



Supervision and Control of Financial Institutions
Division

Date: 2-2-2020

Circular no.: 2

To: All Banks operating in Qatar

Subject: Returned Cheques (Cheques with no Funds or Insufficient Funds)

Upon reviewing QCB Instructions to Banks until September (2013), and pursuant to the provisions of Article (7) paragraph (12) of the Qatar Central Bank Law and the regulation of financial institutions issued under Law No. (13) of 2012, QCB decides the following:

Article (1) "Definitions"

The following words and expression shall have the meanings assigned thereto, unless the context requires otherwise:

Law: The Law on Qatar Central Bank and the regulation of financial institutions No. 13 of 2012.

The Bank: Qatar Central Bank.

The Governor: The Governor of the Qatar Central Bank.

Returned cheque/check (no Funds or insufficient funds): Any cheque drawn on any bank that is not being encashed due to lack of funds, or insufficiency of funds, whether in Qatari Riyals, or in any foreign currency that is negotiable in the State of Qatar.

The Center: Qatar Credit Bureau.

Person: A natural or legal person, and includes joint account holders.



Supervision and Control of Financial Institutions
Division

Beneficiary of the cheque: the holder of the cheque who is entitled to claim its value.

Records: All banking records, books and documents containing data related to customers having a record of returned cheque, whether in form of physical paper record, or electronically maintained on the bank's computer systems.

Article 2

The following cases shall be excluded:

- A- The cheque drawn to the order of the drawer, unless it is endorsed.
- B- A cheque drawn on the account of a government agency.

Article (3)

A- The Center provides customer inquiry service, including information about returned checks, to banks in accordance with the controls and policies of the center.

B- The bank shall have the authority to inquire on the data pertaining to returned check through electronic communication network with the center.

C- The Center shall maintain data relating to returned checks received from the banks which are members in the Center's Returned Checks System and will enable reports generation on the data from the system.

D- The Bank and the Center are not, in any way, responsible for the accuracy of the data received from the banks.



Article 4

Banks must comply with the following: -

- A- Prepare detailed data on returned checks issued by the drawer (reporting, settlement, deletion and amendment) and send the data electronically to the Center on a daily basis, as per file requirements and compatibility based data entry file of the returned checks version 1.4 or any later version maintained by the Center. The data file from banks to the center may be uploaded only through the Main offices of banks.
- B- To maintain detailed data on information related to the returned check (the name of the drawer, QID number, check number, date of the check, date when the check is returned, name of first beneficiary of the check and the name of person in whose name favor the check was endorsed if any, the amount in Qatari Riyals, or the equivalent in Riyals according to the average price of the currency on the date of return of the check if the returned checks issued is in foreign currency. The date and method of notification should be maintained also, so long as the name of the drawer of the check remains included in the report of the returned checks. The bank shall provide the drawer with any of these data upon request.
- C- To notify the drawer by sending the notification to his address registered with the bank about the reasons of the return of the check and date of return, immediately upon returning the check by the drawee bank. The notification shall be sufficient to prove that the drawer of the check is notified, either receiving it by hand, or informing him through a call to inform about the returned check on the registered phone number, or through electronic means, or by any other means of communication agreed with the customer for this purpose.
- D- To request the drawer to settle the claim on the returned check, through the notification mentioned in Paragraph (C) of this Article, to settle the check.
- E- The data pertaining to the returned check and its drawer shall be sent to the Center during the working hours on the same day of the check was returned.



Supervision and Control of Financial Institutions
Division

Article (5)

When the drawer of the returned check performs the settlement of the claim returned check, the bank shall remove the drawer's name from the Returned Checks Report, which was listed as per the requirement of these instructions, and the bank shall send the following details to the Center:

A. The settlement file detailing data of reporting on the drawer of the returned check on the following business day in any one of the following cases:

- 1- In case the returned check is encashed from the account of the drawer.
- 2- In case the bank receives the original copy of the returned check from the drawer, then the bank shall indicate to the Center in the settlement file the date of presentation of the returned check by the drawer shall be considered as the date for settlement.
- 3- In case the bank receives documentary evidence for settlement of the claim on the returned check on certain dates, the bank shall, in the settlement file sent to the center, indicate the date of such settlement as evidence in the settlement document. In case the settlement date is not available in the document submitted, then the date of approval of the said document shall be indicated, and where in case the date of the approval of the document is not available, then the date re-presentation of the returned check to the bank shall be taken as the date of settlement of the claim.
- 4- If the bank is informed of a decision by a judicial authority to suspend the procedures regarding the returned check until the related dispute is resolved.
- 5- If the bank receives proof of the reporting to the relevant security or judicial authorities about the loss or theft of the check.
- 6- The bank may not reject or postpone the settlement, amendment or cancellation of the check / checks in violation of the provisions of these instructions, due to any other relations between the bank and its customers.

B- On receipt of the settlement file, as per the requirement of these instructions, the Center shall:



Supervision and Control of Financial Institutions
Division

- 1- Modify the status of the check in the report of the drawer from unpaid to a check that was encashed as in cases (3,2,1) under item (a) above.
- 2- Delete the returned check statement in the name of the drawer, if the bank receives proof that the check was settled by the drawer in cases (5,4) under item (a) above.
- 3- Remove the returned check from the report of the drawer after three years from the date the check was returned.

Article 6

Pursuant to regulations in this circular, if the drawer issued, for the second time during the year, a check in a manner that prevents its encashment, due to signature not matching, and insufficient fund or no fund, the check shall be considered as a returned check due to no fund and shall be subjected to the provisions of these instructions.

Article (7)

Banks shall access the network services of the Center to inquire the status of a customer and check if the customer is listed in the Returned Check Report prior to approving issuance of check books to the customer. The number of the checks to be issued to a customer should be commensurate with the size of his financial dealings, balances maintained by the customer with the bank and the credibility of the customer in general.

Article (8)

Each bank shall print on the cover of the checkbooks provided to its customers or attach to the following information to the checkbooks issued:
The customer's name shall be included in the Returned Checks Report, in case a check is returned due to no fund/ insufficient fund according to QCB instructions



Supervision and Control of Financial Institutions
Division

and the customer will bear all the consequences resulting from his name being included in the Returned Checks Report."

Article (9)

- A. Customer data are subject to the confidentiality provisions stipulated in the law.
- B. The bank shall not refer any customer to approach QCB or the Center or refer to QCB regulations as the reason for rejecting issuance of checkbooks.
- C. QCB shall impose the financial penalties stipulated in the law on any bank that violates the provisions of these instructions.

Article (10)

These instructions are effective as from 01/03/2020 and all contradicting instructions are cancelled.

Abdullah Bin Saud Al-Thani

The Governor