

Mizuho Bank, Ltd

Cheque Return Policy

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DOCUMENT CONTROL SHEET

Document Authorization

Document Name	Department/ Committee	Authorized By	Prepared By
Cheque Return Policy	Senior Management Committee	SMC	Khajapeer

Review Activities

Review Date	Reviewed By
07/05/2012	Dinesh Naik

Review Distribution List

S/N	Department /Committee	Name
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DISCLAIMER

This policy has been prepared on the basis of existing risk management policies in the bank, the best practices in the industry and the discussions held with the various officials from different departments.

This report is based on the current organization and does not take into consideration any proposed or future re-organization / change in the roles and responsibilities of various functional departments and associated policies and is based on the status of the bank as at the date of preparation.

“MHBK”, “MHBK, India” and “Bank” are used interchangeably and should be considered to refer to the MHBK, Indian Operations.

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Reserve Bank of India Guidelines

According to RBI Master circular on Customer Service DBR No.Leg.BC. 21/09.07.006/2015-16 dated July 1, 2015 & DBR.No.Leg.BC.3/09.07.005/2016-17 dated August 04, 2016. The Bank should introduce a condition for operation of accounts with cheque facility that, in event of dishonour of a cheque valuing Rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued. The circular also states that banks are advised to have board approved policy for dealing with frequent dishonour of cheques of less than Rs. 1 crore and ECS mandates in place.

Dealing with incidents of frequent dishonour of cheques of value Rs. 1 crore and above and Dealing with frequent dishonour of cheques of value of less than Rs. 1 crore

- i) Monthly account review sheet is to be prepared by Operations Department for the Accounts which cheque/cheques were returned during the previous month and circulated to GM through Business Promotion Department. Business promotion Department has to decide whether to continue the relationship with the customer where there are frequent dishonor of checks or to initiate steps to close the account.
- ii) At the end of each financial year a Cumulative Account Review sheet to be prepared by Operations Department where there is any dishonor of incoming clearing cheques and circulated to GM through Business Promotion Department.
- iii) The Operations dept. to keep a strict control on the dishonour of instruments for want of sufficient funds where the amount is Rupees one crore and above and if there are three such occasions then a cautionary advice needs to be sent to that customer through Business Promotion Department.
- iv) Where there is a dishonour of cheques valuing Rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued and same is to be intimated to the Customer in writing through Business Promotion Department.
- v) Business Promotion Dept. to take necessary steps such as note to management etc for giving effect to the same. They may also initiate steps to close the account if so decided. There might be instances where the customer would have initiated transfer of funds from another bank through the banking channel, but these funds would have not reached us before the cut off time for return of funds, on such occasions Business promotion department to access the case accordingly.
- vi) For accounts where there is frequent dishonor of checks & ECS mandate regardless of amount (ie. Less than Rs. 1 Crore) the business promotion Department has to decide whether to continue the relationship with the customer or to initiate steps to close the account if so decided.
- vii) However in case of advance accounts such as cash credit account, overdraft account, the need for continuance or otherwise of these credit facilities and cheque facility relating to these accounts can be reviewed by SMC.
- viii) In case where the Business Promotion Department has taken a decision to close the Account of the Customer in which the operations are not satisfactory, at least one month advance notice to be given to the customer.

The detailed procedure for cheque Return to be followed as mentioned in IOP

Review of this Policy

This Policy shall be reviewed annually or as and when there are any changes in local regulations/laws or Head Office guidelines.