



RESERVE BANK OF INDIA

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DPSS.CO.CHD.No. /2080 / 03.01.03 / 2011-12

May 11, 2012

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

Madam / Dear Sir,

Review of Service Charges for Cheque Collection – Outstation and Speed Clearing

Please refer to our [circulars DPSS.CO.No.611 / 03.01.03\(P\) / 2008-09 dated October 8, 2008](#) and DPSS.CO.No 829 / 03.01.03(SC) / 2008-09 dated November 17, 2008 in terms of which, the charges for Outstation Cheque Collection and cheques collected under the Speed Clearing arrangement (leveraging the CBS platform) were mandated by the Reserve Bank of India.

2. In terms of our [circular DPSS.CO.CHD.No. 1671 / 03.06.01 / 2010-11 dated January 19, 2011](#), freedom was accorded to banks to determine collection charges for cheques valuing above Rs. 1 lakh cleared through Speed Clearing and Outstation Cheque Clearing mechanism subject to such charges being levied in a fair and transparent manner. The term fair and transparent manner, *inter-alia*, included fixing the service charges on a **cost-plus basis** and not on the basis of an arbitrary percentage to the value of the instrument as advised in paragraph 6(b) of the said circular.

3. However, instances of banks levying charges as an arbitrary percentage to the value of the instrument, contrary to the instructions issued in the circular have been brought to our notice. Such practices are in violation of instructions issued under Section 18 of the Payment and Settlement Systems Act 2007.

4. Banks, which have fixed their service charges for out-station/speed clearing for instruments valuing above Rs. 1 lakh as percentage to the value of instruments are, therefore, advised to review the same and fix the charges on a cost-plus basis.

5. Banks may note to ensure that collection charges fixed for instruments valuing above Rs. 1 lakh is lower under Speed Clearing vis-a-vis Out-station Cheque Collection as advised in paragraph 6(d) of our circular dated January 19, 2011 so as to encourage the use of Speed Clearing.

6. The updated service charge structure may be incorporated in the Cheque Collection Policy (CCP) and customers notified accordingly. The revised rates may also be placed on the bank's web site and a copy thereof may be submitted to us..

7. Please acknowledge receipt and confirm compliance.

Yours faithfully

(Vijay Chugh)
Chief General Manager