



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2014-15/303

DCBR.CO.BPD .(PCB). Cir No 2/12.05.001/2014-15

November 13, 2014

The Chief Executive Officer
All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

Cheque related fraud cases - preventive measures

The rise in the number of cheque related fraud cases is a matter of serious concern. It is evident that many of such frauds could have been avoided had due diligence been observed at the time of handling and/or processing the cheques and monitoring newly opened accounts. Primary (Urban) Co-operative Banks (UCBs) are, therefore, advised to review and strengthen the controls in the cheque presenting/passing and account monitoring processes and to ensure that all procedural guidelines including preventive measures are followed meticulously by the dealing staff/officials. Given below are some of the preventive measures UCBs may follow in this regard. The list is only indicative.

- I. Ensuring the use of 100% CTS - 2010 compliant cheques.
- II. Strengthening the infrastructure at the cheque handling Service Branches and bestowing special attention on the quality of equipment and personnel posted for CTS based clearing, so that it is not merely a mechanical process.
- III. Ensuring that the beneficiary is KYC compliant so that the bank has recourse to him/her as long as he/she remains a customer of the bank.
- IV. Examination under UV lamp for all cheques beyond a threshold of say, Rs.2 lakh.
- V. Checking at multiple levels, of cheques above a threshold of say, Rs. 5 lakh.
- VI. Close monitoring of credits and debits in newly opened transaction accounts based on risk categorization.
- VII. Sending an SMS alert to payer/drawer when cheques are received in clearing.

सहकारी बैंक विनियमन विभाग, केंद्रीय कार्यालय, गारमेट हाऊस, पहली मंजिल, डॉ. एनी बेसेंट मार्ग, वरली, मुंबई - 400018 भारत

फोन: 022 - 2493 9930 - 49; फैक्स: 022 - 2497 4030 / 2492 0231; ई-मेल: rbiubdco@rbi.org.in

Department of Cooperative Banking Regulation , Central Office, Garment House, 1st Floor, Dr. Annie Besant Road, Worli, Mumbai - 400018, India

Phone: 022 - 2493 9930 - 49; Fax: 022 - 2497 4030 / 2492 0231; E-mail: rbiubdco@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाइए।

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्ति की जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।
Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.



The threshold limits mentioned above can be reduced or increased at a later stage with the approval of the Board depending on the volume of cheques handled by the UCBs or its risk appetite.

2. In addition to the above, UCBs may consider the following preventive measures for dealing with suspicious or large value cheques (in relation to an account's normal level of operations):

- a) Alerting the customer by a phone call and getting the confirmation from the payer/drawer.
- b) Contacting base branch in case of non-home cheques.

The above may be resorted to selectively if not found feasible to be implemented systematically.

3. It has been reported that in some cases even though the original cheques were in the custody of the customer, cheques with the same series had been presented and encashed by fraudsters. In this connection, UCBs are advised to take appropriate precautionary measures to ensure that the confidential information viz., customer name / account number / signature, cheque serial numbers and other related information are neither compromised nor misused either from the bank or from the vendors' (printers, couriers etc.) side. Due care and secure handling is also to be exercised in the movement of cheques from the time they are tendered over the counters or dropped in the collection boxes by customers.

Yours faithfully

(Suma Varma)
Chief General Manager