



FAQs on Positive Pay System

What is Positive Pay System?

- The new “Positive Pay” mechanism is implemented by Reserve Bank of India effective 1st January 2021, under which re-confirmation of key details by the cheque issuer are required for payments beyond ₹50,000/-.
- Under this process, the issuer of the cheque shall submit, through channels like Phone Banking, mobile app, internet banking, etc., certain minimum details of that cheque (like date, name of the beneficiary / payee, amount, MICR code etc.) to the drawee bank, details of which are later compared with the cheque presented for the payment in Cheque Truncation System (CTS).
- All cheques will be processed as per the information sent by the account holder to the Bank at the time of issuance of the cheque.
- The Bank has enabled Positive Pay system for all account holders issuing cheques for amounts of ₹50,000/- and above. While availing of this facility is at the discretion of the account holder, however, in respect of cheques with an amount of Rs.5 Lacs and above, it is mandatory for the customer to update cheque details under Positive Pay upon issuance.

Why we need Positive Pay Mechanism?

- Positive Pay is a fraud detection tool adopted by banks to protect customers against forged, altered or counterfeit cheques. It cross verifies all details of the cheque issued before funds are encashed by the beneficiary, in case of a mismatch the cheque will be returned to presenting banker.
- By following such a system, a bank knows of a cheque being drawn by the customer even before it deposited by the beneficiary into his/her account.



How does the mechanism work?

- Under Positive Pay feature, the issuer will first share the details of the issued cheque like Cheque number, date, name of payee, account number, amount, share the details through Mobile Banking/Internet banking before handing it over to the beneficiary.
- When the beneficiary submits the cheque for encashment, the details are compared with those provided to the bank through Positive Pay. If the details match, the cheque is honoured. However in case of mismatch, the cheque is returned.

The concept is as easy and involves the following steps.

1. Customer shares the cheque issuance data from various channels like Mobile banking/Internet Banking/ Phone Banking. All these modes/channels will be available 24x7 for updating the Positive Pay confirmations and Branches shall guide customers to provide PPS confirmation through alternative channels.

Mobile Banking

Screen Path:-Services>> Cheque services >> Positive pay system

Internet Banking

Screen Path:-Services>> Cheque services >> Positive pay system

2. Cheque issuance confirmation submitted before 3 pm (daily) will be shared with NPCI on the same day. All confirmation received after cut-off time will be processed in next day's clearing session. Only those cheques that are compliant with PPS will be accepted under the dispute resolution mechanism.
3. A reference number will be shared to the customer through SMS on the registered mobile number for the successful submission of the Positive Pay confirmation. And an SMS will be triggered in case of PPS rejection at NPCI end.
4. When a cheque is presented for payment, the bank compares the presented cheque data against the customer's previously transmitted cheque information for that account.



5. Where there's a discrepancy between a presented cheque and cheque data information, the bank may dishonour the cheque. Hence it will be customer's sole responsibility to upload the correct details under the PPS.

Important Notes:

- Stale cheque (3 months older from date of confirmation) will not be accepted
- Post-dated cheque will be accepted under PPS
- Customers will be responsible for the correctness and accuracy of information supplied and shall ensure that there are no mistakes and errors in the information updated in PPS.
- PPS system is an additional tool for validation of cheques. All other parameters with respect to validation of Cheques remain unchanged and Customer has to maintain sufficient funds up to the cheque presentment.
- Only those cheques that are complaint with PPS will be accepted under the dispute resolution mechanism at the CTS grids.
- Customer can log the complaints through branches and phone banking channels in case of any disputes.
- The cheque already passed PPS request will not be entertained.
- USFB will not validate beneficiary name against the provided cheque details.

