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## WHITE PAPER

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# Are Your Cheques Ready To Meet The Canadian Payments Association Changes?

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New Specifications Being Introduced  
To Facilitate Electronic Cheque Clearing System

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## New Cheque Specifications For Electronic Clearing System

In January 2005, the Canadian Payments Association (CPA) announced new specifications for cheques to support an industry-wide plan to modernize the cheque clearing process, through the use of image technology. In the current clearing process, about five million cheques have to be transported between financial institutions every business day. Under the new specifications, all cheques used by customers of financial institutions operating in Canada will require some changes.

All cheques processed through the Canadian cheque clearing system will be subject to image capture. Essentially this means that electronic images of cheques will be captured at the time the cheque is presented. While businesses will continue to use cheques in the same way, financial institutions will capture a digital image of the front and back of the cheque and it is this digital image that will be processed through the clearing system, rather than the actual paper cheque.

### Most Noticeable Changes

- Adoption of a numeric date field in one of three specified formats (YYYYMMDD, MMDDYYYY or DDMMYYYY). Field indicators must be printed below the date to indicate which format is being used. Bilingual date field indicators are accommodated for cheques using the ISO date format (YYYYMMDD).
- Revised specifications that define and address issues including: cheque background colours, patterns, screening and choice of ink colours. At **NEBS**, we have modified our designs to adhere to the new specifications, this includes keeping the 5/8" MICR encoding numbering area clear of any background design or colour to ensure the highest quality images are captured.
- New printing requirements on the reverse of the cheque so that image capture can be verified.

### Other Key Changes

- A mandatory serial number in the MICR line encoded on the bottom of the cheque (until now the serial number has been optional).
- An increase in the minimum length of a cheque from 6" to 6<sup>1</sup>/<sub>4</sub>", or 15.88 cm, to ensure there is sufficient space to accommodate the mandatory serial number in the MICR line.
- Standardized positions for key fields on the cheque, such as the date field and the amount in figures.
- Disallowance of elements that may hinder the capture of images or data from the cheques (e.g. inverse printing, italics or slanted fonts, a bottom border printed below the MICR line and the use of black carbon on the reverse of cheques will not be permitted).
- A provision to ensure that security features do not interfere with key data, or "areas of interest" as defined in Standard 006, Part A, either prior to imaging or post imaging.
- Some revisions to technical specifications (e.g. maximum Print Contrast Signal) to ensure high-quality images can be captured.



## Benefits Of The New Cheque Standard

The mandatory move to cheque imaging will provide a number of potential benefits to Canadian businesses including:

- ✓ Shorter hold periods for cheques on deposit
- ✓ Timely notification of unpaid cheques and the ability to commence collection action right away
- ✓ Quick and easy reconciliation of bank accounts
- ✓ Reduced cost and physical space requirements for storage of cancelled cheques
- ✓ More convenient and efficient record keeping
- ✓ Faster access to cheque information to verify cheque details
- ✓ Potential new security features to combat fraud including encrypted bar codes or seals
- ✓ Cheque images may also be offered on CD-ROM for business customers with high volumes of cheques

### Is NEBS ready?

Yes! Our cheque designs meet or surpass all CPA image ready cheque standards. **NEBS** provided information and consultation as a representative of the CPA Stakeholder Advisory Council.

### What do you need to do?

You will need to update your cheques to reflect the new image ready requirements that affect both the front and the reverse of the cheque.

If you currently purchase cheques from **NEBS**, you are all set. All NEBS cheques have been re-designed to meet the new CPA standards.

### What are the next steps?

You will need to ensure that your accounting software is up to date and CPA compliant to the new cheque imaging standards. Your financial institution will expect your cheques to comply with the new specifications.

**Don't Delay!** Purchasing your CPA compliant cheques today will ensure a smooth process with your financial institution. See [www.cdnpay.ca](http://www.cdnpay.ca) for more details

To order your image ready cheques, call **NEBS** at 1 800 461 7572.