

## Continuous Clearing and Settlement on Realization in Cheque Truncation System

As per the latest directive from the **Reserve Bank of India (RBI)**, the **Cheque Truncation System (CTS)** is being upgraded to a **Continuous Clearing and Real-Time Settlement** mechanism effective 04th October 2025. This change will significantly enhance the speed and efficiency of cheque processing across all banks.

### What is changing?

- Cheques presented to banks will be cleared within hours, a significant reduction from the current process that takes up to two working days.
- Funds will be credited to your account once successful settlement is received from drawee bank (the bank on whom the cheque is presented).

### What do you need to know?

#### 1. Deposit cheques early

- To ensure same-day processing and timely settlement, customers are advised to deposit cheques in line with branch operating hours.
- This will help to:
  - a. Ensure your cheque is included in the day's clearing cycle.
  - b. Receive funds faster.

#### 2. Ensure your account is sufficiently funded

- Cheques will be processed in real time.
- Please maintain adequate funds to avoid inconvenience.
- If your account lacks sufficient balance, the cheque may be returned immediately.

#### 3. Use Positive Pay for added security

- Positive Pay is an additional security layer that helps prevent cheque fraud.
- You can submit cheque details (cheque number, date, amount, payee name) for all the cheques at the time of cheque issuance.
- Channels available to share the Positive Pay details are –
  - a. **Any Axis Bank branch** - Fill in a simple form and submit the details over the counter.
  - b. **Digital channel** - You can log in through
    1. Axis Bank Mobile Banking app, **open** - Select Services >> Cheques >> Positive Pay
    2. Axis Bank Internet Banking - Select Services >> Positive Pay
    3. SMS banking - You can send SMS in the following format to 56161600.

PPAY <Last 4 digits of Account Number> <Cheque Number> <Cheque Amount>  
<Cheque Date in DD-MM-YYYY format> <Actual Payee Name>

For example – PPAY 1234 364748 250000.00 16- 07-2021 AJAY KUMAR

- Sharing the cheque details through PPS for cheques amounting to INR 5 lakhs and above has been made mandatory by Axis Bank effective 01-09-2021. In case of non-submission of PPS details by the customers, cheques with value amounting to INR 5 lakhs and above will be returned with return reason description “Kindly contact the drawer”, once the cheque is presented through CTS clearing.
- Revert to the SMS & IVR alerts sent to your registered mobile number immediately to avoid inconvenience.

## Frequently Asked Questions (FAQs)

### 1. What is Continuous Clearing and Settlement in CTS?

The Reserve Bank of India (RBI) has upgraded the Cheque Truncation System (CTS) to a Continuous Clearing and Real-Time Settlement model. This means cheques will be processed throughout the day, rather than in batches, resulting in faster credit to your account.

### 2. When will this new system be implemented?

- **Phase 1** - Begins on **October 4, 2025**
- **Phase 2** - Begins on **January 3, 2026**

### 3. How does this benefit me as a customer?

- Faster cheque processing and settlement.
- Funds credited to your account **within one hour** of successful settlement.
- Improved transparency and reduced delays.

### 4. When should I deposit my cheque to ensure same-day processing?

To ensure timely processing, **please deposit your cheques**, in line with Axis Bank’s branch operating hours. Cheques deposited after the branch operating hours may be processed the next business day.

### 5. Will cheques be settled multiple times a day?

Yes. Settlements will occur hourly, starting from **11:00 AM** until **7:00 PM**, based on confirmation received from the Clearing House.

### 6. Will cheques be processed on weekends or holidays?

No. Cheque clearing will only occur on **CTS working days** as per RBI guidelines.

## 7. What happens if my account doesn't have sufficient funds?

Since cheques are processed in real time, **insufficient balance at the time of presentation may result in immediate return**. Please ensure your account is adequately funded.

## 8. What is Positive Pay and why should I use it?

**Positive Pay System (PPS)** is a security feature that helps prevent cheque fraud. You can provide Positive Pay confirmation to the Bank by submitting cheque details (cheque number, date, amount, payee name) at the time of cheque issuance.

## 9. Can I visit the branch to submit Positive Pay details?

Yes. You can submit cheque details through the PPS form available at the nearest branch during the branch's working hours.

## 10. Can I submit Positive Pay details through any of the digital modes?

Yes. Following digital modes are available to submit the Positive Pay details from the comfort of your home.

- Axis Bank Mobile Banking app, *open*
- Axis Bank Retail Internet Banking
- Corporate Internet Banking
- SMS Banking

## 11. What happens if I forget to submit Positive Pay details?

If PPS details are not submitted for cheques valued Rs. 5 Lac & above the cheque will be returned with reason "**Kindly Contact the Drawer**". We strongly recommend submitting PPS details for all high-value cheques.

## 12. Will cheques be cleared multiple times a day?

Yes. Under the new system, cheques will be settled hourly, from **11:00 a.m.** until the end of the confirmation session at **7:00 p.m.** This allows for faster and more frequent settlements.

## 13. What happens if my cheque is not confirmed by the drawee bank in time?

If the drawee bank does not respond within the prescribed time-

- In **Phase 1** (4<sup>th</sup> Oct 2025 – 2<sup>nd</sup> Jan 2026) - Cheques will be deemed approved if the status of the cheque is not confirmed by **7:00 PM**.
- In **Phase 2** (from 3<sup>rd</sup> Jan 2026) - Cheques must be confirmed within **3 hours** of receipt, otherwise they will be deemed approved and settled.

**14. Will I receive a notification once my cheque is cleared?**

Axis Bank will continue to provide updates through SMS, or email once your cheque is successfully settled and funds are credited.

**15. What is 'Item Expiry Time' mentioned in the circular?**

'Item Expiry Time' is the **latest time by which the drawee bank must confirm** (positive or negative) the status of a cheque. If not confirmed by this time, the cheque is considered to be accepted / approved and included in settlement.

**16. How soon will I receive funds after my cheque is cleared?**

Once the cheque is successfully settled, **Axis Bank will credit the funds to your account within one hour**, subject to standard safeguards.

**17. Will this change affect post-dated cheques?**

No. Post-dated cheques will continue to be processed only on or after the date mentioned on the cheque. However, once presented, they will follow the continuous clearing process.

**18. Can I still deposit cheques through drop boxes or Cheque Deposit Kiosk (CDKs)?**

Yes, you can continue to use cheque drop boxes and CDKs.

**19. Will the cheque clearing process be available on holidays or weekends?**

No. Continuous clearing will operate only **on working days** as per RBI and bank clearing schedules. Cheques deposited on holidays or weekends will be processed on the next working day.

**20. Can I cancel a cheque after it has been deposited?**

Once a cheque is scanned and presented for clearing, cancellation may not be possible. Please ensure accuracy before issuing or depositing cheques.

**21. Will this change impact cheque return charges or timelines?**

The cheque returns process remains unchanged. However, since clearing is faster, **returns may also happen sooner**, and applicable charges will be levied as per existing bank policies.