

ICICI BANK CUSTOMER FIRST SERIES

Safe Banking Series 1: Article 5 of 5

TIMES BUSINESS ASSOCIATE COMMUNICATION

A consumer education initiative

CHEQUE IT OUT

A simple cheque can sometimes leave us perplexed. Some of us have been fooled into handing in signed blank cheques, when we bought a product. Sometimes, con artists tell us about a lucrative offer that is about to expire, unless we pay first. They ask us to give them cheques without filling up the date or amount, and we oblige. We have also faced the embarrassment of our cheque bouncing, because we made an error while writing it. When we open a bank account, we take our familiarity with the cheque for granted. Perhaps a check-list is in order?

'Unsafe Cheque'



- X Do not leave extra spaces between words or figures.
- Avoid making alterations. Instead, write a new cheque.
- Remember to cross your cheque whenever applicable.

FORGER, FORGER

Some of us have complex signatures. Most of us keep it simple. Forgers specialize in both. We may not be able to control where our signatures lie for forgers to practise, but we can control where our cheques lie. It makes sense to guard against misuse by keeping our cheque books safe. Counting the leaves when we get the cheque book and keeping the book under lock and key will guard our cheques and our bank balance.

SPACED OUT

Cheque writing is a science, though not rocket science. There should be no blank space for someone else to make innocuous additions. It takes

only a few zeros to change the amount dramatically. It is a good practice to fill in carefully, leaving no space before the start of our lines or the amount, and to draw a line across the space left after the entry is complete (see illustration). A safe cheque has lines drawn, and unsafe cheques have spaces.

BLANK TRAP

There are always friendly acquaintances who help us out of the drudgery by asking us to simply sign the cheques, so that they take care of the rest. If we do so, we can be sure the balance in our account will also be simultaneously taken care of. Never sign a blank cheque. Even if we give it to

'Safe Cheque'



- Always draw a line through any unused space.
- Do not write/sign/mark/pin/staple/paste/hold on this band.

someone we trust, there is the possibility that they may lose it. Your signature should always be the last entry on the cheque, after everything else is filled up.

ALWAYS CROSSED

At the top left corner of the cheque, we draw two parallel lines (see image of the safe cheque). When we do this, we tell the banker that the amount should be paid only into a bank account and not as cash across the counter. A crossed cheque makes it easy to track any wrong payment to an unintended beneficiary.

DISABLE THE BEARER

The word 'bearer' means that the

amount can be paid to the person who presents the cheque to our bank. This could even be someone who happened to pick up a lost cheque of ours. Always strike out the words 'or bearer' and cross the cheque so that it is cashed only by the one it was meant for.

SAMPLES, PLEASE

There are transactions where we are asked to attach a sample blank cheque. Typically, this happens when we give payment instructions for bills, equated monthly instalments (EMIs), or systematic investment plans (SIPs). The blank cheque is used to verify the specified bank account number, branch and such details. Cancel the cheque by drawing thick dark lines across the body of the cheque and writing the word 'Cancelled' across it, so that it cannot be used. Never sign such a cheque.

CORRECTIONS GALORE

January is a bad month for cheque-writing. We still live in the previous year and date the cheque 12 months into the past. Or sometimes the amount to the last rupee has not been written correctly. It is common to make errors while writing a cheque. Going by the rule book, we need to sign and attest every such change. We could choose to write a new uncluttered cheque instead, this time without mistakes.

OUT OF BOUNDS

The band at the bottom of the cheque contains important numbers that enable collection of the cheque amount. The codes there are read by machines. Leave that space untouched: Don't write anything there.

LOST AND NOT FOUND

If you do not receive a new cheque book within a reasonable time from registering a request, inform your bank because it could have landed in the wrong hands. If it happens that a cheque leaf is missing, report it to your bank immediately or call their customer care number and issue a 'Stop payment' instruction. If the cheque has already been paid, ask for an investigation to save any loss if possible.

Finally, if you decide to close your bank account, destroy the unused cheque leaves left with you.

Cheque writing is a simple affair. Knowing the basics can help us imbibe best practices and guard against misuse and fraud.

Centre for Investment
Education and Learning

We welcome your suggestions and feedback on this column. Please use the 'Email Us' link at www.icicibank.com or send <CF your comment> as an SMS to 53030.

GET SET KNOW

CONTEST

Question
When you write a cheque, which should you leave for the last?

Answer
A. The date
B. Your signature
C. Crossing of the cheque

To answer SMS DISHA A, B, or C to 53030 and win a 2N 3D Holiday*.
*Terms and conditions apply.
Visit www.dishafc.org for details and winners.

FAQs

● WHY IS THE DATE OF THE CHEQUE IMPORTANT?

A cheque is valid for six months from the date of its issue. In order for it to be honoured when it is presented to the bank, adequate balance has to be available in the account. The date on the cheque is the date from when we need to ensure that adequate balance is available.

● WHY DO SOME CHEQUES HAVE THE BANK ACCOUNT NUMBER OF THE PAYEE?

This is an additional precaution taken when large-scale payments are made, e.g. for dividends. This is to ensure that the money is credited only into the correct bank account.

● HOW CAN ONE TRACK THE USE OF CHEQUES?

Most bank account statements provide the debits to an account, with the cheque numbers. These have to be in serial order and we should be able to identify each transaction. Writing out the cheque number, payee, date and amount, in the summary pages of the cheque book will help keeping track of the cheques we have issued.

● WHAT ARE THE ADDITIONAL PRECAUTIONS TO PREVENT TAMPERING OF CHEQUES?

A transparent sticker-tape can be pasted over the amount to prevent overwriting. Above the signature, the words not over 'xxxxx' (in words) can be written. These practices are followed by organizations that make a large number of transactions.

DID YOU KNOW

Always ensure that you have money in the bank to pay for the cheque you have issued. Otherwise, the bank will return (bounce) the cheque and may charge you for the transaction. Besides, the payee can take criminal action against you for issuing a cheque without having the funds to pay for it.



Protect your money.



Do not take help from strangers while making cash deposits or withdrawals.



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