



## PRESS RELEASE



### **CHEQUE TRUNCATION SYSTEM: YET ANOTHER MILESTONE IN THE MODERNISATION OF KENYA'S PAYMENTS SYSTEM**

The Central Bank of Kenya in conjunction with the Kenya Bankers Association (KBA) is pleased to announce the implementation of the **Cheque Truncation System** (CTS) in the Automated Clearing House. Cheque truncation refers to a process in which physical cheques presented for payment in a bank by individuals or corporate bodies are converted into electronic form and the image transmitted electronically to the Clearing House for processing and eventual payment by the paying bank (i.e. the drawer's bank). The new system will eliminate the hitherto manual cheque clearing by automating the entire clearing cycle. The system is expected to go live in June 2011.

The system will benefit banks and the public in a number of ways including:

- Efficient and streamlined clearing process for cheque payment and reduction of the cheque clearing days.
- Reduced costs associated with handling physical cheques
- Shorter clearing cycle facilitating early access to funds by cheque beneficiaries: part of payments and clearing system's efficiency.
- Reduction of risks associated with manual and longer cheque clearing cycle and quick detection of fraud.

- 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 to one day cheque clearing (T+1).

To facilitate implementation of the system, the Kenya Bankers Association has introduced new cheques whose design complies with the security and operational requirements of the system.

However all current cheques in use will be accepted for clearing until 1<sup>st</sup> June 2011. Banks have already started replacing old cheques with new Cheque Truncation System compliant cheques.

The public is hereby requested to visit their banks to familiarize themselves with the new cheque designs and surrender unused cheque books of old design in their possession in order to be issued with Cheque Truncation System compliant cheques.

For more information on cheque truncation, kindly contact your banks or visit the Central Bank's website [www.centralbank.go.ke](http://www.centralbank.go.ke) or e-mail us at [info@centralbank.go.ke](mailto:info@centralbank.go.ke). You may also contact the Kenya Bankers Association (KBA) on telephone 2221704 /22217757 or e-mail [ceo@kba.co.ke](mailto:ceo@kba.co.ke)

**CENTRAL BANK OF KENYA**

**KENYA BANKERS ASSOCIATION**

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