

# MEDIA RELEASE

## SINGAPORE BANKS WILL MOVE TO A 5-DAY CLEARING WEEK WITH EFFECT FROM 15 MAY 2006

Singapore. 12 July 2005.

The Association of Banks in Singapore announced that the Singapore banking industry will be moving towards a 5-Day Clearing Week (5DCW). This means that on Saturdays, there will be no crediting or debiting of customer accounts through clearing of cheques, GIRO or Interbank funds transfers. Therefore, clearing of funds will be from Mondays to Fridays only. The change will take effect from 15 May 2006.

The move to a 5DCW 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.

The 5DCW will result in some changes in cheque clearing and banking transactions:

### (A) Cheques:

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

Please see the following summary:

|                                | <b>Current Schedule</b> | <b>From 15 May 2006</b> |
|--------------------------------|-------------------------|-------------------------|
| <b>Cheque deposited on</b>     | <b>Funds available</b>  | <b>Funds available</b>  |
| 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 2pm)      | Tuesday (after 2 pm)    |
| Saturday                       | Monday (after 2pm)      | Tuesday (after 2 pm)    |

This move will affect all Singapore Dollar cheques drawn on Singapore banks.

**(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 2 pm.
- 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).

The banking industry will implement the 5DCW on 15 May 2006. This is to provide a long lead time so as to ensure that all customers are made aware of this change and can make the necessary adjustments to their banking arrangements.

The move to a 5DCW will mean that some customers may need to make some minor changes to their banking routine. In particular, to those customers who currently need to have funds made available on Saturdays. 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, i.e. 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 and have been taken to help alleviate this inconvenience:

**At banks:**

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

**By 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.

Said Mrs Ong-Ang Ai Boon, Director, The Association of Banks in Singapore: "We are moving forward to align our banks clearing operations practices with that of other major financial centres in the world. We recognise the 5DCW will result in some initial inconvenience to customers. But with the various measures in place and as customers adjust to the new clearing schedule, we believe this can be overcome."

Ends