

Speed Clearing

1. What is Speed Clearing?

Speed Clearing refers to collection of outstation cheques (a cheque drawn on non-local bank branch) through the local clearing. It facilitates collection of cheques drawn on outstation core-banking-enabled branches of banks, if they have a net-worked branch locally.

2. Why Speed Clearing?

The collection of outstation cheques, earlier required movement of cheques from the Presentation centre (city where the cheque is presented) to Drawee centre (city where the cheque is payable) which increases the realisation time for cheques. Speed Clearing aims to reduce the time taken for realisation of outstation cheques. Further, with the advent of CTS cheque processing, the need for speed clearing has declined significantly except in a few locations.

3. How long does it take for getting credit of an outstation cheque sent on Collection basis?

Generally, it takes around a week to three weeks time depending on the drawee centre and collection arrangements to get outstation cheques realised on a Collection basis.

4. How does the Local Cheque Clearing work?

In Local Cheque Clearing in major centres, cheques are processed either by using Cheque Truncation Systems(CTS) through movement of images or through physical movement of cheques between branches (non-MICR clearing). CTS Grids are in place in New Delhi, Chennai and Mumbai. In addition, Express Cheque Clearing Systems (ECCS) application package is used in small clearing houses.

Local Clearing handles only those cheques that are drawn on branches within the jurisdiction of the local Clearing House. Generally, the jurisdiction is determined taking into account the logistics available to physically move to and from the Clearing House. It may however be noted, under grid-based CTS clearing, all cheques drawn on bank branches falling in the grid jurisdiction are treated and cleared as local cheques(The grid clearing allows banks to present/ receive cheques to/ from multiple cities to a single clearing house through their service branches in the grid location).

5. How does the Speed Clearing work?

Banks have networked their branches by implementing Core Banking Solutions (CBS). In CBS environment, cheques can be paid at any location obviating the need for their physical movement to the Drawee branch. Cheques drawn on outstation CBS branches of a Drawee bank can be processed in the Local Clearing under the Speed Clearing arrangement if the Drawee bank has a branch presence at the local centre.

6. When will the beneficiary get funds under Speed Clearing?

As on date, the local cheques are processed on T+1 working day basis and customers get the benefit of withdrawal of funds on a T+1 or 2 basis. 'T' denotes transaction day viz. date of presentation of cheque at the Clearing House. So, the outstation cheques under Speed Clearing will also be paid on T+1 or 2 basis like any other local cheque.

7. What are the charges for cheques cleared through Speed Clearing?

With effect from April 1, 2011, no charges will be payable for cheques of value up to and including 1 lakh by Savings a/c customers. Please contact customer service for further information.

8. How is Speed Clearing an improvement over collection basis?

Outstation cheque collection through collection basis takes around one to three weeks time depending on the drawee centre. Under Speed Clearing, it would be realised on T+1 or 2 basis, say, within 48 hours. Further Savings Bank customers need not incur any service charge for collection of outstation cheques (value up to `1 lakh) in Speed Clearing which they may have to incur if such cheque is collected under collection basis.

9. How will a customer know whether a cheque can be cleared in Speed Clearing?

For facilitating customers to know CBS status of a branch, some of the banks stamp / print 'CBS' on the cheque leaves. Account numbers (if length of account number is more than 10 digits) printed on the cheque leaves may give a broad indication regarding CBS status of the branch.

10. What type of cheques can be presented in Speed Clearing?

Instruments of all transaction codes (except Government cheques) and drawn on CBS-enabled bank branches are eligible for being presented in Speed Clearing.

Source (Adapted From): <http://rbi.org.in/scripts/FAQView.aspx?Id=72>