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1. Introduction

At present, FINO Payments Bank (FPB) is not operating under CTS membership mechanism. Currently, the Bank provides cheque collection facility under the agency arrangements with ICICI Bank.

Cheque collection is allowed only to CASA + customers and thus in case a Customer lodges a cheque for collection, it is deemed that he/she is opting to upgrade the existing account to CASA+ account subject to eligibility, and thus to the provisions of Cheque Collection Policy. Appropriate communication is sent to the customers.

2. Arrangements for Collection

The bank has applicable processes and systems in place and in line with this policy for the purpose of Cheque collection. All the Instruments (cheques /demand drafts either local / outstation) deposited by eligible CASA plus customers for credit to their FPB accounts, shall be lodged through ICICI Bank, as per the arrangement between FPB and ICICI Bank. The process flow is briefly outlined hereunder:

- a. The FPB customer deposits/lodges/tenders the instruments at any of the FPB branch/ CSP / Drop Box during branch working hours.
- b. The FPB branches / Collection Center provides an acknowledgement to the customer for the cheque deposited and arranges for the submission of the cheques to the designated office of ICICI Bank for lodgment, on the same day of collection of cheques at the branch/CSP or maximum by T+1.
- c. ICICI Bank forwards the instruments to the respective CTS grid for realization.
- d. Upon receipt of cheque deposition report from ICICI bank, the bank processes the shadow credit to customer's account
- e. Upon receipt of realization report from ICICI bank, customer account will be finally credited for cleared cases.

In case of return of the instrument, ICICI Bank sends the physical cheque with a memo detailing reasons for the return. Cheque return charges shall be levied only in cases where the customer is at fault and is responsible for such returns and as per schedule of charges. The illustrative list of reasons for returns, where the customers are not at fault is attached as **Annexure 1**.

The policy shall be made available on Bank's website, besides displaying its salient features on the notice board of the branches/CSPs.

The Banks processes and systems shall be suitably modified in case FPB starts participating in CTS clearing as a direct or indirect member in future.

3. Time Frame for collection of instruments

As the Bank is utilizing the services of ICICI Bank offices across various locations, the overall timeline for such cheque collection shall be subject to following:

- Type of the instrument;
- Cut off time for acceptance of cheque at ICICI Bank (Currently 1:30p.m);and
- The Distance between FPB cheque acceptance point and the corresponding ICICI offices.

The cheques post lodgment at ICICI bank processing center, gets processed as per the applicable clearing guidelines.

- Bank shall not accept any cheques which are more than 90 days old.
- Payee name should completely and exactly match with the account holder's name in FPB's records before accepting instrument for collection.
- Bank accepts CTS-2010 compliant cheques only.
- Credit is accorded in the account of the FPB customer within T+1 working day, wherein T day is the date of receipt of credit from ICICI bank.
- Customers are updated through SMS with regard to the status of cheques at the time of collection and realization or otherwise.
- Outstation collection cheques – all instruments falling under outstation collection category, are dealt on best effort basis and in accordance with prevalent regulatory guidelines.

In view of the above factors, the FPB branches/collection centers are trained to inform the customer about the expected cheque realization timeline at the cheque acceptance point while depositing the cheque with FPB. Necessary monitoring mechanism shall be put in place to keep a track on the TAT for collection, clearing, realization and transfer to customer's account.

4. Dealing with dishonored cheques

The paying banks are required to clearly indicate the return reason code on the return memo / objection slip which should bear the signature / initial of the bank officials as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH).

The Bank on receipt of dishonored cheques from ICICI bank shall immediately dispatch the same to its customers on their communication address. Dispatch details such as courier Name & AWB(Airway Bill) no. etc. Shall be maintained by the branches in cheque outward register.

Data in respect of each dishonored cheque for amount of Rs. 1 crore and above shall be made part of bank's MIS. For the purpose of adducing evidence to prove the fact of dishonor of cheque on behalf of a complainant (i.e., payee / holder of a dishonored cheque) in any

proceeding relating to dishonored cheque before a court, consumer forum or any other competent authority, the bank shall extend full co-operation, and shall furnish him/her documentary proof of fact of dishonor of cheques. The Bank shall place a consolidated report in respect of such matters before its Standing Committee on Customer Service, on a quarterly basis.

5. Payment of interest for delayed collection of CTS instruments

The payment of interest, if any, for delayed collection of cheques is dealt with as per Bank's Customer Service Policy and the prevailing RBI guidelines. The Bank's policy currently prescribes compensation at Bank's Savings Bank Interest Rate for the delay, if any.

CTS compliant instruments: The period of delay is calculated, in case the delay is over and above T+4 working days from the date of lodgment till the date of credit to customer account, has for the processes and systems in place to process such delay cases. The basis for the above mentioned TAT is as follows:

- T is date of lodgment of the cheque at FPB
- T+2 is the date of lodgment in CTS clearing by ICICI Bank
- T+4 is the date of credit to customers / return marking of Cheque post receipt of funds / confirmation from ICICI Bank.

Outstation collection instruments - In case of delay in the collection beyond the stipulated timeline FPB compensates the customer as per the Bank's Saving Bank Interest rate for the delayed period.

Fino Payments Bank uses the services of ICICI Bank for collection of outstation instruments. Period for payment of interest for delayed credit is governed by the provisions of the agreement with ICICI Bank. Currently, ICICI Bank follows 7 working days period norm for the locations wherein ICICI Bank has presence/own branches and 14 working days where ICICI Bank does not have their own branch.

6. Cheques / demand drafts lost in transit

In the event of loss of a cheque or demand draft accepted for collection or in the clearing process at ICICI Bank or at the paying bank's branch, the bank upon receipt of the information immediately, intimates the accountholder so that the account holder can inform the drawer to stop payment so that cheque, if any, issued by him / her is not dishonored due to non-receipt of the -credit of the lost cheques / instruments.

The bank provides required assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. The onus of such loss lies with the collecting banker (Fino Payments Bank) and not the accountholder. The bank shall reimburse the accountholder related expenses for obtaining duplicate instruments and also interest for the delays in obtaining the same. This is applicable only to the instruments drawn in INR and payable within India.

7. Force Majeure:

The Bank is not to compensate customers for delayed credit in case of any unforeseen event (including but not limited to civil commotion, sabotage, lockout, disturbances, accident, fires,

natural disasters or other "Acts of God", war, damage to the bank's facilities or of its correspondent bank(s), types of transportation, etc. beyond the control of the bank prevents it from performing its obligations within the specified service delivery parameters.

8. Charges :

- For all collection services the Bank may recover appropriate charges, as decided by the Bank from time to time and in line with RBI Guidelines/Notifications also it is been communicated to customers.

9. Policy Revision:

- This policy is reviewed from time to time.
- Subsequent changes / modifications, consequent upon any change in regulatory guidelines, market conditions, etc., such changes and approvals shall be deemed to be part of the policy and included therein during the time of periodic review.

10. Complaints:

Any customer complaints in this regard are handled as per Bank's Customer Service and customer Grievance Policy.

Annexure 1

Illustrative but not exhaustive list of objections where customers are not at fault are indicated below : (Applicable for Instrument and Image-based Cheque Clearing to Uniform Regulations and Rules for Bankers' Clearing Houses)

Return Code	Reason for Return
33	Instrument mutilated; requires bank's guarantee
35	Clearing House stamp / date required
36	Wrongly delivered / not drawn on us
37	Present in proper zone
38	Instrument contains extraneous matter
39	Image not clear; present again with paper
40	Present with document
41	Item listed twice
42	Paper not received
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
67	Payee's endorsement irregular / requires collecting bank's confirmation
68	Endorsement by mark / thumb impression requires attestation by Magistrate with seal
70	Advice not received
71	Amount / Name differs on advice
72	Drawee bank's fund with sponsor bank insufficient (applicable to sub-members)
73	Payee's separate discharge to bank required
74	Not payable till 1st proximo
75	Pay order requires counter signature
76	Required information not legible / correct
80	Bank's certificate ambiguous / incomplete / required
81	Draft lost by issuing office; confirmation required from issuing office
82	Bank / Branch blocked
83	Digital Certificate validation failure
84	Other reasons-connectivity failure
87	'Payee's a/c Credited' - Stamp required
92	Bank excluded