

What It Is About

5-Day Clearing Week

The 5-Day Clearing Week (5DCW) means that on Saturdays, there will be no crediting or debiting of customer accounts with cheques, GIRO or Interbank funds transfers.

Therefore, clearing of funds will be from Mondays – Fridays only.

This change will take effect from 15 May 2006.

1. What will be the changes in cheque clearing and banking transactions on Saturdays when the 5DCW is implemented?

(A) Cheques:

- For cheques deposited on Fridays after cut-off time and on Saturdays – funds will only be available on Tuesdays after 2pm.
- For cheques deposited on Fridays before cut-off time – funds will be available on Mondays after 2pm.
- For cheques deposited on Thursdays after cut-off time – funds will only be available on Mondays after 2pm as these cheques will be deemed as Friday cheques.

	Current Schedule	From 15 May 2006
Cheque deposited on	Funds available	Funds available
Thursday (before cut-off time)	Friday (after 2 pm)	Friday (after 2 pm)
Thursday (after cut-off time)	Saturday (after 2 pm)	Monday (after 2 pm)
Friday (before cut-off time)	Saturday (after 2 pm)	Monday (after 2 pm)
Friday (after cut-off time)	Monday (after 2 pm)	Tuesday (after 2 pm)
Saturday	Monday (after 2 pm)	Tuesday (after 2 pm)

(B) Saturday Branch Banking:

For banks that provide branch banking on Saturdays:

- Cheques will be accepted for deposit but funds will be made available only on Tuesdays after 2pm.
- Cash cheques can be en-cashed at the drawer's bank.
- Cheques for deposit into an account may be marked and drawn on, provided both the payee and the drawer are from the same bank. (A handling fee will be charged for this).

(C) GIRO/ Standing Instruction:

No crediting or debiting of customer accounts on Saturdays via GIRO.

(D) Electronic Banking Services (eg ATM, Internet Banking and Phone Banking):

As with usual practice, customers can transfer funds from one account to another account within the same bank on Saturdays (and Sundays too).

2. Will all cheques issued be affected by this new move?

Only Singapore Dollar cheques drawn on banks in Singapore will be affected.

3. Will all banks that issue and receive cheques in Singapore be involved?

Yes.

Rationale & Mitigating Measures

4. Reasons for a 5DCW

This move is in line with practices in leading financial centres like the US, UK, Switzerland, Germany and Australia where there are no payment clearing facilities on Saturdays. Asian countries that do not have Saturday clearing include Thailand, China and Indonesia. It is also in line with the present move towards a 5-day work week among many companies in Singapore.

5. Is the real reason to save costs for banks?

No. In fact, the move to a 5DCW will result initially in greater investments by banks in Singapore to change their present operational systems to provide for the additional resources to cater for the longer cheque deposit cut-off times for Thursdays and Fridays.

6. How will customers be impacted with this change?

The debiting and crediting of customers' accounts with cheques, GIRO or Interbank funds transfers currently done on Saturdays will be postponed to the next business days, on the following Mondays or Tuesdays.

Funds from cheques deposited on Fridays will be made available later when the 5DCW is implemented compared to the present clearing arrangement. However, measures can be taken to alleviate this.

7. Won't it result in inconvenience for customers?

Yes, we recognise that this move will cause some minor changes to banking routine of some customers initially. In particular, to those who currently need to have funds made available to them on Saturdays.

It is expected that over time, these customers will be able to adjust their cashflow needs accordingly.

8. How will the inconvenience be alleviated?

At banks:

- Extension of the cheque deposit cut-off time by half-an-hour, up to 3:30pm on Thursdays and Fridays.

These additional half-an-hours will give customers more time to deposit their cheques before the cheque deposit cut-off time on Thursdays and Fridays so that they can receive their funds earlier on Fridays and Mondays respectively.

- Cash cheques can still be en-cashed at the drawer's bank if customers need the funds on Saturdays.

- Cheques for deposit into an account may be marked and drawn on (on Saturdays too), provided both the payee and the drawer are from the same bank. (A handling fee will be charged for this).

For Customers:

- Cashflow needs can be rescheduled to take advantage of the extended time on Thursdays and Fridays for deposit of cheques, early.
- Funds are still available via ATMs and Internet Banking.
- Customers have a long lead time with the implementation date in May 2006 to make the necessary adjustments to their payment routines.

9. Why extend the cheque deposit cut-off time only on Thursdays and Fridays? Why not do so for the whole week?

These extensions will cater to the non-clearing of cheques on Saturdays. There is no need to extend the cheque deposit cut-off time for the other days as the clearing of cheques on other days during the week remains the same.

Implementation of 5DCW

10. When will the 5DCW be implemented?

It is scheduled for implementation on 15 May 2006.

Queries/Clarifications

11. Who do I call if I have more queries on 5DCW?

For more details, please call your bank.

(Footnote: As with current practice, there will be no clearing of cheques, GIRO and Interbank funds transfers on Public Holidays.)