

ANZCHEQUE COLLECTION POLICY

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PART A. CHEQUE COLLECTION POLICY

Introduction

A The Cheque collection policy of Australia and New Zealand Banking Group Limited, India ("ANZ") 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. ANZ is committed to increased use of technology to provide quick collection services to its customers.

The Reserve Bank of India had, with effect from 1st November 2004, withdrawn its earlier instructions to commercial banks on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
- iii) Interest Payment for Delayed Collection.

This policy document covers the following aspects:

1. Collection of cheques and other instruments payable locally and at centres within India.
2. Our commitment regarding time norms for collection of instruments.
3. Policy on payment of interest in cases where we fail to meet time norms for realization of proceeds of outstation instruments.
4. Our policy on dealing with collection instruments lost in transit.

This policy is applicable for customers who avail of cash management services from ANZ.

PART B- ARRANGEMENT FOR COLLECTIONS

I. Local Cheques (intra city)

All cheques and other Negotiable Instruments payable locally will be presented through the clearing system using the services of our clearing agent Bank. Cheques deposited at the branch counter 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 will be presented in the next clearing cycle. As a policy, ANZ will give credit to the customer account on the same day that the credit has been received by us from our agent Bank.

Time Frame for Collection of Local- For local cheques presented in clearing using the CTS (Cheque truncation service) module, credit will be afforded on (T+2) the second business day following the date of deposit and the account holder will be allowed to withdraw funds once the credit has been passed to their accounts with ANZ.

Non-CTS 2010 Cheque Clearing Cheques not complying with CTS-2010 standards are cleared through Separate Clearing sessions once a week from Nov 1, 2014 onwards. Since non CTS-2010 standard instruments will be cleared at less frequent intervals in the CTS clearing centres, this may result in delay in realisation of non-CTS-2010 cheques. Further, NON CTS-2010 standard instruments will not be eligible for interest compensation if cleared in the next available clearing cycle post presentation.

II. Outstation Cheques (inter -city)

For cheques drawn on other banks at outstation centres where ANZ does not have a branch of its own, the instrument will be submitted to our agent Bank for collection purposes.

Time Frame for Collection of Outstation Cheques/ Instrument- For cheques and other instruments sent for collection to centres within the country, credit will be given to the Account only on realization of instrument. The indicative time is maximum of (7, 14& 21) days from date of sending the instrument on collection and the same could differ from location to location. Clearing days are dependent on the drawee bank location.

PART C – INTEREST PAYMENTS ON DELAYED CREDIT

1. Payment of Interest for Delayed Collection of Local Cheques -In case of delay from ANZ in passing on the credit received on realization of the local cheques, i.e. (T+2) ANZ will pay interest to its customer on the amount of such collection instruments at the saving bank rate for the period of delay calculated from date of receipt of the funds by ANZ.
2. Payment of Interest of Delayed Collection of Outstation Cheques and - In case of delay from ANZ in passing on the credit received on realization of the cheque for outstation cheques, ANZ will pay interest to its customers from the date of the cheque realised (T+7,14 &21). ANZ will pay interest to its customer on the amount of such collection instruments at the saving bank rate for the period of delay calculated from date of receipt of the funds by ANZ.
3. Payment of Interest of Delayed Collection of Cheques Payable outside India -In case of delay from ANZ in passing on the credit received on realization of the cheque, ANZ will pay interest to its customer on the amount of such collection instruments at the expiry of cooling period as per the details mentioned below.

For USD:

If the cheque is drawn on NY (New York) City, then on the 14th calendar day from credit date in the Nostro. If the cheque is drawn outside NY City, then on the 21st calendar day from credit date in Nostro

For AUD:

Seven Working Days from credit date in our Nostro

For GBP:

Next Working Day from credit date in our Nostro

For Other Currencies

If credit offered is on clear funds basis then, next working day from credit date in our Nostro. If the derived Calendar day is a holiday in India, then the next Working Day (except Saturdays) would be taken as final credit day. In case the cheque is returned later due to any reason, the customer's account would be debited for the equivalent FCY amount.

4. Cheques/ Instruments Lost in Transit/ In Clearing Process or at Paying Bank's Branch -For cheques/instruments lost in transit, ANZ will inform the customer as soon as it has received information, and will request the drawee bank to place a stop-payment. Other than for cheques/instruments lost under force majeure circumstances, ANZ will not levy return charges on cheques/instruments lost in transit and reversed to the customer's account. ANZ will also not levy additional charges for the replacement cheques/instruments sent into Clearing or on Collection.

ANZ will compensate the customer, in respect of cheques/instruments lost in transit when dispatched by ANZ, in the following manner:

(a) In case information regarding loss is conveyed to the customer beyond the time-limits stipulated for collection, interest will be paid for the period exceeding the stipulated collection period, for the period from the end of the applicable period until the date on which information is conveyed to the customer, at the savings account rate.

(b) Additionally, ANZ will pay interest on the amount of the cheque/instrument for a further period of 15 days at its then prevailing savings account rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.

(c) ANZ will also compensate the customer for any reasonable charges that he/she incurs in obtaining duplicate cheque/instrument, upon production of receipt of payment of those charges, in the event the cheque/instrument is to be obtained from a bank/institution who would charge a fee for issue of duplicate.

5. Force Majeure - ANZ 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 ANZ'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 ANZ and prevents it from performing its obligations within the specified service delivery parameters.

PART D – ANZ CHEQUE RETURN POLICY

Preface

One of the important functions of a bank is to open accounts and accept cheque deposits from the public. The Reserve Bank of India is empowered to issue directives and advices on conduct of accounts and cheque returns from time to time.

This policy outlines the guiding principles in respect of the cheque returns in CASA product offered by the Australia and New Zealand Banking Group Limited, India ("ANZ") and terms & conditions governing the operation of CASA accounts. It recognizes the conduct and operations of various CASA accounts, returned cheque, cheque book issuance and closure of account in relation to high cheque returns.

Policy for Cheque Return

Customers who enjoy cheque book facility—In case there are 4 instances of cheque return of any amount for accounts who have not been given advances such as cash credit account, overdraft and the reason of return is insufficient funds, no further cheque books would be issued during that financial year.

For accounts that have been given advances such as cash credit account, overdrafts, etc. the decision to not issue any further cheques or credit facility would be undertaken a higher sanctioning authority (higher than the sanctioning authority for the advance). No cautionary letter would be issued nor will the account be closed unless approved by the concerned authority. Once approved, cautionary letters would be sent and procedure for closure of account would be conducted after 15 days of informing the customer provided all facilities are withdrawn.

After the third instance of cheque return during a financial year (April-March) in the same account for reason of insufficient funds a cautionary letter would be sent to customer advising him that a fourth instance would not entitle him to request for new cheque books and on the fifth instance the account would be liable to be closed. On fourth instance, a letter would be sent advising the customer that no further cheque books would be issued during the current financial year and after the fifth instance the customer would be informed that the bank would close the account within a month on account of unsatisfactory conduct of the account. Fifth letter would be sent after approval from Head-Payment operations, Head of business or Chief Operating Officer or their delegates.

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