

Bank of America's Policy on Collection of Cheques

Section I - Introduction

Bank of America's cheque collection policy 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 document covers the following aspects:

- Collection of cheques payable at centres within India and abroad
- Policy on payment of interest in cases where the Bank fails to meet time frames for realization of proceeds
- Time frame for collection of local/outstation cheques
- Our policy on dealing with collection instruments lost in transit

This policy does not cover corporate customers of the Bank who have entered into specific arrangements with the Bank for cash management; for such customers, the terms of their specific agreements would govern such arrangements.

Section II - Arrangements for Collection

Local Cheques

All cheques drawn on Bank of America locations and payable locally would be presented through the clearing system prevailing at the centre. All such cheques which are payable under Speed Clearing would be presented through the local clearing system prevailing at the centre. Cheques deposited at branch counters before the specified cut-off time of the respective branch will be presented for clearing on the same day. Cheques deposited after the cut-off time will be presented in the next working day's clearing cycle. The cut off timings varies from branch to branch and the applicable cut off timing is displayed in branches for the benefit of customers.

As a policy, Bank would give credit to the customer account for local cheques on the same day on which clearing settlement takes place and the Bank's account with the clearing house is credited. The customer would be allowed to utilise the credit only after the return time has elapsed in the respective clearing centres.

Charges will be applicable on the clearing of local cheques as defined from time to time in the Schedule of Charges for each of the products. The schedule of charges is displayed on the Bank's website for the benefit of customers.

Outstation Cheques

All cheques deposited with Bank of America that cannot be cleared in the local clearing house are classified as outstation locations. Where the Bank does not have a branch of its own, the instruments payable at non-Bank of America locations would be directly sent for collection to the drawee bank or collected through a correspondent bank. Branch cut-off timings applicable for Outstation cheques would be the same as those for local cheques. As per RBI regulation, the timeframe for collection of outstation cheques drawn on state capitals / major cities / other locations shall be 7 / 10 / 14 days respectively.

If funds, and/or the related information, have not been received by Bank of America from the drawee bank so as to enable Bank of America to credit the customer account with the funds within 7 / 10 / 14 business days, Bank of America will inform such customers via email, so that they may take action against and receive due compensation from the parties other than Bank of America, who are responsible for the delay.

Charges will be applicable on the clearing of outstation cheques as defined from time to time in the Schedule of Charges for each of the products. The schedule of charges is displayed on the Bank's website for the benefit of customers.

Cheques payable in Foreign Countries

Cheques payable outside of India, where the Bank has branch operations (or banking operations through a subsidiary) will be collected through that branch. The services of correspondent banks will be utilized in countries / 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 with instructions to credit proceeds to the respective Nostro Account of the Bank maintained with one of the correspondent banks.

Charges will be applicable on the clearing of cheques payable in foreign countries as defined from time to time in the Schedule of Charges for each of the products. The schedule of charges is displayed on the Bank's website for the benefit of customers.

Non-CTS-2010 Standard Cheques

The Reserve Bank of India has initiated separate clearing for CTS-2010 standard and non-CTS-2010 standard cheques. A separate clearing session has been introduced in the three CTS centers (Mumbai, Chennai and New Delhi) for clearing non-CTS 2010 instruments with effect from January 1, 2014. This separate clearing session will initially operate thrice a week (Monday, Wednesday and Friday) up to April 30, 2014. Thereafter, the frequency of such separate sessions will be reduced to twice a week up to October 31, 2014 (Monday and Friday) and further to once a week (every Monday) from November 1, 2014 onwards.

In view of the above, clients can deposit CTS-2010 standard and non-CTS-2010 standard cheques under separate deposit slips with Bank of America with effect from January 1, 2014. Non CTS standard cheques incorrectly included under the CTS deposit slip may be returned by drawee banks under reason code '37-Present in proper zone'.

Account Payee Cheques

The cheques drawn as 'Account Payee' will be credited to the beneficiary's account only and will neither be encashed unless 'Account Payee' marking is cancelled and authenticated by the drawer, nor be credited to any third party account.

Section III – Compensation Policy

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 customers on the amount of collection instruments in case there is delay in giving credit beyond timeframe for collection of outstation cheques drawn on state capitals / major cities / other locations of 7 / 10 / 14 days respectively. 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.

For any delay by Bank of America in giving credit beyond the respective periods of 7/10/14 business days, attributable to Bank's operational processes, Bank of America would compensate the customer as below.

1. Savings Bank rate for the period of delay in collection of outstation cheques. This rate will be applicable where the period of delay is upto 14 days beyond the stipulated period
2. Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the respective period as the period of delay
3. 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

At locations where the Bank has no branches, the instrument would be directly sent for collection to the drawee bank or collected through a correspondent bank. On account of any unjustified delays on part of the drawee bank or correspondent bank in sending the proceeds to the Bank of America, Bank of America would not be liable to pay any compensation to the customer, beyond 14 working days. Bank would share/notify customers on demand, of the cheques that are delayed by the drawee banks.

Section IV – Immediate Credit of Outstation Cheques deposited by Individual customers

For Individual account holders, branches of the Bank will provide immediate credit for outstation cheques up to the aggregate value of Rs. 15,000/- tendered for collection by individual account holders subject to satisfactory conduct of such accounts for a period not less than 6 months. This facility of immediate credit will be provided only upon a specific request made by the customer.

In the event of dishonor of cheque against which immediate credit was provided, interest shall be recoverable from the customer for the period the Bank remained out of funds at the Bank's base rate.

For the purpose of this Policy, a satisfactorily conducted account shall be the one

1. Opened at least six months earlier and complying with applicable KYC norms
2. Conduct of which has been satisfactory and Bank has not noticed any irregular dealings
3. Where no cheques / instruments for which immediate credit was afforded returned unpaid for financial reasons
4. Where the Bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit

Section V – Cheques lost in transit / in clearing process or at paying bank's branch:

In the event of a cheque that was accepted for collection has been lost in transit or in the clearing process or at the paying bank's branch, the Bank shall bring the same to the notice of the account holder within one day of gaining knowledge of the loss. This can enable the accountholder to inform the drawer to record stop payment and also ensure that the 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 (Section III above) the Bank will compensate the accountholder in respect of instruments lost in transit in the following way:

1. 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 in the Bank's Compensation Policy (Section III)
2. The Bank will also compensate the customer for any reasonable bank charges (upto INR five hundred) he/she incurs in putting in place the Stop Order for the lost cheque/ instrument or 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

Section VI – Force Majeure

The Bank is not liable to compensate customers for delayed credits due to causes beyond its reasonable control including acts of God, industrial disputes, war, act of public enemy, acts of terrorism, blockade, revolution, riot, insurrection, civil commotion, lightning, storm, flood, fire, earthquake, explosion, embargo, or anything done or not done by a government or public authority including, but not limited, to change in applicable law for the time being in force, or any external disruption caused to the supply of electricity, internet, or other means of communication.

Section VII – Additional Notes

1. All cheques should be deposited within the stipulated cut-off timings of the respective branch in which deposit is being made.
2. The Bank has the right to debit the Customer's account for any credits passed to it prior to receipt of clear funds from the drawee bank and for dishonored cheques, which may be intimated to it even after the Customer's account has been credited. The Bank need not obtain the customer's consent for such debits. The Bank on receipt of dishonoured cheques will dispatch them to the customer within one day of the Bank receiving such cheques, along with the return reason code on the return memo/objection slip as received from the paying bank. Customers requiring cheque collections on a regular basis or requiring specific cash management services including detailed MIS can enter into a mutually agreeable arrangement with the Bank for the same in which case the terms of the specific agreements would govern such arrangements.
3. All collections for cheques deposited by a customer drawn on non-Bank of America branch locations in India would be further subject to the Uniform Rules for Collections, ICC Publication number 522 where those rules are not contradicting any of the points stated hitherto.
4. As required under RBI guidelines, the Bank would be reporting all incidences in respect of each dishonoured cheque for amount of Rs. 1 crore and above as a part of bank's MIS on constituents to its senior management.
5. Since frequent dishonour of cheques of any value is also a matter of concern and reflects misconduct on the part of the account holder, the Bank may decide to deal with such accounts in appropriate manner as it deems fit, including initiating closure of such accounts with prior notice to the customer.