

# **Cheque Collection Policy**

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## **1. Introduction**

The Cheque collection policy of Sumitomo Mitsui Banking Corporation, India (referred hereafter as “SMBC”) 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. SMBC is committed to increased use of technology to provide quick collection services to its customers.

The policy document covers the following aspects:

- Collection of cheques and other instruments payable locally and at Centre’s within India.
- Our commitment regarding time norms for collection of instruments.
- Policy on payment of interest in cases where we fail to meet time norms for realization of proceeds of outstation instruments.
- Our policy on dealing with collection instruments lost in transit.

This policy is applicable for customers who do not avail of cash management services from SMBC.

## **2. Arrangement of collection**

### **2.1. Local Cheques**

All cheques and other Negotiable Instruments payable locally would be presented through the clearing system using the services of correspondent Banks.

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 center. Cheques deposited at the branch counter 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 will be presented in the next day clearing. As a policy, SMBC will give credit to the customer account on the same day that the credit has been received by us from our correspondent Banks. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house. Cheques would be accepted during business hours of the Bank branch.

### **2.2. Outstation Cheques**

For cheques drawn on other banks at outstation Centre’s where SMBC does not have a branch of its own, the instrument will be submitted to our correspondent Bank for collection

purposes.

Cheques drawn on Bank's own branches at outstation centers will be collected using the inter branch arrangements in vogue. Branches, which are connected through a centralized, processing arrangement and are offering anywhere banking services to its customer will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches in the Core Banking Solution network. The definition of outstation cheques excludes demand drafts, banker cheques, instruments, interest warrants, dividend warrants drawn on Bank itself.

SMBC as a part of its normal banking operations shall undertake collection of cheques, deposited by their customers, some of which also could be drawn on non-local bank branches. Such cheques are called Outstation Cheques.

### **2.3. Cheque Return Charges**

SMBC shall levy cheque return charges only in cases where customer is at fault and is responsible for cheque returns.

### **2.4. Cheque Re-Presentation**

SMBC will re-present the cheques in the immediate next presentation clearing which have been returned by the paying banks due to technical reasons.

## **3. Timeframe 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 and the account holder will be allowed to withdraw funds as per return clearing norms in vogue at that Centre.

For cheques and other instruments sent for collection to Centre's within the country the following time norms shall be applied:

- a) Cheques presented at any of the four major Metro Centre's (New Delhi, Mumbai, Bengaluru, Kolkata and Chennai) and payable at each of the other: Maximum period of 7 days.
- b) Major Cities: Maximum period of 10 days.
- c) In all other Centre's: Maximum period of 14 days.

Charges will be applicable on the above as defined from time to time in the Schedule of Charges for each of the products.

#### **4. Payment of Interest of Delayed collection of Local and 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 under point a, b and c given below 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.

Interest for delayed collection shall be paid at the following rates:

- a) Savings Deposit rate for the period of delay beyond 7/10/14 days as the case may be in collection of Local/Outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable to for Saving deposit for the respective period.
- c) In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Saving Deposit rate.
- d) In the event the proceeds of cheque under collection are 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/Instruments lost in Transit/In clearing process or at Paying Bank's branch**

For cheques/instruments lost in transit, SMBC will inform the customer as soon as it has received information. Other than for cheques/instruments lost under force majeure circumstances, SMBC will not levy return charges on cheques/instruments lost in transit and reversed to the customer's account. SMBC will also not levy additional charges for the replacement cheques/instruments sent into Clearing or on Collection. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

SMBC will compensate the customer, in respect of cheques/instruments lost in transit when dispatched by SMBC, in the following manner:

- a) In case information regarding loss is conveyed to the customer beyond the time-limits stipulated for collection (7/10/14 days as the case may be), interest will be paid for the period exceeding the stipulated collection period, for the period from the end

of the applicable period until the date on which information is conveyed to the customer, at the Savings account rate.

- b) Additionally, SMBC will pay interest on the amount of the cheque/instrument for a further period of 15 days at its then prevailing Savings account rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- c) SMBC will also compensate the customer for any reasonable charges that he/she incurs in obtaining duplicate cheque/instrument, upon production of receipt of payment of those charges, in the event the cheque/instrument is to be obtained from a bank/institution who would charge a fee for issue of duplicate.

## **6. Miscellaneous**

- a) Cheques which are deposited with wrong account number mentioned on the Pay-in slip, Bank will return such cheques to the customers on the address mentioned within 48 working hours. However, in cases with incomplete address, incomplete phone no., no phone number mentioned on the Pay-in slip, the bank will be responsible to keep these instruments for a maximum period of 3 months.
- b) Cheques received back unpaid will be returned by post/ courier etc. to the customer within 24 working hours on the address recorded in Banks database. However, these will be kept in the Bank for returning to the customer over the counter if he/she makes a request for the same. If not collected by the customer within 15 days bank will send them back at the recorded address by post or courier.
- c) In cases where the cheques need to be re-presented without any recourse to the payee, such re-presentation should be made in the immediate next presentation clearing not later than 24 hours (excluding holidays) with due notification to the customers of such representation.

## **7. Force Majeure**

SMBC 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 SMBC'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 SMBC prevents it from performing its obligations within the specified service delivery parameters.

## **8. Cheque Return Policy**

In the event of dishonor of a cheque valuing rupees one crore and above drawn on a particular account of the drawer on three occasion, bank will issue cautionary advise to customer and in case of cheque return on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued. Also, the bank may consider closing current account at its discretion on issuing proper notice to the customer.

For accounts where there is frequent dishonor (more than 6 in a year) of cheque & NACH mandate regardless of amount (i.e. Less than Rs. 1 Crore) the bank shall decide with a view to enforce financial discipline among the customers whether to continue the relationship with the customer or to initiate steps to close the account if so decided.

## **9. Immediate credit for outstation / Local cheques / instruments**

SMBC provides a facility of immediate credit for outstation cheques/local instruments up to Rs. 25,000. Customers are required to make a specific request for the same. This facility would be provided to customers at the sole discretion of the bank and is subject to SMBC's internal approvals and satisfactory conduct of the bank account, provided the customer:

- (i) Have maintained an account with the branch for a period of more than 1 year
- (ii) Meet the bank's credit considerations, wherever applicable