



## PRESS RELEASE



### PUBLIC UPDATE ON CHEQUE TRUNCATION SYSTEM

As communicated in our Press Release dated March 31<sup>st</sup> 2011, the **Cheque Truncation System** (CTS) was set to go live in June 2011. Cheque truncation refers to the process in which physical cheques presented for payments in a bank by individuals or corporate bodies are converted into electronic form and the image is transmitted electronically to the Clearing House for processing and eventual payment by the paying bank.

Feedback from the industry indicates that some members of the public are already using the new CTS compliant cheques whose benefits include:

- Efficient and streamlined clearing process for cheque payment
- Reduced costs associated with handling physical cheques
- Shorter clearing cycle facilitating earlier access to funds by cheque beneficiaries who can then finance other economic activities
- Reduction of risks associated with manual and longer cheque clearing cycle.
- On the go live date, the whole country will be on one clearing zone at three cheque clearing days (T+3) and this is expected to gradually reduce towards one day cheque clearing (T+1).

As at 31<sup>st</sup> May, 2011, **25% of cheques** going through the Clearing House were CTS compliant. However, the complete changeover to the new system and phasing out of the old cheques and clearing processes, was pegged at 90% compliance. The low compliance rate is attributed to cheque printing constraints in the industry which has made it difficult for commercial banks to meet customers demand for the new generation cheque books.

Following consultation between the Central Bank of Kenya, the Kenya Bankers Association and the printing industry, it has been agreed that adequate stock of CTS compliant cheques will be available by mid July 2011. Consequently, the go live date for Cheque Truncation has been pushed to **15<sup>th</sup> August, 2011.**

Members of the public are requested to obtain their new cheque books and to start using them **immediately**. We wish to thank those who have already ordered and are using their new cheque books to carry out their financial transactions. We look forward to your cooperation as we implement this safe and efficient payments system.

For more information on cheque truncation, kindly contact your bankers or visit the Central Bank website on [www.centralbank.go.ke](http://www.centralbank.go.ke) or email us at [info@centralbank.go.ke](mailto:info@centralbank.go.ke). You may also contact the Kenya Bankers Association on Telephone no. 2211704/22217757 or email [ceo@kba.co.ke](mailto:ceo@kba.co.ke).



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6<sup>th</sup> June, 2011