

## Check Your Cheques



Amruta has just opened her first savings account. She wants to issue a cheque towards payment for a holiday at a resort. Since she is issuing a cheque for the first time, she is curious to know how to write the cheque and how the payment would be made to the booking agent.

### Cheque Issuance



When Amruta issues the cheque, she is called 'payer'. The person whom the cheque favours is called 'payee'. When writing a cheque, Amruta should always use permanent ink. Her cheque has a place for the name of the payee, the date, the amount in words and figures and signature of the payer. If Amruta wants the amount to go to the payee's account only, she should cross the cheque by drawing two parallel lines on the top left-hand corner of the cheque. If the cheque is not crossed and is a bearer cheque, then it can be encashed across the counter and will not go for clearing. For safety, Amruta should also draw a line through the spaces on the cheque that are left after she has entered the payee's name and amount. Only when all these details are filled and verified should she sign the cheque.

### Cheque Maintenance



Amruta might need the details of the cheques she has issued, for future use. To facilitate this, the cheque book holds a summary page for writing the transaction details where she can save the date of cheque issuance, cheque number, the payee's name and the amount of the cheque.

### MICR Code



The 9-digit coding at the bottom of the cheque is called Magnetic Ink Character Recognition (MICR). It enables faster cheque clearing as it is read by a machine. When issuing cheques, Amruta should ensure that she does not write on the MICR strip.

### Clearing



Amruta hands over the cheque to the payee. The payee can hand it over to the branch staff, drop it in any of the drop boxes placed at the bank's branches and ATMs or deposit it in an ATM machine. When the cheque reaches the payee's bank, it travels back to Amruta's bank, which verifies the signatures, ensures that the required amount is there in her account, and transfers the funds. This process is called clearing. Cheques can be deposited by the payee anytime within six months from the date they are issued, unless specified otherwise on the cheque.

### Stop Payment



In the event of an exigency, Amruta can stop the payment to be made to the payee by requesting the bank. She

### SMS CONTEST

#### Question

While writing a cheque, the last thing you do is \_\_\_\_\_.

#### Answer

- A. fill up the date
- B. enter the payee's name
- C. sign it

To answer, SMS DISHA A, B or C to 53030 and win a 2N 3D holiday.\* Contest open for the day of publication.

\*Terms and conditions apply. Visit [www.disha1c.org](http://www.disha1c.org) for details and winners.

needs to give details like her bank account number, cheque number and the date of the cheque. Her 'Stop payment' instructions will be carried out when the cheque is presented for payment to her bank during clearing.

### Dishonour



Under the law, it is a criminal offence to not honour an issued cheque when it is presented for payment. If this happens, the payee can sue the payer. So whenever Amruta issues a cheque, she needs to be sure that adequate funds are there in her account to honour it.

Amruta enjoys great flexibility to make payments when she uses cheques. She just needs to take care that she is in control of the process.

Center for Investment Education and Learning

### DID YOU KNOW?

If you made a payment with a demand draft, you can ask for the draft to be cancelled. You will have to sign an indemnity bond, to cover the possibility that the draft you cancelled could have been paid.

### FAQs

Sometimes, I am asked to give a blank cheque, for verification of my bank accounts. How safe is it to do this?

As a practice, never sign a blank cheque. If the purpose is to verify your bank details as printed on the cheque leaf, write the word 'Cancelled' diagonally across the cheque before giving it. Ensure that the account number details and the electronic code at the bottom are visible and readable.

How can I prevent anyone else from forging my signature on my cheque?

You can keep your cheques safe, so that your signature is not forged on them. Ensure that your cheque book is received at the correct address; has reached you within a few days of requesting it; is kept under lock and key; and tracked for its serial numbers correctly.

We welcome your questions, suggestions and feedback on this column. Please use the Email Us link at [www.icicibank.com](http://www.icicibank.com) or send an SMS to 53030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

SMART BANKING

Protect your money



Remember to cross your cheque whenever applicable.

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