

OLD CHEQUES/ NEW CHEQUES

Q1. Why is the truncated cheque for personal accounts bigger and longer than OLD one?

A1. With the implementation of the Cheque Truncation System, all cheques will be transmitted by image, hence rendering the need to have different sizes for personal and corporate cheques irrelevant. Without the imaging technology, the difference in sizes was critical in the cheque verification process.

Q2. Why do you then call it “truncated”?

A2. Going forward, presenting banks will not be required to physically send cheques to Singapore Clearing House Association (SCHA) first

The cheques will be retained by the paying bank once the data and image is transmitted electronically to the Paying bank via the SCHA.

Q3. What are the main changes in the CTS cheque?

A3. The features are:

- CTS logo watermark
- Standard sizes for both personal and corporate cheque accounts

Q4. How do I tell the difference between an old cheque and a new CTS cheque since I do not even have a checking account?

A4. You can identify the new CTS cheque by the CTS watermark.

Q5. How does CTS affect me? What changes do I need to take note of with regard to cheque writing, deposits?

A5. You will be required to use dark coloured ink (blue or black ink is recommended), to ensure that the image of the cheques can be captured.

There will be no change to the process with regards to availability of funds, as well to the way customers conduct cheques deposits.

Q6. Can the new cheques be written in Chinese characters?

A6. Yes.

Q7. Can I use rubber stamps for “account payee” ?

A7. Yes. However, to ensure that all elements of the cheque are captured during the scanning process, you must not stamp across the face of the cheque. The payee, cheque amount and signature must be fully legible.

You will need to ensure that the ink used is dark coloured.

Q8. Can I use rubber stamps for the “date” columns?

A8. Yes, provided it does not interfere with the lines in the box.

Q9. But what’s in it for me? What are the benefits to me as a customer? Is it cheaper? Or would it only get more expensive?

A9. The CTS provides integration to existing technology to enable instant retrieval of clearing information via the internet. It is also a more secure and efficient way to clear cheques.

The cost to the customer remains the same, provided the cheques are utilised in the proper way.

CUT-OFF DATE

Q10. Why must I stop issuing cheques from 1 January 2002 when the system is only implemented in September 2002?

A10. The CTS process is phased, to ensure that customers familiarised themselves with the new cheques and procedures.

Further, the notice period would reduce the possibility of valid cheques being rejected once the CTS is implemented, bearing in mind that cheques have a validity of six months.

Q11. When is the cut-off date?

A11. 1 July 2002

Q12. Is there a grace period for me to use up my old cheques?

A12. No

Q14. What happens if I receive an old cheque after the cut-off date?

A14. You are advised to ask the issuer to replace the old cheque with the new CTS cheque.

Q15. What happens if I bank in an old cheque after the cut-off date?

A15. The bank will not accept the cheque, and customers will be advised to ask the issuer to replace the old cheque with a CTS compliant cheque.

SECURITY

Q16. How can customers be assured of security, now that an optical image is used in the clearing process?

A16. Security is of paramount importance to the CTS and the banking industry. The cheque image is captured at the point of deposit where it is "sealed" and encrypted before transmission and therefore tamper-proof.

The sealing and encryption of cheque information and cheque image comply with international standards. And the transmission between the presenting, paying Bank and SCHA is authenticated by a Certificate Authority as part of the Public Key Infrastructure (PKI).

The image certification process at the banks will be certified by an independent audit to ensure that it complies with the requirements of the Evidence Act.

Another security aspect would relate to the new cheques bearing the CTS watermark logo where the cheque paper is controlled as an industry standard.

Overseas/ Foreign Cheques

Q17. How will overseas / foreign cheques be treated?

A17. There will be no changes to the clearing process if the cheques are issued in Singapore or US dollars. There are 2 scenarios.

SGD/Local USD cheques deposited overseas in the first instance

These will be cleared through CTS.

However, in case of return, the physical cheque will be given back (free of charge) to the Collecting Bank. (Therefore, the Presenting Bank should separately batch such cheques to facilitate cheque retrieval in case of return.) Once out of the CTS, the physical cheque cannot be re-presented through CTS. It will have to be sent for collection.

Other Foreign Cheques

These will be sent on collection basis (same as current practice).

Q18. What about Local USD cheques drawn on/presented by a bank NOT participating in Local USD Clearing?

A18. If the bank has an arrangement with an agent bank participating in the Local USD Clearing, the cheque will still be cleared through CTS.

If not, the cheque will have to be sent for collection as per the current practice.