IDFC FIRST Bank

IDFC FIRST Bank Limited

Cheque Collection Policy	
Version	: **1.8**
Version Date	: **July 2026**

Cheque Collection Policy

Contents

Cheque Collection Policy	
A. Background	IDFC FIRST Bank Limited has received an in-principal approval from RBI on April 9, 2014 for establishing a new bank in the private sector. As per extant guidelines of Reserve Bank of India (Commercial Banks – Responsible Business Conduct) Directions, Banks should formulate a comprehensive and transparent policy taking into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through correspondents. The policy should cover the following three aspects: • Immediate Credit for Local / Outstation cheques • Time frame for Collection of Local / Outstation Instruments • Interest payment for delayed collection
B. Brief description of the Policy	The policy framework lays down requirements related to aspects of collection of local/outstation cheques, compensation for delay in clearance and for loss of cheques in transit, redressal of grievances and complaints and other related issues to facilitate clearance of cheque.
C. Regulatory Requirements	As per the Reserve Bank of India (Commercial Banks – Responsible Business Conduct) Directions, the Bank should have a Board approved Cheque Collection Policy. *The Bank's Cheque Collection Policy shall be an integral part of, and aligned with, the Bank's overall Deposit Policy. The Deposit Policy has been formulated in accordance with the Model Deposit Policy issued by the Indian Banks' Association (IBA) and/or any other banking association of which the Bank is a member, as well as applicable regulatory guidelines issued by the Reserve Bank of India (RBI). Accordingly, the principles governing cheque collection—covering aspects such as transparency, customer service, timelines for collection, compensation for delays, and risk management—shall be consistent with the overarching framework established under the Deposit Policy. Any amendments to regulatory guidelines, IBA instructions, or internal Deposit Policy shall be suitably reflected in the Cheque Collection Policy to ensure ongoing compliance and uniformity across policies.*
D. Risk type	The policy intends to manage/mitigate Legal & Reputational Risk, Compliance and Operational Risk.
E. Impact Assessment	The policy stipulates the requirements related to operations of immediate credit for local / outstation cheques , time frame for collection of local / outstation instruments, interest payment for delayed collection

F. Risk Management & Controls	The respective business units of Consumer/Wholesale/Retail Banking and other Groups of the Bank will liaise with the Governance, Compliance, Information Security, Risk, Operations and other departments of the Bank for Monitoring the manner in which the policy is implemented at the ground level. The detailed policy guidelines are provided as **Annexure A** with this note.
G. Delegation of Power	The Board shall be on an annual basis updated on the review of cheque collection policy of the preceding year and the final cheque collection policy of the ensuing year.
H. Responsibility Matrix	The respective business units of Consumer/Wholesale/Retail Banking and other Groups of the Bank will be responsible in implementing the policy requirements at a bank-wide level.
I. Review	The Policy shall be reviewed at least on an annual basis or at earlier intervals, if there any regulatory changes necessitating such interim reviews.

Annexure A

IDFC FIRST Bank
Cheque Collection Policy

☑ **Preamble:**

IDFC FIRST Bank endeavours to provide the most efficient services to its customers through effective utilisation of available digital / non digital channels in cheque collection, payment and settlement systems. We hope to leverage on our technology infrastructure to ensure that we do not compromise on the quality of our operational systems, processes and safety of our customers' assets.

Reserve Bank of India and BCSBI codes have been issuing guidelines from time to time with a view of improving the level of customer experience and empowering the banks to promote efficient service. Accordingly, our cheque collection policy has been defined keeping customer's interests at the forefront.

☑ **Objective:**

The objective of ''IDFC FIRST Bank Cheque Collection Policy (Banking Services)'' (hereinafter called 'The Policy') is to establish a system whereby IDFC FIRST Bank (hereby referred as 'The Bank') enlists detailed procedures to collect and manage cheques issued by customers.

1. Arrangements for collection:

a. Local Cheques – CTS

All cheques and other negotiable instruments payable locally would be presented through the CTS clearing system prevailing at the respective grid. Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be presented for CTS clearing on the same day.

Cheques deposited after the cut-off time and in collection boxes outside the branch premises including off-site Automated Teller Machines will be presented in the next CTS clearing cycle.

Under the Continuous Clearing framework, cheques deposited by customers shall be presented electronically through the Cheque Truncation System (CTS) during the operational clearing window. Cheques received within the prescribed cut-off time shall be processed and presented on the same day. Subject to realization and confirmation from the drawee bank, the Bank shall endeavour to credit the proceeds to the customer's account on the same day of presentation or as per the applicable CTS settlement cycle. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house.

Account payee cheques for any person other than the payee constituent shall not be collected. Bank shall collect account payee cheques drawn for an amount not exceeding rupees fifty thousand to the account of co-operative credit societies held with us, provided the payees of such cheques are the constituents of such co-operative credit societies.

Cash Management Services For customers availing Cash Management Services (CMS), collection of instruments is carried out as per the terms of the bilateral agreement between the bank and the customers. Penalties, if any, will be payable as per the terms of the bilateral agreement.

The Bank shall not collect account payee cheques for any person other than the named payee constituent, in line with regulatory guidelines and the principles of safe banking practice. However, it is clarified that collection of instruments drawn in the name of the 'Karta' of a Hindu Undivided Family (HUF) for credit to the HUF account shall not be construed as a violation of this principle. In this regard, the Bank shall obtain an appropriate mandate from the HUF account holder at the time of account opening (or subsequently, if required), expressly authorizing the Bank to collect cheques drawn in favour of the Karta into the HUF account. Further, the Bank shall exercise due diligence and take such precautions as deemed necessary to ensure that cheques drawn in favour of the Karta genuinely pertain to the HUF account prior to credit. Such precautions may include verification of the underlying transaction, consistency with account operations, and any other checks as prescribed under internal policies or regulatory guidance.

Timing for acceptance:

Cheques would be accepted during business hours of the Bank branch. Alternately, cheques can be deposited at ATM drop box round the clock.

b. Collection timings for local cheques drawn on own branches of bank (Transfer cheques) shall be as under:

Sr No	Mode of deposit	TAT
1	Cheques deposited across the Counter	Same working day
2	Cheque deposited in branch/ATM Lobby drop box	Cut off time will be displayed on drop box for same working day
4	Cheque collected by doorstep banking agency from customer's location	Same working day if deposited within the cut off time

2. Compensation for delay in clearance of Local Cheques:

- The compensation to the customers is payable in case of delay in clearance of local cheques beyond stipulated period. Such compensation shall be paid without any demand from customers in all types of accounts at Savings Bank interest rate with applicable taxes.

3. **Interest for delayed collection shall be paid at the following rates:**

a) The Bank shall compensate customers where the delay exceeds seven days beyond the prescribed collection period. The compensation will be calculated and paid at the Savings Bank rate of interest for the duration of the delay.
b) Where the delay is beyond **14 days**, interest will be paid at the rate applicable for term deposit for the corresponding period or Saving Bank rate, whichever is higher.
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, 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, i.e. **delays exceeding 90 days,** interest will be paid at the rate of **2% above the rate applicable to the loan account.**
e) Interest as above shall be payable with a minimum of Rs**. 25/-.**

4. **Compensation for loss of Cheques / Instruments in transit**

- In the event a cheque or an instrument accepted for collection is lost in transit or in clearing process or lost by the Service Provider, the Bank shall immediately, on coming to know of the loss of instrument, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him/her are not dishonoured due to non-credit of the amount of the lost cheque/instrument.

- The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

- In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection, as per the Cheque Collection Policy of the Bank, interest will be paid for the period beyond the stipulated collection period at the rates specified in point 3 above.

- Bank will pay interest with applicable taxes on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for possible further delay in obtaining duplicate cheque /instrument and collection thereof.

- The Bank would also compensate the customer for any reasonable charges which 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, subject to a maximum of Rs. 250/-.

- For cheques lost prior to receipt by the correspondent, the Bank will bear the stop payment charges on customer producing the relevant document. Compensation for foreign currency cheques would be applicable only if the Bank or its correspondent bank loses the cheque.

- The bank would also compensate for any possible loss due to adverse movement of foreign exchange rate in case of foreign currency cheques.

- The Bank shall exercise adequate care and due diligence to ensure that the interests of small depositors are fully protected at all times. In particular, the Bank shall ensure that cheque collection processes, timelines, charges (if any), and grievance redressal mechanisms are fair, transparent, and not prejudicial to small depositors.

- The Bank shall endeavour to provide prompt and efficient collection services, minimize delays, and ensure that compensation, wherever applicable, is provided in accordance with regulatory guidelines. Special attention shall be accorded to safeguarding the interests of small depositors in line with the principles of customer protection and fair banking practices as prescribed by the Reserve Bank of India

5. Payment of Cheques after Stop Payment Instructions

- The instruction for Stop Payment of cheque will be accepted at all Branches / through Contact Centre / through Internet Banking and through other channel available by bank.

- In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, the Bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank. In such cases, the Bank shall compensate the customer to the extent of direct financial loss, if any, by way of loss of savings account interest on account of reduction in the daily closing balance applicable for payment of interest on savings bank deposit or payment of additional interest to in a loan account or any charges levied for reason of balance falling below minimum balance requirement or any charges levied for return of cheques due to shortfall in balance.

- However, no compensation will be paid if cheque has been paid prior to acknowledgment of instructions for stop payment of cheque

6. Payment of "at par" Cheques issued by other Banks

- Bank will not pay any compensation, to the cheque holder, for dishonour of "at par" cheques issued by other banks, including co- operative banks, in the absence of adequate funds in the account on which cheques are issued even though the amount of the cheque may have been paid to the bank, which had issued the "at par" cheque.

- RBI instructions stipulate that banks will not honour cheques drawn on current accounts maintained by other banks with it, unless arrangements are made for funding cheques issued. Issuing bank shall be responsible to compensate the cheque holder for non-payment of cheques in the absence of adequate funding arrangement.

7. Immediate credit of cheques/ instruments

- Branches/extension counters of the Bank will grant immediate credit for cheques/instruments up to the aggregate value of Rs 15000 tendered for collection by individual account holders subject to satisfactory conduct of such accounts. The facility of immediate credit would also be made available in respect of local cheques at centres where no formal clearing house exists.

- Under this policy, value received instruments like Demand Drafts; Interest/Dividend warrants shall be treated at par with cheques.

- In the event of dishonour 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 rate applicable for clean overdraft limits sanctioned for individual customers.

- This immediate credit facility shall be subject to the account fulfilling the following criteria:

  a) Operating accounts of individuals (NRO (savings), NRE (savings) accounts, Minor accounts shall not eligible)

  b) The account should be in Indian Rupees

  c) The cheque/DD should be drawn on a scheduled commercial bank, payable in India (excluding a co-operative bank)

  d) The facility shall be extended to a customer at his/her base branch only

  e) The account should have been opened more than one year back.

  f) Cheques shall not be post-dated/out of date/nearing out of date (to avoid risk of return in clearing). The cheque must be deposited at least 7 working days from the date of expiry of the cheque

  g) The account shall not have been charged for non-maintenance of Quarterly/Monthly Average Balance in last three months / one quarter

  h) The account shall not be "inactive" or "dormant"

  i) The account shall not have had any cheque return charges - both for Inward & outward clearing in last three months preceding the immediate credit request

  j) The amount of immediate credit, whether for a single or multiple cheques/DDs, shall not exceed Rs 15000 in an eligible account, at any point in time

k) There should be no partial immediate credit of a cheque/DD

l) The cheque shall not be the customer's own cheque from another account i.e. not a self-drawn cheque

m) This limit of Rs 15000 for immediate credit is exclusive of the normal powers delegated to the Branch Head for cheque purchase

n) Immediate credit will be provided against such collection instruments to customers on deposition of cheques.

o) The facility of immediate credit will be offered on savings bank/current/cash credit accounts of the customers. Operating accounts of individuals (Non-Resident Ordinary (savings), Non- Resident External (savings) accounts, minor accounts shall not be eligible).

p) Where the Bank has not experienced any difficulty in recovery of any amount advanced in the past including cheques returned after giving immediate credit.

- The Bank shall levy normal collection charges and out of pocket expenses with applicable taxes while providing immediate credit against outstation instruments tendered for collection. Exchange charges applicable for cheque purchase will not, however be charged.

8. Cheques payable in Foreign Countries

Cheques payable at foreign locations, where the Bank has Correspondent banking arrangements, will be collected through correspondent banks. 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.

Customer shall be liable to repay the amount with all expenses which the bank may incur, if the cheque tendered for collection is returned unpaid. Instances in which returned cheques are lost in transit; correspondent bank charges shall be debited to the customer's account on the basis of the non-payment advice received from the correspondent bank.

Cooling period of some of the major currencies are mentioned below:

Currency	Normal Cooling Period (Working days)
USD	6 days for New York Clearing from value date of cheques 14 days for Non New York Clearing from value date of cheques
GBP	8 days from value date of cheques
EUR	8 days from value date of cheques
AED	8 days from value date of cheques
SGD	21 days from value date of cheques

CAD	21 days from value date of cheques

- Value date is the date of credit to our Nostro account
- Cooling period is the time up to which banks wait after receiving provisional credit for the amount of cheque in their Nostro account for possible return of the cheque under provisions of the laws of USA by the drawee bank, before giving credit to the customers.

Fee and Service charges as defined in the applicable Schedule of charges as amended from time to time would be levied. The conversion rate applicable would be the applicable card rate/forex rate provided by treasury as on the date of credit to the customer account.

9. Delay in re-presentation of technical return cheques and levy of charges for such returns

i. Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns. The illustrative, but not exhaustive, list of returns, where the customers are not at fault are indicated in the Annexure 1.

ii. Cheques that need to be re-presented without any recourse to the payee, shall be made in the immediate next presentation clearing not later than 24 hours(excluding holidays) with due notification to the customers of such re-presentation through SMS alert, email etc

10. Customers' responsibility

- Bank will not be responsible for the loss to the customers due to customer's carelessness in keeping the Cheque book, passbook, cards, PIN or other security information and not following "Do's and Dont's issued by the Bank, until the Bank has been notified by the customer.

- Customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her.

- Bank will also not be responsible for the losses arising out of misuse of confidential information, until the time the Bank has been notified of such loss/compromise and has taken steps to prevent its misuse

11. Disclaimer clause

Notwithstanding anything contained here above, the Bank shall not pay any compensation in the following cases:-

i) Dishonour of ‘at par’ payment agreement with other banks, due to non- funding and security compliance.

ii) Delays on account of non-functioning of business due to factors beyond the control of the bank the period covered by such events shall be omitted for calculation of delay etc.

iii) Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.

12. Force Majeure

The Bank shall not be liable to compensate customers 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.

13. Redressal of Grievances and Complaints:

- Depositors having any complaint/grievance with regard to services rendered by the bank have the right to approach authority(ies) designated by the Bank for handling customer complaint/grievances.

- The details of the internal set up for redressal of complaints/grievances will be displayed in the branch premises and other access channels including but not limited to website and mobile banking. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within one month from date of complaint or he is not satisfied with the response received from the Bank, he/she has a right to approach Banking Ombudsman appointed by the RBI.

Policy Revision

The Policy shall be reviewed at least on an annual basis or at earlier intervals, if there any regulatory changes necessitating such interim reviews.

Annexure 1

Illustrative but not exhaustive list of objections where customers are not at fault

(Applicable for Instrument and Image-based Cheque Clearing to Uniform Regulations and Rules for Bankers' Clearing Houses)

S. No.	Reason for Return
1	Instrument mutilated; requires bank's guarantee
2	Clearing House stamp / date required
3	Wrongly delivered / not drawn on us
4	Present in proper zone
5	Instrument contains extraneous matter
6	Image not clear; present again with paper
7	Present with document
8	Item listed twice
9	Paper not received
10	Crossed to two banks
11	Crossing stamp not cancelled
12	Clearing stamp not cancelled
13	Instrument specially crossed to another bank
14	Payee’s endorsement irregular / requires collecting bank's confirmation
15	Endorsement by mark / thumb impression requires attestation by Magistrate with seal
16	Advice not received
17	Amount / Name differs on advice
18	Drawee bank's fund with sponsor bank insufficient (applicable to sub-members)
19	Payee's separate discharge to bank required
20	Not payable till 1stproximo
21	Pay order requires counter signature
22	Required information not legible / correct
23	Bank's certificate ambiguous / incomplete / required
24	Draft lost by issuing office; confirmation required from issuing office
25	Bank / Branch blocked
26	Digital Certificate validation failure
27	Other reasons-connectivity failure
28	‘Payee's a/c Credited' - Stamp required
29	Bank excluded
30	Lost in Transit
31	Other Reasons