall compensate the account holder in respect to delay in credit in accordance to Bank's Customer Compensation Policy.

6. Cheques / instruments lost in transit / in clearing process or at paying bank's branch

6.1. Lost in transit/in clearing process or at paying bank's branch

- 6.1.1. In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the Bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him / her are not dishonored due to non-credit of the amount of the lost cheques / instruments.
- 6.1.2. The Bank shall bear the stop payment charges incurred after presentment of appropriate documentary evidence and necessary internal investigation by a competent authority.
- 6.1.3. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.
- 6.1.4. The Bank shall compensate the account holder in respect of instruments lost in transit in accordance to Bank's Customer Compensation Policy.

7. Force Majeure

7.1. Exceptions to compensation

7.1.1. The Bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labor disturbances, accident, fires, natural disasters or other “Acts of God”, war, damage to the Bank’s facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc. beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

8. Charges

8.1. Service Charge

8.1.1. For all collection services the Bank will recover appropriate service charges as decided by the Bank from time to time and communicated to customer as indicated in the Code of Bank’s Commitment to Customers adopted by the Bank.

9. Dishonor of cheques

9.1. Returning dishonored cheques

9.1.1. The Bank will return/despatch dishonored instruments to the customer promptly without delay, in any case within 24 hours.

9.2. Procedure for return/ despatch of dishonored cheques

9.2.1. The Bank will return dishonored cheques presented through clearing houses as per the return discipline prescribed for respective clearing house in terms of Uniform Regulations and Rules for Bankers’ Clearing Houses.

9.2.2. On receipt of such dishonored cheques the Bank will despatch it immediately to the payees / holders.

9.2.3. In relation to cheques presented directly to the Bank for settlement of transaction by way of transfer between two accounts with the Bank, the Bank will return such dishonored cheques to payees/ holders immediately.

9.2.4. In case of dishonor / return of cheques, the Bank will clearly indicate the return reason code on the return memo/objection slip which will also bear the signature / initial of the Bank officials as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers’ Clearing Houses (URRBCH).

9.3. Information on dishonored cheques

9.3.1. Data in respect of cheques drawn in favour of stock exchanges and dishonored will be consolidated separately by the Bank irrespective of the value of such cheques as a part of their MIS relating to broker entities.

9.4. Frequent dishonor of cheques of value of less than Rs. 1 crore

9.4.1. The Bank has decided to introduce a condition for operation of accounts with cheque facility that in the event of dishonor of cheques drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued. The Bank may also consider closing current account at its discretion.

9.4.2. If a cheque is dishonored for a fourth time on a particular account of the drawer during the financial year, the Bank will issue a cautionary advice to the concerned constituent drawing his attention to aforesaid condition and consequential stoppage of cheque facility in the event of cheque being dishonored on fifth occasion on the same account during the financial year. Similar cautionary advice will be issued if the Bank intends to close the account

9.5. General

9.5.1. For the purpose of adducing evidence to prove the fact of dishonor of cheque on behalf of a complainant (i.e., payee / holder of a dishonored cheque) in any proceeding relating to dishonored cheque before a court, consumer forum or any other competent authority, banks will extend full cooperation, and will furnish him/her documentary proof of fact of dishonor of cheques.

9.6. SMS/ email alerts

9.6.1. The Bank as a policy will enable the customer to receive SMS/email based alerts for realization or dishonor of instruments sent through clearing/collection.

10. Grievance Redressal

10.1. Redressal of grievance

10.1.1. The Bank shall have a detailed 'Grievance Redressal Policy' to deal with all customer grievances / complaints. The policy shall provide for an internal mechanism for grievance redressal in a reasonable and just manner.

10.1.2. Complaints / grievances related to cheque collection shall also be dealt with in accordance with the said policy.

10.1.3. Customers having any complaint/grievance with regard to services rendered by the Bank may approach authority(ies) designated by the Bank for handling customer complaint/grievances.

10.1.4. The details of the internal set up for redressal of complaints / grievances shall be displayed in the branch / CSP premises. The branch / CSP officials shall provide the required information regarding procedure for lodging the complaint.

10.1.5. In case the depositor does not get response from the Bank within 30 days from the date of complaint, or he / she is not satisfied with the response received from the Bank, he / she may approach the Internal Ombudsman / Chief Customer Service Officer (CCSO)

10.1.6. In case the depositor does not get response from the Internal Ombudsman within 30 days from date of complaint or he / she is not satisfied with the response received, he / she may approach the Banking Ombudsman appointed by the RBI.

11. Policy revision

11.1.1. This policy shall come into force w.e.f. 1st January 2017.

11.1.2. The Operations department shall be responsible to own, maintain and update this policy.

11.1.3. Any revisions to the policy may seek inputs from Sales and Marketing, and Compliance departments of the Bank.

11.1.4. This policy shall undergo an annual review and approval process by the Board. If any change in this policy is subsequently approved, consequent upon any change in regulatory guidelines, market conditions, etc., such changes and approvals shall be deemed to be part of the policy until the policy and framework are comprehensively reviewed. All such interim changes shall be approved by the Board. The reviewed policy should be made available for information of all employees.

Annexure I - Glossary

Term	Description
ATM	Automated Teller Machine
CBS	Core Banking System
CTS	Cheque Truncation System
IPPB	India Post Payments Bank
KYC	Know Your Customer
MICR	Magnetic Ink Character Recognition
CSP	Customer Service Point
CCSO	Chief Customer Service Officer

Annexure II – Reference

Sr. No.	Circular Reference Number	Description
1	http://www.iba.org.in/Model%20Policy/a)%20IBA%20Model%20Policy%20on%20Collection%20of%20Cheques_Instruments.pdf	Model Policy on Collection of Cheque Instruments by Indian Banks' Association
2	DBR No.Leg.BC.21/09.07.006/2015-16	Master Circular on Customer Service in Banks
3	https://www.rbi.org.in/Scripts/FAQView.aspx?Id=72	Frequently Asked Questions on Speed Clearing
4	https://www.rbi.org.in/commonman/English/Scripts/FAQs.aspx?Id=273	Frequently Asked Questions on Cheque Truncation System