
Credit Suisse AG, Mumbai Branch

Collection of Cheques / Negotiable Instruments Policy

Original Issuance: 11th February 2011

Last Update: 27th November 2019

Confidentiality Notice: The Document is the property of CREDIT SUISSE AG. The Document must not be reproduced or copied under any circumstances without the permission of CREDIT SUISSE AG.

Table of Contents

1.	Scope
2.	Arrangements for Collection
3.	Time Frame for Collection of Local/Outstation Cheques/Instruments
4.	Payment of Interest for delayed Collection of Outstating Cheques
5.	Cheques / Instruments lost in transit / in clearing process or at paying bank's branch
6.	Purchase of Local Cheques, Drafts etc. during suspension of Clearing
7.	Force Majeure
8.	Charging of Interest on cheques returned unpaid where Instant Credit was given
9.	Customer Grievance Redressal

1. Scope and Purpose

This collection policy of the 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. 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.

2. Arrangements for Collection:

2.1 Local Cheques

All cheques and other Negotiable Instruments payable locally would be presented through the clearing system prevailing at the center of bank branch. 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 clearinghouse.

Bank will present the cheques as a sub clearing member through HDFC Bank Ltd until such time the Bank gets its own membership.

2.2 Timing for acceptance

Cheques would be accepted during business hours of the Bank branch. The cut-off time for sending cheques for collection would be worked out for each location/ branch based on cut-off time afforded by clearinghouse at each location.

2.2 Outstation Cheques

Cheques drawn on other banks at outstation centers will normally be collected through bank's branches at those centers/or by HDFC Bank Team. Where the bank / HDFC 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 centers where such collection services exist.

2.3 Cheques payable in Foreign Countries

Cheques payable at foreign centers 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/centers where the correspondent has presence. Cheques drawn on foreign banks at centers where the bank or its correspondents do not have direct presence will be sent direct to the drawee bank with instructions to credit proceeds to the respective Nostro Account of the bank maintained with one of the correspondent banks. The Exchange rate for conversion would be the one that is prevalent on the day when the proceeds are credited into the customer's account.

2.5 Purchase of local/outstation cheques

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.

3. 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. Maximum timeframe for collection of cheques drawn on state capitals/major cities/other locations are 7/10/14 days respectively.

All collections exceeding this time-line will be paid interest in accordance with the Customer Compensation Policy. 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.

4. Payment of Interest for delayed Collection of Outstation and/or local cheque and/or currency cheque :

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. In case of local clearing cheques, interest @ Savings Bank rate will be paid for the delay beyond the due date until 14 days. In case of foreign currency cheques, Saving Bank rate for the period of delay up to 30 days from the agreed date of realisation
- b) Where the delay is beyond 14 days interest will be paid at the rate applicable to/ for term deposit for the respective period. In case of foreign currency cheques, 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)
- 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 were 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.

5. 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, the bank shall immediately on coming to know of the loss, bring the same to the notice of the accountholder so that the accountholder 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. 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 accountholder 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.

6. Purchase of Local Cheques, Drafts etc. during suspension of Clearing

There may be occasions when Clearing House operations may have to be temporarily suspended for reasons beyond the control of the authorities concerned. To minimize the inconvenience and hardship to banks' constituents and also to maintain good customer service, whenever the clearing is suspended and it is apprehended that the suspension may be prolonged for more than three consecutive working days, Branches/Extension counters of the Bank who are members of such clearing houses shall temporarily accommodate their constituents by purchasing the local cheques, drafts, etc., in their accounts for collection, based on the following parameters.

Cheques upto the aggregate value of Rs. 10,000 will be considered for purchase under this facility. Drafts issued by other banks and cheques issued by companies of repute (public sector companies and

companies having credit rating of AAA of CRISIL) upto the aggregate value of Rs. 25,000 will be considered for purchase under this facility.

Satisfactory conduct of such accounts is required for a period not less than 6 months. The bank will also take into account the creditworthiness, integrity, past dealings and occupation of the constituents for offering this facility.

This facility may not be extended to certain categories of customers such as non- residents, minors etc as may be determined by the Bank from time to time.

This facility will be provided at the specific request of the customers in the format appended below

In the event of dishonor of cheque which was purchased, interest and charges will be recovered from the customer for the period the bank remained out of funds at the rate applicable for overdraft limits sanctioned for individual customers.

7. 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.

8. 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 were 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 were returned unpaid to the extent the bank was out of funds.

9. Customer Grievance Redressal

Any customer complaint / grievance will be addressed in accordance with the Bank's grievance redressal procedures.

Format of the request letter to be obtained from the customer for purchase of cheques

From

Date:

To

The Branch Manager, Credit Suisse
AG, Mumbai Branch

Dear Sir,

Sub: Request for purchase of cheques/ instruments lodged for clearing

I/We have deposited the following instruments (cheque/s & draft/s) on <date> for local clearing. As the clearing is suspended for <date of suspension>, we request you to purchase these instruments and provide me/us the credit in my/our account no. _____ maintained with your branch.

I/We hereby undertake to pay interest and other charges for the purchase of these instruments. I/We hereby also undertake to repay the principal amount of the cheque/s along with interest if any, if these instruments are returned subsequently, when presented in clearing.

Instrument No:

Date of Instrument:

Drawn on: <name of the bank and branch> Drawer of the instrument:

Instrument Amount:

Thanking you,

Yours faithfully,

Signature of the account holder)

Reference

DBOD No.Leg.BC. 21/09.07.006/2014-15	01.07.2015	Master Circular on Customer Service in Banks
--------------------------------------	------------	--