Policy and Procedure on Cheque Collection

1) Local Cheques

Payments Vision 2025 document of Reserve Bank of India (RBI) envisages to migrate Cheque Truncation System (CTS) from the current approach of batch processing of presentation and return cycles for clearing and settlement of cheques to 'On-realization settlement' model, wherein the processing shall be continuous.

All cheques and other negotiable instruments payable locally would be presented through the CTS clearing system. 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 subject to instrument is otherwise in order with all technical aspect. Cheques with discrepancy will not be presented and returned to the customer through depositing branch.

The cut off timings varies from branch to branch. The applicable cut off timings is displayed on the cheque drop box and in branches for the benefit of the customers. Cheques deposited after the cut off time in the branches and in collection boxes outside the branch premises will be presented in the next clearing cycle.

Pursuant to above guidelines of continuous clearing, credit for the cheques collected within the cut off time would be given to customer on the same day of collection basis realisation.

2) Payable at par Chequebooks

a) Payable at par / multi-city CTS 2010 standard cheques are issued to all customers. There

will be no value cap for PAP cheque issuance and no charges will be levied for payment of PAP cheques.

b) Discontinuation of presentation of Non CTS instruments in CTS clearing.

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 in certain cases to credit proceeds to the respective Nostro Account of the bank maintained with one of the correspondent banks.

Cooling period of major currencies which is in vogue is indicated below.

Currency	Normal Cooling Period
USD cheques	5 international working days from value date for cheques payable in New York
	15 international working days from value date for cheques payable outside New York
GBP Cheques	14 international working days from value date
EUR Cheques	15 international working days from value date
AUD Cheques	10 international working days from value date
CAD Cheques	11 international working days from value date

- Value date is the date of credit to our Nostro account.
- The card rate prevailing on the date of credit to customer account would be the applicable exchange rate.
- The due date is the value date of credit to Nostro account plus normal cooling period as stipulated above.
- Customer will be paid interest (as per Saving Bank Rate) on the value of the cheque from the date of sighting credit in our Nostro account till such time customer's account is credited.

Note:

HDFC Bank reserves the right to debit the depositors account immediately and recover the amount of returned cheques (at the prevailing exchange rate), which were credited earlier to depositors account (along with charges).

Foreign Currency (FCY) Cheque Purchase:
Customers will be provided immediate credit under this facility even prior to realization of FCY cheque proceeds.

a) Facility to be extended to select customer’s basis limits set up in FCUBS by Credit Administration Department (CAD).

b) For Retail customers a lien of at least 105 % of the equivalent amount on his existing deposit / approval from credit and market risk team, up to a maximum amount of USD 50,000.00. If the purchase amount exceeds USD 50,000.00, basis business head & Credit approval, the transaction is processed.

c) FCY cheque/ drafts received for booking NRE deposits, if the cheque is presented under FCS, the NRE deposit is credited after receipt of confirmed credit. If the cheque is presented under cash letter arrangement, we maintain cooling period and post completion of cooling period, credit is released.

4) Compensation Policy

Payment of Interest for delayed collection of Local Cheques

Interest at Saving Bank rate will be paid to the customer on the amount of the clearing instrument and for the period of the delay in case there delay in giving credit beyond the time period mentioned above after the cheque is presented in clearing subject to the cheque being otherwise in order.

The interest shall be paid without any demand from customers. However bank will not be liable for compensation if clear funds are delayed due to unavoidable circumstances like riots, bandh, delay in return presentation by drawee bank, etc.

Payment of Interest for Delayed Collection of Foreign Currency Cheques

Customers will be compensated for delay in collection of Foreign Currency Cheques by way of interest. Such interest will be paid to the customer for cases where there is delay beyond one week of stated collection period, without any demand from customers.

The interest shall be paid on the actual amount that is credited to the customer account on realisation of the cheque, as following:

- Saving Bank rate for the period of delay up to 30 days from the agreed date of realisation
- Where such delay is beyond 30 days interest will be paid at the rate applicable to for term deposit for the respective period (up to 90 days).
- In case of extraordinary delay, i.e. delay exceeding 90 days, interest will be paid at the rate of 2% above the corresponding Term Deposit rate

For certain currencies HDFC bank does not have any correspondent bank arrangement for collection. Such instruments are sent on “collection-basis” directly to the drawee bank for collection. Above compensation policy does not cover the same, as there is no definite time period for realisation of such cheques.

5) Immediate Credit of Local cheques during suspension of Clearing.

Whenever clearing house operations are suspended for a prolonged period for reasons beyond the control of authorities, bank customers are put to a great hardships as this affects prompt realization of their cheques that are deposited at banks belonging to the affected areas.

In order to minimize the inconvenience faced by customers and also to maintain good customer service, the Bank will consider to temporarily accommodate customers to the extent possible by purchasing the local cheques / drafts deposited in their accounts for collection.

Special consideration will be shown for cheques drawn by Government departments and companies of good repute as also to demand drafts drawn on local banks. While extending this facility, the bank will take into consideration factors such as credit worthiness, integrity, past dealings, etc to safeguard itself against any possibility of such instruments being dishonoured subsequently.

6) Purchase of local cheques

Bank may, at its discretion, purchase local 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. All branches will follow the internal guidelines as per the extant delegation of authority given on purchase of cheques.

7) Cheques / instruments lost in transit / in clearing process or at paying bank's branch

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:

1)The bank shall immediately on coming to know of the loss bring the same to the notice of account holder.

2)The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque like giving a certificate that it was lost etc.

The bank will compensate the customer in respect of instrument lost in transit in the following way.

a) The bank would also compensate the customer for any reasonable charges (upto Rs Five Hundred) that he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/ institution that would charge a fee for issue of duplicate instrument.

8) Third Party Endorsements

Reserve Bank of India has prohibited banks from crediting 'account payee' cheque to the account of any person other than the payee named therein. HDFC Bank does not collect account payee cheques for any person other than the payee constituent.

9) Reserve Bank of India Relief Bonds

Payment of Interest for Delayed redemption and half yearly interest of RBI Relief bonds.

Redemption of Cumulative /Non Cumulative RBI Bonds:

As part of the compensation policy and as per RBI guidelines received from time to time interest will be paid to investor in case of any delay in making the payment of redemption on the date of maturity subject to payment mandate and redemption documents duly filled in without any omissions, is available with the bank or half yearly interest on specified cycle.

The interest shall be paid without any demand from investor or by submission of valid proof of receipt of delayed credit. However bank shall not be liable to compensate for delayed credit due to unavoidable circumstances like riots, bandh, strike etc.

10) Payment of Cheques / Drafts / Pay Orders / Banker's Cheques:

With effect from April 1, 2012, banks should not make payment of cheques / drafts / pay orders / banker's cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument. Banks should ensure strict compliance of these directions and notify the holders of such instruments of the change in practice by printing or stamping on the cheque leaves, drafts, pay orders and banker's cheques issued on or after April 1, 2012, by issuing suitable instruction for presentment within the period of three months from the date of the instrument.

11) Dishonor of Instruments

In case a cheque accepted for collection is returned unpaid, the bank will immediately debit the value of the cheque to customer account. As per various arrangements with the customer, bank shall recover interest for the period wherein bank was out of funds and/or per instrument rate which is applicable to customer as return charges.

The bank will hand over or dispatch the return cheque based on the arrangement with the customer along with return memo and OR return statement containing the transaction level details within two working days from the date of debit.

Cheque return charges shall be levied only in case 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 next presentation clearing not later than 24 hours (excluding holidays).

12) Service Charges

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

13) 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, lockout, strike or other labour 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.