



Frequently Asked
Questions
about
The New Electronic
Payment Systems



**Bankers Association
Of Trinidad & Tobago**

Working together for you.

The following is a list of frequently asked questions and answers that should aid in the understanding and acceptance of the new payment systems and the implications for the existing system of payments using cheques:

THE NEW PAYMENT SYSTEMS

1. Why the need for a new payment system?

The current cheque payment system is not without inefficiencies which ultimately affect you the customer, whether as an individual or business entity. These include:

- Cheque fraud and the uncertainty of payment
- Cheques take time to clear, so you get no access to your funds for up to 4 days
- Inconvenience and expense to the person receiving a returned or "bounced" cheque as payment, especially if the reason is insufficient funds

2. What are the new Electronic payment systems?

The new electronic payment system refers to the Real Time Gross Settlement (RTGS or Safe-tt), and the Automated Clearing House (ACH or Transach) systems of making payments electronically, especially for large value payments, instead of through the use of cheques. These systems allow funds to be transferred electronically from one local commercial bank to another.

3. How do these new systems work?

Both the Safe-tt and Transach systems are designed to allow a person receiving payment, faster access to funds deposited electronically into their account from another bank, than if a cheque was used to make payment.

Transach:

For amounts below \$500,000 payment may be made using the Transach system. Using this system, the person receiving payment will be able to receive access to his funds the day after the deposit is made.

Safe-tt:

For amounts that exceed \$500,000 payment may be made using the Safe-tt system. With this system, the person receiving payment will have access to his funds the same day that the payment is made to him.

- ### **4. How can a customer access "Transach"?**
- At present, only corporate and commercial customers can sign up for "Transach" at any of the six commercial banks, as a system for making payments to third parties. These customers can simply contact their account manager at their respective bank to arrange an appointment. The account manager will ensure that a preset date is agreed upon with the customer's authorization when the account will be automatically debited and the payee's account credited.

Persons who would like to receive payment from a corporate

or commercial entity via Transach, can refer the company to their bankers to put this system in place.

5. Is there a cost associated with using Tranach?

Yes. The cost of making a payment using Transach may vary among banks, so you should check with your bankers to determine the cost to you.

6. How can a customer access Safe-tt?

A customer (corporate, commercial or individual) wishing to use this electronic payment system can do so by going into their home bank and completing the relevant form giving the bank the instructions to make the payment from their account.

Any customer who would like to receive payment via safe-tt, would need to give his payor his account number and refer his payor to their banker to effect the payment.

7. Is there a cost associated with using Safe-tt?

Yes. The cost of making a payment using Safet-tt may vary among banks, so you should check with your bankers to determine the cost to you.

Implications for the existing system of payments using cheques

Effective September 17th, 2007, customers of commercial banks who deposit at their bank, a cheque **drawn on another commercial bank** will receive value for that cheque the day after the deposit is made, and access to the funds by the next day or upon clearance. Funds deposited using a cheque drawn on another bank (referred to as an "other bank" cheque from here on) will not begin to generate interest until the day after it is deposited.

8. What is the difference between value and access to funds?

Value refers to the updating of your current balance to include the deposited amount plus any interest earned. Access to funds refers to the available balance, which is current balance less any funds on hold.

9. If I deposit an "other bank" cheque to my account, how will it affect my balance and account?

The deposit amount would be reflected in your current balance after one day but would not be in your available balance until the cheque is cleared, which usually takes 4 days.

10. Would the new system apply to all cheque deposits?

Yes it applies to all cheques deposited or used as payment which are drawn on other banks, including government cheques.

11. Is there a minimum or maximum cheque amount for which the new electronic payment system would apply?

No it applies to all cheques drawn on other banks.

12. What about cheques that are both deposited and drawn on the same bank?

The new system will not apply to cheques that are both deposited and drawn on the same bank. Cheques both deposited and drawn on the same bank will not attract any charges and will receive value and access the day they are deposited.

13. When does interest calculation start for an “other bank” cheque deposit?

Credit interest will be calculated on the deposited amount starting from one day after the deposit is made. Debit interest (e.g. Overdraft) will continue to accrue up to and including the day that the deposit is made.

14. Does this mean that deposits of “other bank” cheques will no longer be held for the usual period?

No it does not, cheques that are drawn on other banks and deposited will still be held until the funds are confirmed as available, which is currently four business days.

15. Are there any charges associated with the use of cheques under the new system?

Yes, as stipulated by the Central bank of Trinidad & Tobago, a charge of \$100 is to be paid by the depositor of “other bank” cheques valued \$500,000 and over. There is no charge for the deposit of “other bank” cheques for values below this amount.

16. Are government cheques subject to the \$100 charge?

No. There is no charge associated with the deposit of a government cheque drawn on the Central Bank, regardless of its value. Government cheques are therefore also exempt from the \$100 charge referred to in point 12 above.

17. How do I gain access on the same day to funds deposited to my account that are drawn on another bank?

By using the “Transach” (ACH) or the Safe-tt (Real Time Gross Settlement System). See point 3 above.

18. How do I begin to earn interest from the same day that funds are deposited to my account that are drawn on other banks?

In order to earn interest from the same day on funds deposited from other banks, deposits must be made via the “Transach” system for amounts below \$500,000 and the “Safe-tt” for amounts exceeding \$500,000.