FNB discontinue cheque issuance

07 July 2020: FNB today announced that it will be discontinuing the issuing of cheques by 01 January 2021.

Customers who still use cheques have been given a six months’ notice period to adapt to alternative forms of payments.

This decision follows the declining use of cheques locally and globally, coupled with the recent announcement made by the Payments Association of South Africa (PASA) to reduce the maximum value of cheque limits from R500 000 to R50 000 in May this year.

Kenneth Matlhole, FNB Business Product Head says, as of 1 January 2021, FNB clients will no longer be able to issue cheques. However, we will still honour other banks cheque payments until further notice.

Over the years, FNB has encouraged clients to migrate to safer, faster and more cost-effective payment mechanisms such as Electronic Funds Transfer (EFT), mobile payments, online banking and card payments. These forms of transacting are not only safer but are far more advanced and effective means that businesses can use to transact.

Matlhole says “South Africa has seen an annual decrease of 30% in cheque usage, making cheques contributing less than 0.1% of the total payments ecosystem in South Africa. During level 5 lockdown, volumes decreased by 80% and we have seen businesses continue to adapt to more digital and secure options of transacting.”

The Bank has taken the following steps as a phased approach to exit cheques as a payment instrument:

<table>
<thead>
<tr>
<th>Date</th>
<th>Cheque Items</th>
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<tbody>
<tr>
<td>1 July 2020</td>
<td>Discontinuation of special clearance.</td>
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<tr>
<td></td>
<td>Discontinuation of mixed deposits containing cash and cheques</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
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<tr>
<td>1 August 2020</td>
<td>The cheque clearance period will be a mandatory 10 days without the option of a shorter time period.</td>
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<td>1 September 2020</td>
<td>Processed cheques will not be returned to clients with their statements. Images of cheques are available via Online Banking.</td>
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<td></td>
<td>No new or replacement cheque books will be printed. This includes privately printed cheques.</td>
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<tr>
<td>31 December 2020</td>
<td>FNB cheque issuing will be discontinued. This means that any FNB cheques that are captured after the final date will not be deposited or encashed. All South African banks will be notified that FNB cheques presented after 31 December 2020 should not be accepted.</td>
</tr>
</tbody>
</table>

Other countries and some financial service providers in South Africa have already moved away from cheques as they are an inefficient, costly form of payment and have become more susceptible to higher levels of risk.

“The decision to exit cheques has been done with great consideration to ensure that we offer payment alternatives for our customers who have been using cheques. We will continue to work with our customers to ensure a smooth transition to payment alternatives that are more secure, efficient and cost effective than cheques.” concludes Matlhole.

Please contact your banker or the FNB Business Desk on 0877 362 247 for more information.

ENDS