



THE ZOROASTRIAN CO-OPERATIVE BANK LTD.

CHEQUE COLLECTION POLICY

2026-2027

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CHEQUE COLLECTION POLICY

INTRODUCTION

Keeping in view the technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by a number of banks, the Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on (i) Immediate Credit of local/outstation cheques, (ii) Time Frame for Collection of Local / Outstation Instruments and (iii) Interest Payment for Delayed Collection. The withdrawal of these mandatory guidelines was expected to enable market forces of competition to come into play to improve efficiencies in collection of cheques and other instruments. The 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. The Bank is committed to increasing the use of technology in order to provide quick collection services to its customers.

This policy document covers the following aspects:

- Collection of cheques and other instruments payable locally, at centers within India and abroad.
- The Bank's commitment regarding time norms for collection of instruments.
- The Bank's policy on dealing with collection instruments lost in transit.

ARRANGEMENTS FOR COLLECTION

Introduction of Continuous Clearing.

RBI in co-ordination with NPCI, introduced Continuous Clearing for the benefit of the customers from First week of October, 2025. Initially we had teething problems & have to sit very late as it took time for this new process to get settled.

In Continuous Clearing main benefit to the customers is passing of Credit to their account on the same day.

For Inward Clearing batches are received from NPCI every 1 hour which we are clearing from our end. In total we receive 6 batches in Inward Clearing last batch at 3 PM.

For Outward Clearing which is sent by us, we receive response from NPCI by 7.30 to 8 PM & after that customers' accounts are credited & funds released on the same day effecting clear balance in customer's accounts

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 return charges levied will be as per Bank's applicable Service charges.

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 customer has made use of funds. In case of SOD/Cash Credit account the interest benefit derived would be recovered.

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 was returned unpaid.

A notice regarding the availability of facility should be prominently displayed at each branch.

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 account holder so that the account holder can inform the drawer to record stop payment

Wherever necessary, the Bank would provide letters/certificates to the customer to obtain a duplicate instrument from the drawer of the cheque.

The bank will compensate the account holder for any reasonable loss suffered by him/her in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument, subject to the provisions contained in Customer Compensation Policy.

POSITIVE PAY SYSTEM :

As per RBI circular no. RBI/2020-21/41 DPSS.CO.RPPD.No. 309/04.07.005/ 2020-21 dated 25th Sept 2020:

RBI has introduced Positive Pay System (PPS) for Cheque Truncation System (CTS) with effect from January 01, 2021. The concept of Positive Pay involves a process of reconfirming key details of large value cheques. Under this process, the issuer of the cheque submits electronically, through channels like SMS, mobile app, internet banking, ATM, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, etc.) to the drawee bank, details of which are cross checked with the presented cheque by CTS. Any discrepancy is flagged by CTS to the drawee bank and presenting bank, who would take redressal measures. National Payments Corporation of India (NPCI) shall develop the facility of Positive Pay in CTS and make it available to participant banks. Bank may consider making it mandatory in case of cheques for amount of Rs.5, 00,000/- and above. While availing this facility is at the discretion of the account holder only those cheques which are compliant with above instructions will be accepted under dispute resolution mechanism at the CTS grids.

