

Check Your Cheque Status, only Those in New Format will be Honoured from Jan 1

Preeti Kulkarni describes the features of new cheques and explains what you need to do before the year ends

Add one more item — get a new cheque book — to your list of 'things to do' before the New Year. You may not be able to use your old cheques from next year with the implementation of the new Cheque Truncation System (CTS-2010), which will eliminate physical movement of cheques for clearing. Instead, only their electronic images, along with key information, will be captured and transmitted. It will make the clearing process more efficient, secure and quicker; but for that, you must switch to new cheques with prescribed standard features before December 31.

"Customers need not worry about the impending CTS implementation. I am sure they will not be inconvenienced due to the migration process. Some transitory period, from January 1 to March 31, could be given during which both types of cheques will be accepted. Banks are sending messages to customers now so that they comprehend the urgency and act upon it," says AC Mahajan, chairman, Banking Codes and Standards Board of India (BCSBI).

CHECK YOUR CHEQUE'S STATUS

If you have ordered your cheque books recently, say, a month ago, you may already have the new cheque leaves with you. Since most banks have already migrated to the new system, chances are that your bank would have sent you CTS-compliant cheque leaves. However, if you have received

the cheque book more than two or three months ago, you need to run a status check. For instance, the compliant ones will have the new rupee symbol (₹) inscribed near the numerical 'amount' field.

"Visibly, there will only be the following difference: "Please sign above" is mentioned on the cheque leaf on right had side bottom; and, void pantograph (wave-like design) is embossed on left hand side of the CTS cheque leaf," explains Anindya Mitra, senior vice-president, retail liabilities group, HDFC Bank.

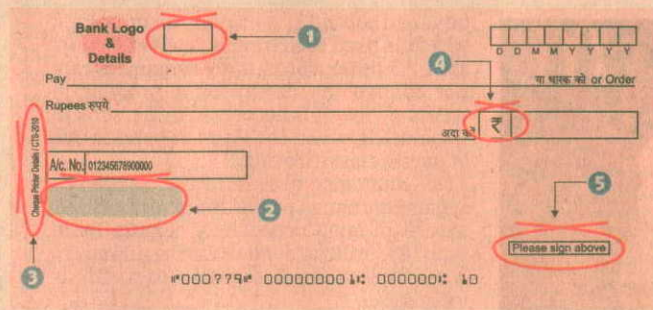
GET YOUR OLD CHEQUE BOOKS REPLACED

If you haven't received the new form of cheque books already, speak to your bank as early as you can. "Banks could adopt two methods to replace the old cheques. One is to send new cheque books by registered post and ask users to cancel the old ones. Customers may be asked to show proof of the same to the bank. They may also ask customers to surrender the older ones. Or, the customers can visit the bank branch themselves to surrender the old cheques and receive the CTS-compliant ones," says Mahajan. Banks will not charge any fee for replacing the old cheque leaves.

ISSUE NEW POST-DATED CHEQUES FOR EMIS

If you have issued post-dated cheques (PDCs) for your home or

A Cheque in New Format



- 1 Bank's logo printed with invisible ink (ultra-violet ink)
- 2 VOID pantograph
- 3 Cheque printer details/CTS-2010
- 4 ₹ symbol
- 5 Signature space indicator

auto loan EMIs, you will have to issue fresh cheques. "RBI's guidelines to NBFCs state that if they have accepted post-dated cheques from their customers for future EMI payments, they should get them replaced with CTS-2010 standard compliant cheques before December 31, 2012. This will be applicable to banks as well," explains VN Kulkarni, chief credit counsellor with the Bank of India-backed Abhay Credit Counseling Centre.

"Most of our customers have opted for the ECS (electronic clearing system) mode for their EMI payments. So, the new sys-

tem will not impact them. Only a small percentage of borrowers pay their EMIs through post-dated cheques. We are asking them to give us new cheques and accept their older cheques back," says Abhijeet Bose, head, retail assets and strategic alliances, Development Credit Bank. Not all banks will return your older cheques, though. You needn't be concerned about it as these cheques will be non-compliant with CTS standards and hence not be valid. To avoid these hassles, you can simply switch to the ECS mode, where the EMI amount is debited from your account every month. It will also save you the trouble of

altering the amount on PDCs in case of any change in EMIs.

ENCASH ANY OLD CHEQUES NOW

This tip is mainly for procrastinators. For instance, if you have received a cheque on December 1 that does not conform to CTS 2010, you should not delay its encashment.

"As per RBI mandate, the same (old format cheques) are to be accepted till December 31, 2012. RBI instructions on whether the same will be permitted after December 31 are awaited," says Mitra. It is better to present it for payment immediately rather than risking its dishonour after December 31.

EXERCISE CAUTION WHILE WRITING CTS CHEQUES

You have to be careful while writing the new cheques. For instance, cheques with alterations in crucial fields like payee's name and amount in figures or words will not be processed under the new system.

"In case of any corrections, a new cheque will have to be issued. The ones with alterations will not be accepted even if the drawer puts his full signature authenticating the changes.

Such cheques will be returned," adds Kulkarni. "Also, it is important to use image-friendly coloured inks while writing the cheques." As per RBI guidelines, you should use dark-coloured inks for the purpose.