

What is the positive pay system for high-value cheques?

The RBI had directed banks to implement it from January 1 to safeguard against cheque fraud

Sanjay Vijayakumar
CHENNAI

Banks have been informing customers about making the positive pay system – a process of reconfirming the key details of high-value cheques – mandatory.

The Reserve Bank of India (RBI) had issued guidelines for banks to implement it from January 1, 2021, to safeguard against cheque frauds. Here is all you need to know:

What is the positive pay system?

The positive pay System, developed by the National Payments Corporation of India, is a process of reconfirming the key details of

large-value cheques. Under this, the person issuing a high-value cheque submits certain essential details of it, like date, name of the beneficiary and the payee amount, to the drawee bank. The details can be submitted through electronic means such as SMS, a mobile app, internet banking or an ATM. The details are cross checked while issuing the cheque and any discrepancy is flagged.

What is the limit on the amount under the system?

The RBI has urged banks to enable the facility for account holders issuing cheques for ₹50,000 and above. It has also said that while availing of the facility



The account number, cheque number, date of cheque, amount, transaction code, beneficiary name and the MICR code are the details that must be given

is at the discretion of the account holder, banks may consider making it mandatory in case of cheque values of

₹5 lakh and above.

Why is the system important for customers?

Some banks have been telling customers that if the details of large-value cheques are not pre-registered, they will be returned unpaid. For hassle-free clearance, on issuance of a high-value cheque, customers should ensure that the details are provided within the time-frame prescribed by the banks.

The RBI has said only cheques registered under the positive pay system will be accepted under the dispute resolution mechanism. Customers will get an SMS on whether the cheque is ac-

cepted or rejected for any reason.

What are the details that must be submitted?

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How can the details be submitted?

The details can be submitted through the respective bank's website, internet banking or mobile banking. In case a customer does not use electronic banking services, they can submit the details by visiting bank branches.