



Collection Of Cheques / Instruments

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Collection of cheques/ instruments

This Cheque Collection Policy ("Policy") of National Australia Bank, Mumbai Branch ("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 increased use of technology to provide quick collection services to its customers. This Policy covers the following aspects:

- Collection of cheques and other instruments payable locally, at centres within India.
- 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.

Arrangements for collections

Local Cheques

All cheques and other negotiable instruments payable locally would 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 will be presented in the next clearing cycle. As a policy, Bank would give credit to the customer account on the same day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house. Wherever applicable, facility of high-value clearing (same day credit) will be extended to customers.

Bank branches situated at centres 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.

Outstation Cheques

Cheques drawn on other banks at outstation centres will normally be collected through Bank's branches at those centres. 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. The Bank would also use the National Clearing services offered by the 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. Branches which are connected through a centralized processing arrangement and are offering anywhere banking services to its customers will provide same day credit to its customers in respect of outstation instruments drawn on any of its branches in the CBS network.

Purchase of local/outstation cheques

The 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.

Branches of the Bank may consider providing immediate credit for outstation cheques/instruments. The facility of immediate credit may be offered on savings bank / current / cash credit accounts of the customers. For extending this facility, there will not be any separate stipulation of minimum balance in the account.

Under this Policy, prepaid instruments like demand drafts, interest / dividend warrants shall be treated on par with cheques.

For the purpose of this Policy, a satisfactorily conducted account shall be the 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 for which immediate credit was afforded 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.

Arrangements for collections

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 and the account holder will be allowed to withdraw funds as per return clearing norms in vogue.

Cheques / Instruments presented in high value clearing (with the minimum value of Rs.1 lac) shall be credited on the same day (applicable only in areas covered by high value / same day clearing).

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

- a) Cheques presented at any of the four major Metro Centres (New Delhi, Mumbai, Kolkata and Chennai) and payable at any of the other three centres : Maximum period of 7 days.
- b) Metro Centres and State Capitals (other than those of North Eastern States and Sikkim): Maximum period of 10 days.
- c) In all other Centres : Maximum period of 14 days.

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

Payment of interest for delayed collection of 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.

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

- a) Savings bank rate for the period of delay beyond 7/10/14 days as the case may be, in collection of outstation cheques.
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable to for term 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 Term Deposit rate.

- d) 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.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

Cheques/Instrument 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, 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 dishonoured 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 in the following way:

- a) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days, as the case may be), interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- b) In addition, Bank will pay interest on the amount of the cheque for a further period of 15 days at savings bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- c) The Bank would also compensate the customer for any reasonable charges 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 who would charge a fee for issue of duplicate instrument.

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, riots, terrorism, war, 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.

Charging of interest on cheques returned unpaid where instant credit was given

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. The customer will not be charged any interest from the date immediate credit was given to the date of return of the instrument unless the Bank had remained out of funds on account of withdrawal of funds. Interest where applicable would be charged on the notional overdrawn balances in the account had credit not been given initially.

If the proceeds of the cheque were credited to the savings bank account and was not withdrawn, the amount so credited will not qualify for payment of interest when the cheque is returned unpaid. If proceeds were credited to an overdraft/loan account, interest shall be recovered at the rate of 2% above the interest rate applicable to the overdraft/loan from the date of credit to the date of reversal of the entry if the cheque/ instrument was returned unpaid to the extent the Bank was out of funds.

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