

203 TEMPORARY OVERDRAWINGS; DRAWINGS AGAINST UNCOLLECTED DEPOSITS

The following regulations shall govern temporary overdrawings and drawings against uncollected deposits (DAUDs).

- a. *Temporary overdrawings.* Temporary overdrawings against DDA shall not be allowed, unless caused by normal bank charges and other fees incidental to handling such accounts.

Banks which violate these regulations shall be subject to a fine of one-tenth of one percent (1/10 of 1%) per day of violation, computed on the basis of the amount of overdrawn or fines in amounts as may be determined by the Monetary Board, but not to exceed P30,000 a day for each violation.

Technical overdrawings arising from “*force posting*” in-clearing checks shall be debited by banks under “*Returned Checks and Other Cash Items (RCOCI)*” which is part of “*Other Assets*” in the Balance Sheet. Items to be lodged under this account shall consist only of in-clearing checks which may result in “*technical overdrawn*” accounts.

In case a check clearing item is dishonored, the Drawee bank shall generate the pertinent electronic documents ¹ on the dishonored clearing item due to insufficiency of funds and electronically submit the same to the Presenting bank within the prescribed period, or not later than the cut-off time indicated in *Appendix 35* for returned items.

Peso DDAs maintained by foreign correspondent banks with UBs/KBs shall not be subject to the above-mentioned regulations: *Provided, That:*

- (1) The maintenance of non-resident correspondent bank’s peso DDAs and overdrawings therefrom are covered by reciprocal arrangement;
 - (2) Temporary overdrawings are covered within fifteen (15) banking days from the date overdrawings are incurred; and
 - (3) Such accounts are credited only through foreign exchange inward remittance.
- b. *DAUDs.* DAUDs shall be prohibited except when the drawings are made against uncollected deposits representing manager’s/cashier’s/treasurer’s checks, treasury warrants, postal money orders and duly funded “on us” checks which may be permitted at the discretion of each bank.

(Circular Nos. 986 dated 29 December 2017, and 924 dated 07 September 2016)

Footnotes

1. Such as but not limited to the Return ICL containing the dishonored Regular Clearing Item [i.e.,

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electronically generated document showing a Check Image with Electronic Payment Information transmitted via CICS to the Drawee bank for collection of the amount]. ICL is an ANSI standard interface file specifications (X9.100-187) for electronic exchange of check and image data. It is generated by the front-end system of a Presenting Bank or Drawee Bank containing CICS Items transmitted to the Drawee bank or presenting bank, respectively.