

# Cheque Collection Policy

**Scope:** DBS Bank India Branches

**Issuer:** GTS & T&O

## 1 Introduction and Guiding Principle

DBS Bank receives instruments (local and outstation) from various customers maintaining an account with DBS. The instruments may be payable at any location within India. The realization status of the instruments will depend upon the category under which they are routed for collection.

The Bank's Cheque Collection Policy reflects on-going efforts to provide best in class 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. We are committed to increased use of technology to provide quick collection services to our 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
- Payment of interest in cases where there is delay beyond time norms in realization of proceeds of outstation instruments/local cheques
- Dealing with collection instruments lost in transit.

A copy of the Cheque Collection Policy (CCP) shall be made available to the customer upon request. Additionally, the CCP shall be displayed on the Bank's website and be made available in the Branch Notice Board Files.

## 2 Policy

### Arrangements for Collection

#### Local Cheque Collection

Under 'Cheque Truncation System (CTS)' instead of presenting cheque in physical form, image of cheque is presented to the Drawee Bank. The original cheque remains in the custody of the Collecting Bank. Drawee Bank processes the instrument using the image. To guard against fraudulent activities and also to facilitate smooth functioning of the clearing in CTS environment, uniformity in the size, design and the security features on the cheque issued by all banks to their customers has been brought in. These cheques are called as 'CTS-2010 Standard Cheques'.

All CTS compliant cheques and other Negotiable Instruments which are payable under a grid system locally would be presented through the clearing system prevailing at the centre. Cheques deposited at our branch counters within branch timings and in our Cheque Collection Boxes within branch premises till 3:30 pm on weekdays and working Saturdays, will be presented for clearing on the same day and cheques deposited after the cut-off time will be presented in the next working day's clearing cycle. As a policy, the Bank would give credit to the customer account on the same day the clearing settlement takes place (the next working day of presentation in clearing).

The above time frame is not applicable if there has been any discrepancy in the cheques / instruments.

Non-CTS instruments presented at CTS locations will be sent for collection using any other means for the collection of non-CTS cheques. However, there will be no separate session for non-CTS instruments under CTS clearing. All banks have been advised to make all efforts for withdrawal of all non-CTS cheques issued to customers so that they are phased out and only CTS-2010 cheques are used by customers.

Bank branches situated at centres which, are not members of any CTS Grid, or where no Clearing House exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavour to credit the proceeds at the earliest. Credit arrangement would be in line with Outstation Cheque Collection guidelines as indicated below.

Collection timings for local cheques drawn on own branches of our Bank (Transfer Cheques) – all such cheques deposited across the Bank's counters will be credited on the same day.

### **Outstation Cheque Collection**

Cheques drawn on other banks at outstation centres, which cannot be collected locally, such CTS Compliant cheques will be presented for clearing through another grid where it participates (different from the place of deposit), for example Co-op Banks which participate in only a particular CTS grid. For any non-CTS Compliant cheques will be sent for collection through the Bank's branches at those centres.

<b>Category</b>	<b>Credit Arrangement</b>	<b>Remarks</b>
Outstation Cheque payable at DBS Branch Locations and State Capitals	Within 2 working days	DBS Bank Locations and State Capitals *Refer Annexure A – DBS Bank Locations
Outstation Cheque payable at Metro centres where DBS does not have a branch	Within 5 working days	Available for cheques drawn on Metro centres. These are non-DBS locations where DBS has a tie up with a Correspondent Bank
Outstation Cheque payable at all other locations where DBS does not have a branch	Within 21 working days	All non-clearing locations which are not covered in any of the Grid Clearing, and cheques are to be sent on Collection basis fall in this category

The credit arrangement is given assuming that cheques are deposited on Day 0 within cut-off timings applicable at the branch of deposit. For cheques received after the cut-off, the next working day will be considered as Day 0.

The branch cut-off timings for acceptance of cheques and the list of centres can be obtained from the DBS branches.

### **Foreign Currency Cheque Collection**

The Bank will receive foreign currency cheques from customers at designated counters of DBS branches. Such cheques would be sent to respective Correspondent Banks' Mumbai office for collection under Cash Letter arrangement. Upon sighting credit in Nostro, credit would be passed (on clear funds basis) to customers account as per currencies mentioned below –

- For USD: If Cheque is drawn on NY (New York) city then on 14<sup>th</sup> calendar day from credit date in Nostro, after Cooling Period. If Cheque is drawn outside NY city then on 21<sup>st</sup> calendar day from credit date in Nostro, after Cooling Period
- For SGD: Next working Day from credit date in our Nostro
- For GBP: Next working day from credit date in our Nostro
- For Other Currencies: Next working day from credit date in our Nostro if credit is on clear funds basis.

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If derived calendar day is a holiday in India, then next working day (except Saturday) would be taken as final credit day. In case of cheque is returned later due to any reason, customer's account would be debited for the equivalent FCY amount. In case the credit into the customer account is delayed beyond the due dates specified above, compensation will be paid as per the prevailing Savings Bank interest rate for the period of delay.

Local branch will courier the FCY cheque along with the disposal instruction duly signed by the customer to Central Ops. FCY Cheques are cleared for DBS India customers however as a collecting bank DBS India also clears SGD drafts issued by DBS Singapore.

### **Interest Payment for Delayed Collection**

DBS Bank shall pay to its customers interest on delayed credit for the period of delay beyond the time frames mentioned above. Compensation at the Savings Bank rate of interest will be paid for the period of delay without any claim required from the customer as per the Bank's Compensation Policy guidelines.

### **Immediate Credit for cheques accepted for Outstation Clearing**

For non-CTS Compliant cheques which cannot be sent for CTS Clearing through any of the CTS Grids, DBS Bank will consider providing facility of immediate credit for outstation cheques up to the aggregate value of Rs.15,000/- to individual account holders. This facility will be provided to customers who have an account with the Bank for a period of more than 1 year and have complied with the Bank's KYC norms. The facility of immediate credit will be provided only upon a specific request made by the customer. DBS Bank shall recover charges, as stipulated, and also charge interest at the Marginal Cost Lending Rate (as applicable at the time of the availing of the facility) for the immediate credit facility till the actual receipt of funds by the Bank. DBS Bank will consider providing facility of immediate credit for outstation cheques to corporate customers as per agreement with respective corporate customer.

### **Dishonour / Return of Cheques**

If a cheque sent for collection for which immediate credit was provided by the Bank is returned unpaid, the value of the cheque will be immediately debited to the account, apart from recovering the applicable charges, and interest thereof. The above arrangements will be applicable for all customer cheque deposits other than those who avail specific Cash Management facilities with the Bank. Dishonoured instruments are returned / despatched to the customer promptly without delay, in any case within 24 hours.

### **High Value Dishonoured Cheques**

Data in respect of each dishonoured cheque for amount of Rs.1 crore and above should be made part of bank's MIS for review of the constituent customers and concerned branches should report such data to their respective Reporting Unit / Head Office.

### **Cheque Lost in Transit**

In the event a cheque or an instrument accepted for collection by the Bank is subsequently lost in transit, the Bank, on coming to know of the loss, shall immediately inform the customer so that the account holder can inform the drawer to record stop payment. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. The Bank will not levy additional charges for the replacement instrument sent into clearing or on collection. The Bank would

compensate the customer for any direct and reasonable charges the customer incurs in getting duplicate cheques/ instruments, upon production of relevant documentary proofs.

### **Force Majeure**

DBS 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, damage to the Bank's facilities or of its Correspondent Bank(s), absence of the usual means of communication or all types of transportation, etc. beyond the control of the Bank prevents it from performing its obligations within the specified service delivery parameters.

### **Annexure A – DBS Bank Locations**

Mumbai, Bengaluru, Chennai, Delhi, Kolkata, Pune, Nashik, Salem, Surat, Moradabad, Kolhapur, Cuddalore, Ahmedabad, Andheri, Coimbatore, Gurgaon, Hyderabad, Indore, Ludhiana, Noida, Vadodara

**Annexure B – Illustrative but not exhaustive list of objections where customers are not at fault for the cheque(s) returned in their account and the Bank will not impose service charge / penalize customers for such reasons. (Applicable for Instrument and Image-based Cheque Clearing as detailed in Annexure below aligned to Uniform Regulations and Rules for Bankers' Clearing Houses)**

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

### 3 Governance

#### 3.1 Ownership and Approving Authority

DBS Bank India Ltd. (DBIL) is a Wholly Owned Subsidiary (WOS) of DBS Bank Ltd (DBL) headquartered in Singapore. As a matter of sharing best practices DBIL will draw on experience and expertise of DBL when dealing with complex, long tenor, large or important transactions to ensure that the minimum acceptance criteria of the Group is complied with.

This Policy shall be owned by Issuer and approved by the Bank's Board.

#### 3.2 Deviations

Any deviations, including any addenda, if any, shall be on an exceptional basis and must be documented by Issuer and approved by Bank's Board. Any changes that are not substantive, but incidental or administrative in nature, do not require a sign-off by the approving authority. Cheque collections for corporate customer will be as per the terms agreed with the corporate customer at the time of offering the service.

#### 3.3 Review

This Policy should be reviewed on yearly basis (with a grace period of up to three months) or when material changes are required/appropriate to ensure continued relevance.

#### Appendix 1 Record of Deviations

Effective Date	Section	Endorsed by & Endorsement date	Approved by & Approval date	Deviation Description	Reason for deviation
dd mm yyyy	Section in this document where deviation occurs	Endorsement by Group/Country Head of the Unit/Function that applied for the deviation  Endorsement date: dd mm yyyy	Approval by document owner for the deviation  Approval date: dd mm yyyy	This describes the deviation applied to the section	This explains the reasons for the deviation
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**Appendix 2      Version History**

<b>Version</b>	<b>Date of Issue</b>	<b>Summary of Key Changes</b>
1.0	May 2019	First issue (following incorporation of DBS India as a Wholly Owned Subsidiary)