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## **MAS Announces end-2025 Timeline to Eliminate Corporate Cheques**

### **Charges for individual and corporate cheques set to increase by 1 November 2023**

Singapore, 28 July 2023... The Monetary Authority of Singapore (MAS) today announced that all corporate cheques will be eliminated by end-2025 while individuals will still be able to use cheques for a period after 2025. With cheque usage in Singapore falling steadily, the cost of processing each cheque has been rising<sup>1</sup>. To recover these cheque processing costs, banks will therefore commence charging for Singapore Dollar (SGD)-denominated cheques by 1 November 2023.

2 MAS is working closely with The Association of Banks in Singapore (ABS), the financial industry and government agencies on a series of initiatives aimed at transiting cheque users to e-payment solutions. This will include a specific e-payment solution that can serve as an alternative for post-dated cheques. This will provide greater convenience to corporates and individuals.

3 Annual cheque transaction volume has declined by almost 70% from 61 million in 2016 to less than 19 million in 2022, alongside growing adoption of e-payments by both corporates and individuals<sup>2</sup>. With the fixed cost incurred in cheque clearing, the average cost of clearing a cheque has quadrupled since 2016 to \$0.40 in 2021. Most banks have to-date been subsidising the cost of cheque processing. But if cheque volumes fall by a further 70% by 2025<sup>3</sup>, the cost of clearing a cheque is projected to increase to between \$2.00 and \$6.00 by 2025. Banks will no longer be able to absorb these costs and will have to reflect the cost of cheque processing in their charges to their customers.

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<sup>1</sup> Cheque processing costs include cheque clearing costs and other bank operating costs.

<sup>2</sup> The share of cheque transaction volume as a proportion of payments using Fast and Secure Transfers (FAST), Inter-bank GIRO (GIRO) and cheques, had also fallen sharply from 32% in 2016 to only 4% in 2022.

<sup>3</sup> Cheque transaction volume had fallen 26% per annum on average in the past three years from 2019 to 2022. If this rate of decline continues, cheque volumes will fall 60% by 2025.

4 In a [consultation paper published on 2 November 2022](#), MAS and the Payments Council<sup>4</sup> proposed a roadmap to terminate the cheque truncation system (CTS) and transit all users out of usage of cheques. The proposals received significant support as well as useful feedback from both the financial services sector and business communities. MAS will take this feedback into account and work with ABS on the following key measures to facilitate the transition to zero corporate cheques by end-2025:

- (i) ABS will work with the Domestic Systemically Important Banks (D-SIBs)<sup>5</sup> to build an electronic deferred payment (EDP) solution to allow users to make a deferred payment or issue a cashiers' order, without the need for cheques. The EDP solution will leverage on existing payments solutions like PayNow and GIRO and be ready by 2025<sup>6</sup>.
- (ii) Banks will cease the issuance of new cheque books to all corporates in 2025, after the launch of the EDP solution.
- (iii) The D-SIBs in Singapore will commence charges for SGD-denominated cheques issued by both corporates and individuals by 1 November 2023, while other banks will do so by 1 July 2024. Charges for SGD-denominated cheques deposited by corporates and individuals will be implemented in phases<sup>7</sup>. The charges will vary among banks.

5 Further details on the initiatives are set out in the response to the public consultation, which may be viewed at this [link](#).

6 To ensure that Singapore's e-payment journey is inclusive, individual cheque users will still be able to use cheques for a period beyond 2025. This will provide the remaining individual users with a longer runway to switch to alternative payment methods. In the meantime, banks will be reaching out to customers who have yet to convert to digital payments to allay their concerns.

7 MAS will further study the use of cheques by individuals, and develop appropriate initiatives to assist remaining individual cheque users in their transition to alternative payment methods such as PayNow, FAST, GIRO, and MEPS+. MAS will conduct a second public consultation next year to set out the initiatives and timeline to eliminate individual cheques and terminate the CTS.

8 MAS and ABS encourage all cheque users to switch to other payment methods as the industry prepares to retire the CTS. This is in line with Singapore's Smart Nation vision where everyone has access to fast, simple, and secure payments.

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<sup>4</sup> The Payments Council comprises the major providers and user groups of payment services in Singapore, and is chaired by MAS.

<sup>5</sup> These banks are Citibank, DBS Bank, HSBC, Maybank, OCBC Singapore, Standard Chartered Bank and UOB.

<sup>6</sup> The proposed EDP solution will make use of PayNow to allow payers to identify payees conveniently when making payments via the EDP solution.

<sup>7</sup> Charges for USD-denominated cheques will also be implemented in phases. Further details will be shared by the individual banks when ready.

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### **About the Monetary Authority of Singapore**

The Monetary Authority of Singapore (MAS) is Singapore's central bank and integrated financial regulator. As a central bank, MAS promotes sustained, non-inflationary economic growth through the conduct of monetary policy and close macroeconomic surveillance and analysis. It manages Singapore's exchange rate, official foreign reserves, and liquidity in the banking sector. As an integrated financial supervisor, MAS fosters a sound financial services sector through its prudential oversight of all financial institutions in Singapore – banks, insurers, capital market intermediaries, financial advisors and financial market infrastructures. It is also responsible for well-functioning financial markets, sound conduct, and investor education. MAS also works with the financial industry to promote Singapore as a dynamic international financial centre. It facilitates the development of infrastructure, adoption of technology, and upgrading of skills in the financial industry.

### **About The Association of Banks in Singapore**

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of more than 150 local and foreign banks.