



RESERVE BANK OF INDIA

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RBI/2012-13/163

DPSS.CO.CHD.No.274 / 03.01.02 / 2012-13

August 10, 2012

The Chairman and Managing Director / Chief Executive Officer
All Scheduled Commercial Banks including RRBs /
Urban Co-operative Banks / State Co-operative Banks /
District Central Co-operative Banks

Madam / Dear Sir

Issue of multicity / payable at all branches cheques by CBS enabled banks

As you are aware, various Core Banking Solutions (CBS) implemented in banks marked a paradigm shift in Customer Services. Customers of a branch are now the bank's customers as they can access their accounts from any branch for defined purposes. The new opportunities offered by CBS have enhanced customer service by way of offering various payment products and channels resulting in speedy movement of funds across the country. Leveraging the CBS, banks have started issuing "payable at par" / "multi-city" cheques to select customers with separate transaction codes (29, 30 and 31) by putting in place infrastructure for processing such cheques at all CBS enabled branches.

2. In this regard, Reserve Bank of India had suggested vide its [circular DPSS. CO. No. 644 / 03.01.02 / 2007-08 dated October 31, 2007](#), that the facility of "payable at par" / "multi-city" cheques should be made available by all the CBS enabled banks to all the eligible and requesting customers taking into consideration the availability of CBS in more than 35,000 bank branches at that time.

3. On a review of the practice followed by banks in this regard, it has been observed that banks are issuing these types of cheques differently. While a few banks are issuing "payable at par" / "multi-city" cheques with value cap, some other banks issue these cheques as per category of account (High Net-worth Customers). Instances of levying intersol charges when such cheques are cleared at other than the base branch city have also come to our notice.

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4. Taking into consideration the availability of processing infrastructure for clearing outstation cheques at all clearing locations across the country and to bring about further efficiency in cheque clearing, all CBS enabled banks are hereby advised to issue only “payable at par” / “multi-city” CTS 2010 Standard cheques to all eligible customers. Appropriate Board approved risk management procedures based on risk categorization of accounts may also be put in place. Since such cheques (payable at par) are cleared as local cheques in clearing houses, customers should not be levied extra charges. The updated Board approved policy of banks in this regard may be placed on the web-site of banks, customers notified and a copy thereof forwarded to us.

5. The above instructions are issued under Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(Vijay Chugh)
Chief General Manager