

Frequently Asked Questions (FAQ's)

Q. Why are the cheques changing?

A. Changes are being adopted country-wide to support the digitisation of Cayman's cheque clearing system. Cheques must be image-friendly so that all Participating Banks are able to exchange data electronically instead of physically exchanging the cheques between banks. Additional details for clients on the changes, are available directly from your bank. Once the new standards are adopted, interbank processing of cheques using the Automated Clearing House (ACH) service will be faster and more efficient.

Q. What is an Automated Clearing House (ACH)?

A. An Automated Clearing House (ACH) is an electronic payment network that facilitates the exchange of financial transactions. In the Cayman Islands, the ACH is used to facilitate the exchange and settlement of Electronic Funds Transfers (EFT) and Electronic Cheque Images across Participating Banks.

Q. Will all financial institutions in the Cayman Islands be involved in ACH processing?

A. No. The institutions participating in ACH processing are the local Class A retail banks: Butterfield Bank (Cayman) Limited, Cayman National Bank Ltd., CIBC FirstCaribbean International Bank (Cayman) Limited, Fidelity Bank (Cayman) Limited, RBC Royal Bank (Cayman) Limited and Scotiabank & Trust (Cayman) Ltd.

Q. What are the benefits of the new cheque standards?

A. The new image-friendly cheques will enable Participating Banks to exchange data electronically. This will result in more efficient cheque settlement times, resulting in faster access to funds by depositors.

Q. If I ordered cheques from my bank recently, how will this change affect me?

A. If you ordered cheques from your bank after March 1st, 2020, your cheques should be compliant with the new cheque standards. You can continue to use these cheques until you have to order new cheques to replenish your supply. If you ordered before this date or are unsure of your order date, please contact your bank for assistance.



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Q. If I do not order my cheques directly from my bank or I print them myself, will they be compliant?

A. To ensure that the correct cheque production standards are used, please contact or visit your branch for guidance on the new standards. You will be required to provide a small sample of any new cheques to your bank for approval, prior to issuing these cheques. The new standards include but are not limited to;

- Date field population in one of two specified formats (MMDDYYYY or DDMMYYYY).
- A mandatory serial number (cheque number) within the Magnetic Ink Character Recognition (MICR) line encoded at the bottom of each cheque.
- Adoption of minimum length and depth for cheque sizes
- Standardised positions for key fields on the cheque, e.g. date field, the amount in figures, currency identifier
- Guidance on the type of elements that may hinder the capture of clear images of, or data on, the front or the rear of the cheque.
- Ensuring that custom cheque security features do not interfere with key data, or “areas of interest” on the cheque, either prior to or after imaging. In particular, if pantographs are used, they must not be visible on images captured from original cheques.
- Adherence to print layout requirements for the reverse side of cheques
- Adherence to specifications (e.g. Print contrast Signal) to ensure high-quality images can be captured. For example, complex or colorful backgrounds currently used on your cheque paper may interfere with image quality and may need to be changed or discontinued.

Q. What happens if I issue cheques that do not adhere to the new standards ?

A. Clients with a supply of “old format” cheques can continue to use them until they need to reorder, provided that a compliant image can be captured from them. If a compliant image cannot be captured, your cheques will need to be replaced immediately. If presented, your bank will make you aware if a compliant image cannot be captured and advise you of the procedure to be followed to immediately replace your cheques.

Q. What is a “compliant image”?

A. A compliant cheque image is a clear digital capture taken by the bank of deposit of a cheque, on which all information required to allow its negotiation has either been written or printed on secure cheque paper and which adheres to the cheque production standards agreed by the Participating Banks.



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Q. Will there be any change to how I write cheques?

A. Yes. Clients will now be required to use black or blue colored ink when writing cheques and also should not issue cheques to payees where alterations have been made in material fields (date, payee name, words and figures, signatures), as these will make a cheque ineligible for electronic processing.

Q. I've issued a series of post-dated cheques. Do I have to get them all back now and replace them?

A. No. Post-dated cheques will continue to be processed once their value date is reached and provided that a compliant image can be captured of them and they are written in black or blue ink and do not carry alterations to material fields.

Q. Does this change affect cheques issued in currencies other than Cayman dollars (KYD)?

A. The new standards are mandated for all Cayman (KYD) dollar cheques and for USD dollar cheques that are drawn against a local bank.

Q. How frequently will cheque transactions be exchanged between Participating Banks?

A. Cheque transactions will be exchanged across Participating Banks between the hours of 6:00am and 7:30pm (Cayman Time) Monday to Friday. Cheque processing will not be conducted on Bank Holidays. Please contact your bank to discuss hold periods that may apply to cheque deposit transactions.

Q. What happens to my cheques after they are processed electronically?

A. With the passing of the Bill of Exchange Act amendment in April 2019, an electronic image of a cheque is now a legally accepted replacement for a physical cheque document. Physical cheques that have been settled, will no longer be stored by Participating Banks and will be destroyed in keeping with the destruction policy of the bank at which they were negotiated/deposited. The images of all cheques negotiated/settled will now be electronically stored by Participating Banks for the required retention period.



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