MEMORANDUM ON COLLECTION OF CHEQUES/INSTRUMENTS

Reserve Bank of India, vide its circular reference DBOD. No. Leg. BC.55/09.07.005/2004-05 dated November 1, 2004, withdrew instructions relating to:

(i) Immediate credit of local/outstation cheques
(ii) Time-frame for collection of local/outstation instruments, and
(iii) Interest payment for delayed collection.

Instead, banks were advised to formulate a comprehensive and transparent policy for cheque collection taking into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through correspondents, covering all of the aforementioned aspects referring to para 10 of Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025 dated November 28, 2025. It was further advised that this document should clearly provide the liability of the bank by way of interest payments due to delays in non-adherence to standards set by the banks themselves. Compensation by way of interest payment, where necessary, should be made without any claim from the customer. Citibank, N.A. in India ("**Citibank**") has the following memorandum:

General Note

This Memo is applicable for ICG customers who do not avail of cash management services from Citibank. The Bank has separate agreements with customers availing cash management services. Cheques/instruments deposited after the specified cut-off time, either at a Citibank branch or in Citibank collection boxes, will be presented in the next clearing cycle.

a. Clearing of CTS Local (intra-city) cheques/instruments and payment of interest for delayed clearing:

1. The present locations for Citibank branches in India are provided in **Annexure A**. Citibank branches in these locations participate in CTS clearing to improve faster funds realization to customers, effective October 13, 2023, Cheque Truncation System (CTS) three grids New Delhi, Chennai, and Mumbai, was merged under the "One Nation, One Grid" project, to create a single grid for the nation. All the Citi bank locations across India are part of the national grid. The settlement of cheques/instruments presented in CTS clearing is effected in accordance with the time-lines stipulated by the Clearing House.
2. 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.

2. **Provisional Credit period:** If a customer presents a cheque on Day 0 (prior to clearing cut off time): (a) The customer's bank account would be provisionally credited on the same day.

In the event of a cheque return, based on information provided by the Clearing House /, the customer's bank account would be debited for the amount of the returned cheque. For cheques/instruments that are not returned in clearing, clear funds would be available to the customer for withdrawal from the bank account.

For any delay beyond the Provisional Credit period stated above, the bank will compensate the customer with interest for the delayed period (to the date of realization of the cheque) on the basis of the then prevailing savings account interest rate or Rs 10/- whichever is higher.

The bank will, on a monthly basis, undertake the exercise of computing compensation and crediting the customer's bank account with the compensation amount for instances where there has been a delay as explained above.

Non-CTS 2010 cheque clearing

In line with RBI directives on "Migration of Cheques forms to CTS-2010 standard", Separate clearing session for cheques not complying with CTS-2010 standards has been discontinued from December 31,2018. Accordingly, there is no separate session for Non-CTS instruments under CTS Clearing. Banks, however, continue to present such instruments **in** other mode of collection.

In view of the above, clients should deposit only CTS-2010 standard compliant cheques.

b. Clearing of outstation (inter-city) cheques/instruments for banks not participating in CTS clearing and payment of interest for delayed collections

The timeframe for collection of cheques/instruments drawn on outstation locations for banks not participating in CTS clearing once the cheque is sent for collection is as given below:

S. No.	Drawee Location details	Timeframe for clearing
(i)	Citibank branch locations (where drawee location is a METRO location)	5 business days
(ii)	Citibank branch locations (where drawee location is a STATE CAPITAL location)	6 business days
(iii)	Citibank branch locations (where drawee location is NEITHER OF THE ABOVE TWO – "OTHERS")	8 business days
(iv)	Locations where Citibank does not have a branch	14 business days

For the last point (iv) mentioned above, if funds, and/or the related information, have not been received by Citibank from the drawee bank so as to enable Citibank to credit the customer account with the funds within 14 business days, Citibank is not liable to pay any compensation to the customer.

For any delay in realization of cheque beyond the timeframe stipulated in the table above, the bank will compensate the customer with interest for the delayed period on the basis of the then prevailing savings account interest rate or Rs. 10/- whichever is higher.

Note – The realization of cheque (like non-cts) would also be dependent on the drawee location(s) and hence interest compensation for delay credit may not be applicable.

The bank will on a monthly basis, undertake the exercise of computing compensation and crediting the customer's bank account with the compensation amount for instances where there has been a delay as explained above.

For any unauthorized actions of the bank or fraudulent transaction the same is reported to central unit for onward reporting to Regulators.

c. Speed Clearing (Now Part of CTS)

In order to facilitate faster collection of outstation cheques, the Reserve Bank of India commenced a special clearing facility called "Speed Clearing". This facility leverages the core-banking-solutions implemented in banks and now is part of Cheque Truncation system (CTS). Details on CTS Clearing are available in the CTS FAQ provided in **Annexure B**.

d. Immediate credit for outstation / Local cheques / instruments

Citibank provides a facility of immediate credit for outstation cheques/local instruments up to Rs. 25,000. Customers are required to make a specific request for the same. This facility would be provided to customers at the sole discretion of the bank and is subject to Citibank's internal approvals and satisfactory conduct of the bank account, provided the customer:

(i) have maintained an account with the branch for a period of more than 1 year

(ii) meet the bank's credit considerations, wherever applicable.

e. Cheques/instruments (including those discounted/purchased) lost in transit

For cheques/instruments lost in transit, Citibank will inform the customer immediately on receipt of this information and will request the client / drawee bank to place a stop payment. Except where the cheques/instruments are lost under force majeure circumstances, return charges on cheques/instruments lost in transit will not be levied to the customer's bank account. The bank will also not levy any additional charges for the replacement cheques/instruments sent into Clearing or on Collection and compensation for the delay will be provided as per mentioned in section b).

f. Returned cheques/instruments

For CTS enabled cheques on receipt of information regarding cheque dis-honor or non-receipt of physical cheque from the drawee bank, Citibank will provide such information to the customer & for cheques that are presented and returned at Citi branches (which are dishonored by other bank) are dispatched to the client within 24 hours. Charges for dishonored instruments will be levied to client as applicable.

Cheque return charges shall be levied only in case where the reason for such return is attributable to the customer. The illustrative, but not exhaustive, list of return reason, is available in Annexure C.

g. Cheques/instruments payable in foreign currency

Corporate customers:

ICLS Process: -

ICLS (International Cash letter Service) is an arrangement offered to corporate customers for their USD denominated cheque which is drawn and payable in USA. These instruments / cheques are dispatched to Citibank NY "ICLS Clearing house" (Global Clearing Unit) for realization of credit proceeds.
Provisional credits are passed to Citibank India Nostro account through Citibank NY ICLS Clearing unit upon receipt of cheque / deposit slip at their end.
Citibank India applies this provisional credit (upon realization of funds) to customer's account based on disposition instruction and as per applicable hold period defined in the agreement with the customer which typically varies between 6 – 11 days. Note: Provisional Credits are subject to reverse at any given point of time (Up to 2 Years) in case of bounce or reversal (Debit in Nostro) from Citibank NY. Citibank

India will reverse the credit from customer account immediately on reversal / bounce from Citibank NY along with applicable Charges / FX Loss incurred at the time of reversal.

CORPFCC Process:-

Foreign currency cheques/instruments are sent under collection to the drawee bank in the respective countries. The customer's account is credited, in relevant currency at the prevailing market exchange rates (wherever applicable), on receipt of clear funds from the drawee bank with applicable Collection Charges

For any delay in credit to customer's account which is attributable solely to Citibank India, the bank will compensate the customer with interest for the delayed period on the basis of the then prevailing savings account interest rate.

h. Cheque Collection Charges – Outstation cheques

The cheque collection charges for outstation cheques vary based on the nature of account held by the customer with the bank. The maximum cheque collection charged levied currently are as provided below:

Client code	Product Description	Cluster	Standard Charges	Courier Charges	Return Charges
CIT PO	Citi Clear		0.15/1000	90 per cheque	Rs 240 per instrument + Int on returns for guaranteed customer @ MCLR/as per product
	Citi Speed		0.45/1000		
	Citi Check		1.3/1000		
		Cluster 1	0.2/1000		
		Cluster 7	4.8/1000		
	Citi Anywhere		6/1000		

i. Cancellation of physical Demand Draft issued by Citibank and drawn on correspondent bank

In case a demand draft drawn on a correspondent bank is returned to Citibank for cancellation, the proceeds of cancellation of such draft will be credited to the customer account within 15 days of presentation for cancellation. In case there is a delay in refunding the cancellation proceeds, then compensation will be paid to the customer at fixed deposit interest rate for the delay beyond 15 days.

j. Force Majeure

Citibank shall not be responsible in the event of any force majeure event including but not limited to floods, riots, acts beyond its reasonable control and without its fault or things, riots, rebellions, accidental explosions, floods, storms, acts of God and similar occurrences.

Information about the Memorandum

A copy of the Memo is placed internally, copy can be obtained for perusal from the Product Manager at request.

Updated: Jan'26

Annexure A

Details on Citibank branch locations

1. Ahmedabad
2. Bangalore
3. Vadodara
4. Chandigarh
5. Chennai
6. Kochi
7. Coimbatore
8. New Delhi
9. Gurgaon
10. Hyderabad
11. Kolkata
12. Mumbai
13. Noida
14. Pune

Annexure B

Cheque Truncation System (Updated as on January 7, 2026 as per RBI)

1. What is Cheque Truncation?

Cheque truncation means stopping the flow of a physical cheque during the course of a clearing cycle, immediately on generation of an electronic image for transmission. In the extant Cheque Truncation System (CTS) of India, physical cheques are truncated by the presenting bank. Cheque truncation thus obviates the need to move the physical instruments across bank branches for clearing purposes, other than in exceptional circumstances. This effectively eliminates the associated cost of movement of the physical cheques, enables automation of clearing processes and reduces the time required for their collection.

2. What is Continuous Clearing and how is it different from earlier clearing mechanisms?

Cheque Clearing traditionally involves a presentation session and a return session. In the Cheque Truncation System (CTS) of India, during the presentation session, the presenting bank (or its branch) captures the data of the cheques along with their electronic images and sends them, in lieu of the physical cheques, to the clearing house for presentation on the drawee (paying) bank. The clearing house processes the data, arrives at the settlement, and routes the images and requisite data to the drawee banks at the end of presentation session. In the return session, the drawee bank submits the data of unpaid / dishonoured cheques to the clearing house. The clearing house processes provided data, arrives at the settlement, and routes the return data to the presenting banks at the end of the return session.

The clearing cycle is treated as complete once the presentation clearing and the associated return clearing sessions are successfully completed. Funds are made available to the presenting banks only after completion of the return clearing session.

Under Continuous Clearing, the flow of cheque images and data across banks through the clearing house is continuous and both the presentation and the return session (now called the confirmation session) operate in tandem. This enables faster clearing of cheques and even utilisation of infrastructure and resources throughout the day.

The details of the modalities of continuous clearing are indicated in the circular CO.DPSS.RLPD.No.S536/04-07-001/2025-2026 dated August 13, 2025.

3. What is Item Expiry Time for a Cheque?

Item Expiry Time indicates the latest time by which confirmation for the presented instrument can be provided by the drawee bank, failing which the cheque will be considered deemed approved and included for settlement. Item Expiry Time is arrived at by CCH based on presentation time and provided to drawee banks along with cheque data.

4. **What type of instruments can be presented for clearing through CTS? What is CTS-2010 Standard Cheque?**

Only CTS-2010 standards compliant instruments can be presented for clearing through CTS.

CTS-2010 standards contain certain benchmarks towards achieving standardization of cheques issued by banks across the country. These include provision of mandatory minimum-security features on cheque forms like quality of paper, watermark, bank's logo in invisible ink, void pantograph, etc., and standardization of field placements on cheques. The minimum-security features and standardization help presenting banks while scrutinizing / recognizing cheques of drawee banks in an image-based processing scenario.

5. **Are non-CTS cheques invalid?**

Banks have been advised to issue only CTS 2010 standard compliant cheques from September 30, 2012. Earlier, there were septate clearing sessions for non-CTS cheques. However, they were discontinued with effect from December 31, 2018. As of now, non-CTS cheques cannot be presented in CTS. Bank have been advised to withdraw the non-CTS cheques from the customers. However, a non-CTS cheque continues to be valid as a negotiable instrument.

6. **What is the status of CTS implementation in the country?**

CTS was originally implemented with three separate geographical CTS grids in New Delhi, Chennai, and Mumbai with effect from February 1, 2008, September 24, 2011, and April 27, 2013 respectively. Over time, all locations across the country were brought under the ambit of one of the three grids. After migration of the entire cheque volume to CTS, the traditional mechanisms of cheque clearing have been discontinued across the country. Banks have been advised to ensure that all their branches are connected to CTS.

With effect from October 13, 2023, the three grids were merged to form a National Grid managed by National Grid Clearing House (NGCH), Chennai.

7. **What care should be taken by customers while writing cheques?**

There are three images of each cheque that are taken in CTS – front Gray Scale, front Black and White and back Black and White. Customers should use image friendly colored ink to write cheques to facilitate clear image of written information. Further, customers should use permanent ink to prevent fraudulent alternation of contents later. However, Reserve Bank of India (RBI) has not prescribed specific ink colors to be used to write cheques.

Customers should also be aware that cheques with alteration / modification are not accepted under CTS. No changes / corrections can be carried out on the cheques (other than for date validation purposes, if required). For any change in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words), fresh cheque leaves should be used by customers. This would help banks in identifying and controlling fraudulent alterations.

8. **What is Positive Pay System for Cheques?**

Positive Pay System (PPS) for CTS is an additional indicator provided by NPCI to all banks to facilitate the clearing process and pre-empt cheque-related frauds and shall form part of prudent practices followed by banks for payment processing. It has been introduced to augment customer safety in cheque payments and reduce instances of fraud occurring on account of tampering of cheque leaves.

Under Positive Pay, 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 his 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. Banks have been advised to enable PPS facility for all account holders issuing cheques for amount of ₹ 50,000 and above. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of ₹ 5,00,000 and above.

9. What are the precautions required to be taken by the banks in CTS?

Banks should exercise care while affixing stamps on the cheque forms, so that it does not interfere with the material portions such as date, payee's name, amount, and signature. The use of rubber stamps, etc., should not overshadow the clear appearance of these basic features in image. It is necessary to ensure that all essential elements of a cheque are captured in an image during the scanning process and banks / customers have to exercise appropriate care in this regard.

Banks are also required to verify the security features additional to CTS-2010 standard that have been voluntarily implemented.

10. If a customer desires to see the physical cheque issued by him for any reason, what are the options available?

Under CTS the physical cheques are retained at the presenting bank and do not move to the paying banks. In case a customer desires, banks can provide images of cheques duly certified / authenticated. In case, however, a customer desires to see / get the physical cheque, it would need to be sourced from the presenting bank, for which a request must be made to his / her bank. An element of cost / charge may also be involved for the purpose. To meet legal requirements, the presenting banks which truncates the cheques need to preserve the physical instruments for a period of 10 years.

11. What is the timeline for realization of cheques under continuous clearing?

The banks shall present cheques received from the customer in CTS clearing as soon as possible.

A cheque presented can be confirmed by a drawee bank any time before its Item Expiry Time during the confirmation session. Once a cheque is positively confirmed to the clearing house, the clearing house shall include it in the next settlement. After successful posting of settlement, the clearing house shall release the return files to the presenting bank based on which presenting banks will release the payment to the customers, within one hour of the successful settlement, subject to usual safeguard.

Item Expiry Time of cheque/s may be extended for one or more hours / days in extraordinary circumstances with approval of the Reserve Bank of India.

12. What happens if cheques / instruments are lost in transit / in clearing process?

If cheques are lost in transit or in the clearing process, the bank should immediately bring the same to the notice of the presenting customer (beneficiary)'s notice so that the customer can inform the drawer to record stop payment and can also take care that other cheques issued anticipating the credit arising out of the lost cheque are not dishonoured due to non-credit of the amount of the lost cheques / instruments.

13. How much can a bank charge for cheque collection?

For collection of cheques up to and including ₹1,00,000/-, there is no service charge for savings account customers. For cheques with value above that and for other account types, service charges may be decided by the concerned banks and communicated to their customers as part of their Cheque Collection Policy.

14. Apart from cheques what are the other means of transfer of funds?

Reserve Bank of India (RBI) has authorised various types of payment systems to enable transfer of funds. For an overview of the various payment systems available in India, you may refer to the following link on the RBI website:

https://rbi.org.in/scripts/FS_Overview.aspx?fn=9.

15. Am I entitled to receive an acknowledgement for cheque deposited in a bank for collection?

Banks are required to provide both the cheque drop box facility and the acknowledgement facility at their collection counters. No bank branch can refuse to give an acknowledgement to the customer if the latter asks for the same while tendering cheque for collection at the bank branch's counter.

16. What do I do if I still have a grievance?

If any customer has a complaint against a bank due to non-payment or inordinate delay in the payment or collection of cheques, complaint can be lodged with the bank concerned. If the bank fails to respond within 30 days, you may make a complaint under the "Reserve Bank-Integrated Ombudsman Scheme (RB-IOS 2021)". Complaints can be filed online on https://cms.rbi.org.in, or through e-mail or sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at 4th Floor, Reserve Bank of India, Central Vista, Sector 17, Chandigarh – 160 017 in the format given at the following path:

https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf.

A toll-free number – 14448 (9:30 am to 5:15 pm) – is also available for customers to seek assistance in filing complaints and information on grievance redressal, with multi-lingual support.

These FAQs are issued by the Reserve Bank of India for information and general guidance purposes only. The Bank will not be held responsible for actions taken and/or decisions made based on the same. For clarifications or interpretations, if any, one may be guided by the relevant circulars and notifications issued from time to time by the Bank.

Annexure C

Following is the illustrative, but not exhaustive, list of returns, where reason for such return is not attributable to the customer:

Code No.	Reason for Return
1	Funds insufficient
2	Exceeds arrangement
3	Effects not cleared, present again.
4	Refer to drawer
5	Kindly contact Drawer/ Drawee Bank and please present again
10	Drawer’s signature incomplete
11	Drawer’s signature illegible
12	Drawer’s signature differs
13	Drawer’s signature required
14	Drawer’s signature not as per mandate
15	Drawer’s signature to operate account not received
16	Drawer’s authority to operate account not received
17	Alteration require drawer’s authentication
20	Payment stopped by drawer
21	Payment stopped by attachment order
22	Payment stopped by court order
23	Withdrawal stopped owing to death of account holder
24	Withdrawal stopped owing to lunacy of account holder
25	Withdrawal stopped owing to insolvency of account holder
30	Instrument post dated
31	Instrument out dated / stale
32	Instrument undated / without proper date
33	Instrument mutilated; requires Bank’s guarantee
34	Cheque irregularly drawn / amount in words and figures differ
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
50	Account closed

51	Account transferred to another branch
52	No such account
53	Title of account required
54	Title of account wrong / incomplete
55	Account blocked (situation covered in 21-25)
60	Crossed to two banks
61	Crossing stamp not cancelled
62	Clearing stamp not cancelled
63	Instrument specially crossed to another bank
64	Amount in protective crossing incorrect
65	Amount in protective crossing required/ illegible
66	Payee's endorsement required
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 funds with sponsor bank insufficient
73	Payee's separate discharge to bank required
74	Not payable till 1st proximo
75	Pay order / cheque 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 reason- connectivity failure
85	Alterations on Instrument - Other than "Date" field (Alteration/correction on instruments are prohibited under CTS)
86	Fake/Forged/Stolen Draft/cheque/cash order/interest warrant/dividend warrant
87	Payee's a/c credited- Stamp required
88	Other reason