

POLICY ON COLLECTION OF CHEQUES / INSTRUMENTS

The Reserve Bank of India vide its circular reference DBOD.No. Leg. BC.55/09.07.005/2004-05 dated 1st November 2004 dated 1st November 2004 had withdrawn instructions in their earlier circulars pertaining to, (i) Immediate Credit of local/Outstation Cheques, (ii) Time frame for collection of local/outstation cheques and (iii) Interest payment for delayed collections, Instead all the scheduled commercial banks have been instructed to formulate comprehensive and transparent policy covering all the above aspects. Further the policy is expected to “clearly lay down the liability of the bank by way of interest payments due to delays for non-compliance with the standards set by the banks themselves. Compensation by way of interest payment, where necessary, should be made without any claim from the customer”

Towards this Citibank, N.A. in India (“Citibank”) has framed the following policy on the abovementioned subject:

a. Immediate credit for local/outstation cheques

Citibank would provide a facility of immediate credit for local/outstation cheques upto Rs. 15,000/- to customers (other than those who avail cash management facilities with the bank) based on customer request. This facility would be provided to customers who

have an account with the branch for a period of more than 1 year. Further Citibank should be satisfied about the proper conduct of the account and the customer should meet the bank’s credit considerations (wherever applicable).

Approval Process – Customers could request the Branch Manager, Branch Service Head or the Relationship Manager for immediate credit of their Cheques. Requests would be approved internally by the Branch Manager or the Branch Service Head after considerations of the parameters as mentioned above.

b. Timeline at branches for cheques being sent for clearing

Citibank has multiple branches at various locations in some cities. For branches, which are located far from the Clearing Centre the cut off time is set at 10 am and for branches, which are closer to the Clearing Centre, the timelines are as follows:

- MICR Clearing Monday to Friday – 1400 hours (exceptions for some branches like Vapi (1230 hours) and Aurangabad (1100 hours), based on local clearing time cutoff)

- MICR Clearing Saturday – 1200 hours (exceptions for some branches like Vapi (1130 hours) and Aurangabad (1030 hours), based on local clearing time cutoff)
- High Value – 1100 hours (except for some branches likes Pune where the cut off is 0930 due to local clearing time cutoff)

c. Clearing of Local (intra-city) Cheques

1. The branches of Citibank as of the date hereof, are located in the cities and towns listed in **Annexure A**. Branches of banks in each of these cities and towns participate in local clearing, viz, the credit or debit of the proceeds of cheques where the presenting bank and the drawee bank are in the same location. Cheques in local clearing are processed through the local clearing house which as per the clearing time-lines stipulated by the relevant clearing house, gives effect to the clearing and settlement of cheques presented.

2. If a customer of Citibank presents a cheque on Day 0, the customer's account with the Citibank branch in that city/town would be provisionally credited in the morning on Day 1. Subsequent to receipt of information from the clearing house with regard to cheque returns for that clearing cycle, and requisite processing of the same by Citibank, the customer's account is debited for any returns and for cheques not returned in clearing, clear funds are available to the customer.

d. Timeframe for collection of outstation cheques and Interest payment for delayed collections

Cheques drawn on Citibank branch locations (where drawee location is a METRO location): 5 Business Days

Cheques drawn on Citibank branch locations (where drawee location is a STATE CAPITAL location): 6 Business Days

Cheques drawn on Citibank branch locations (where drawee location is NONE OF ABOVE TWO – "OTHERS"): 8 Business Days

Cheques drawn on locations where Citibank does not have a branch: 30 business days.

For any delay in credit beyond this period, the bank would compensate the customer at the fixed deposit rate for the period between the timeline defined above and the date of realization of the cheque. On a monthly basis, the cheque realisation date would be compared with the date of cheque deposit and for such cheques where the period exceeds the aforementioned timeline, interest for the excess period would be computed and credited to the account with advice to the customer.

Return Cheques

In the event of the cheque being returned unpaid, the bank can recover interest from the customer in conformity with the applicable interest rate directive of Reserve Bank of India, for the period the bank is out of funds. Such interest would be charged for the period from the date of return of the cheque till the reimbursement of the cheque amount to the bank.

Also on receipt of information regarding check bounce or non-receipt of physical cheque from the drawee bank, the bank will provide such information to the customer. The standard bounce check charges (posted on website) will be applied to the customer account for returns.

Cheques (including discounted / purchased cheques) lost in transit

For cheques lost in transit, the Bank will intimate the customer of the event and will request the drawee bank to place a stop payment on the instrument. The Bank will not levy check return charges, other than instruments lost under force majeure circumstances, on instruments lost in transit and reversed in the customer account. Further, the Bank will also not levy additional charges for the replacement instrument sent into Clearing or on Collection.

e. Cheques payable in foreign currency

1. Retail customers:

i. For currencies USD, GBP, EURO, YEN, CAD, AUD and SGD:

- a. These cheques are sent through the International Cash Letter System arrangement by default for all customers who have accounts with the bank for more than 6 months.
- b. The customer account is given provisional credit immediately on the bank sighting funds (within 7 working days), however the funds are placed on "Hold"(*) status. This ensures that the customer does not lose interest on these amounts.
- c. Clear funds are provided on the basis of the value of the instrument. Given below is the timeline to provide clear credit value expressed in USD.
 - USD < 2500 – 28 days
 - USD 2500 to 10000 – 35 days
 - USD 10000 to 20000 – 42 days
 - > USD 20000 – 49 days

- ii. Other currencies: These cheques will be sent purely on collection and funds credited to customer account only on receiving credit from the drawee bank.

- iii. The exchange rate is calculated based on the prevailing interbank currency rates and existing bank spread, which may range from 1% to 3% depending on currency pairing, amounts of conversion and client profile.

For any undue delay over the timelines as mentioned above, the customer will be compensated as per the prevailing Fixed Deposit Rate of the bank.

(* The hold period is essential to cover the bank from the risk of returns on foreign currency cheques.)

2. Corporate customers:

Foreign currency cheques are sent under collection to the drawee bank in the respective country. The customer account is credited, in local currency at the then prevailing market exchange rates, on receipt of clear funds from the drawee bank.

f. Force Majeure

The Bank shall not be responsible in the event of any force majeure event including but not limited to floods, riots, resulting from acts beyond its reasonable control and without its fault or negligence. Such excusable delays or failures may be caused by, among other things, riots, rebellions, accidental explosions, floods, storms, acts of God and similar occurrences

Information about the policy

Every branch is required to give wide publicity to the policy. A copy of the policy should be placed on the bank's website and also displayed on the notice board in the branches.

Annexure A

1. Ahmedabad
2. Aurangabad
3. Bangalore
4. Baroda
5. Bhopal
6. Bhubaneshwar
7. Chandigarh
8. Chennai
9. Cochin
10. Coimbatore
11. Delhi
12. Faridabad
13. Gurgaon
14. Hyderabad
15. Indore
16. Jaipur
17. Jalandhar
18. Kolkata
19. Lucknow
20. Ludhiana
21. Mumbai
22. Nasik
23. Noida
24. Pondicherry
25. Pune
26. Surat; and
27. Vapi.