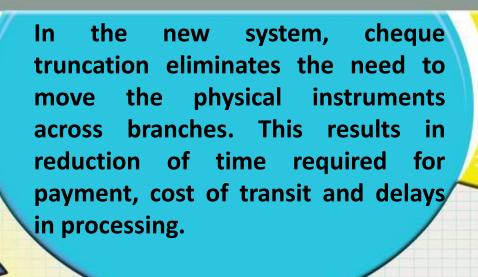
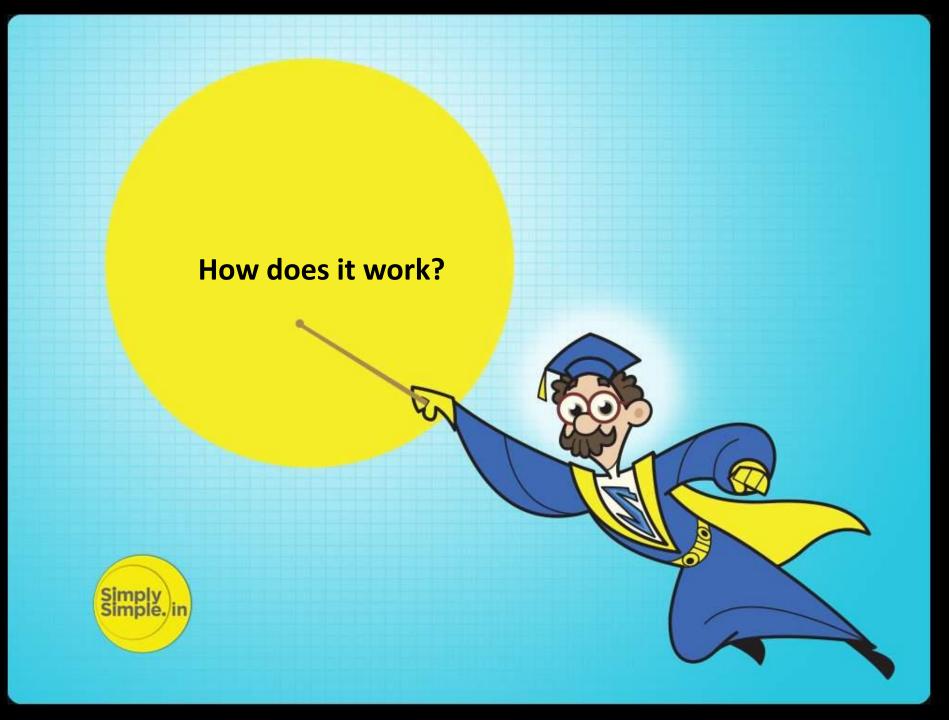


CTS is an online image-based cheque clearing system where cheque images and Magnetic Ink Character Recognition (MICR) data is captured at the collecting bank branch and transmitted electronically.

The earlier system relied on the MICR. MICR is the machine readable nine digit code found at the bottom of every cheque leaf. This code helped in bank and branch-wise sorting of cheques but physical delivery of cheques still continued.



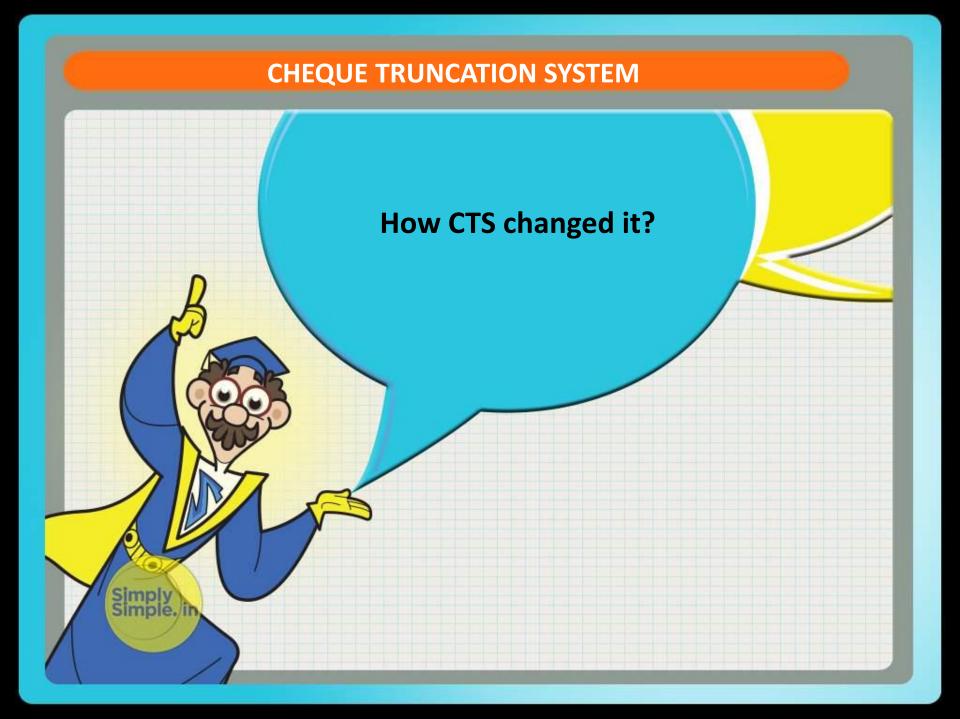




In the earlier system, you presented a cheque to your bank, which sent the cheque to a clearing house, after which the money was credited to you account.

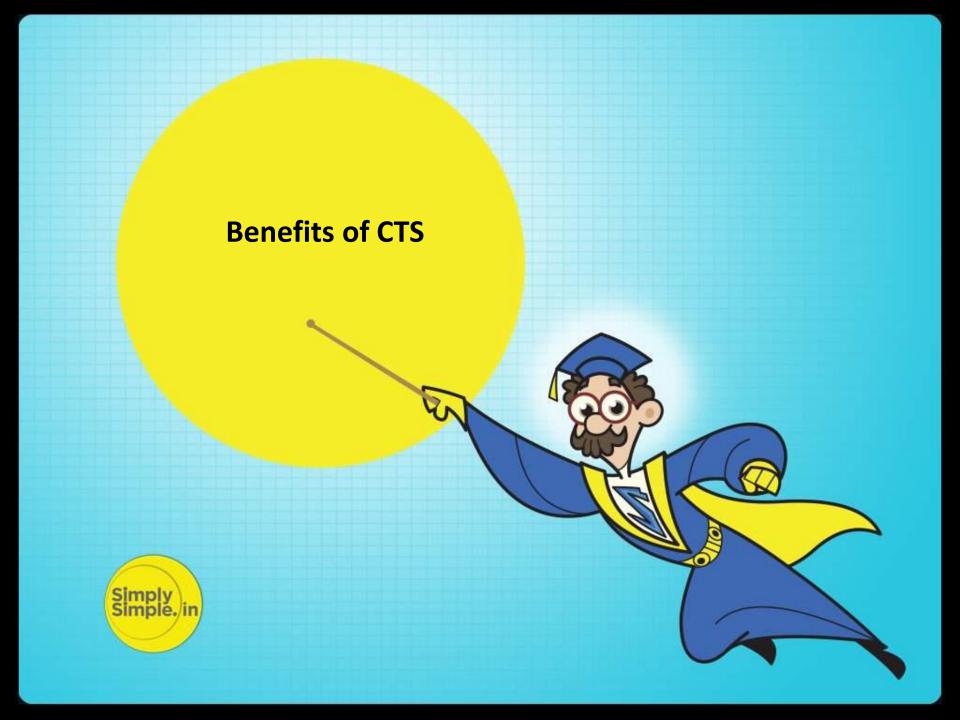
It usually took 3 days on an average to clear cheques as it involved physical movement of cheques.





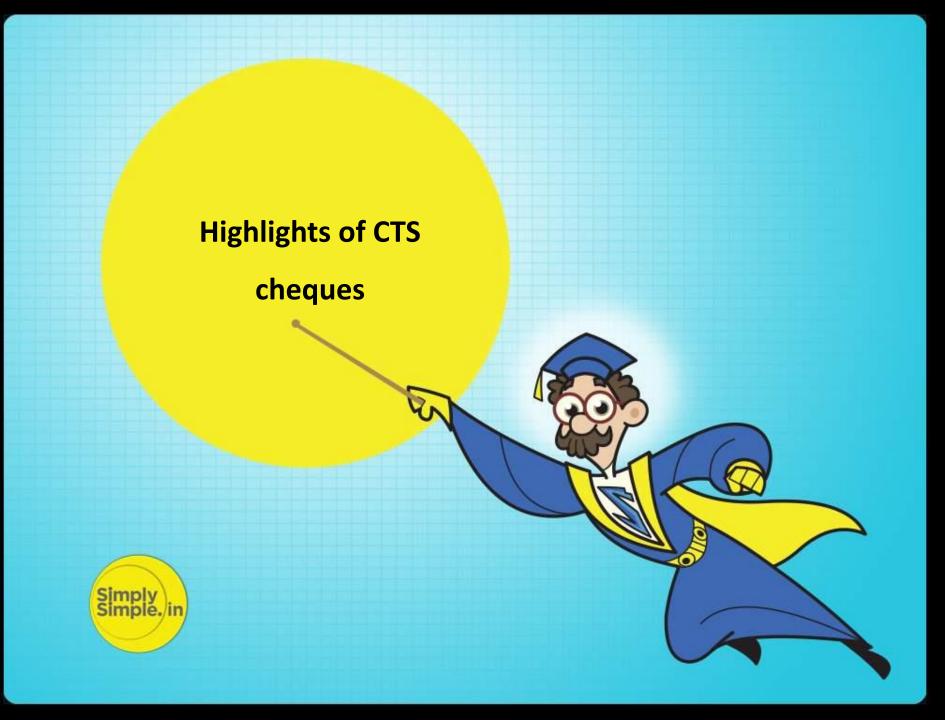
- CTS clears cheques based on electronic images.
- Physical transfer of cheques between banks has ended.
- The new system allows clearing of cheques in 1 day on an average.





- Time, money and manpower spent on physical movement of cheques from banks to clearing house are eliminated.
- Clearing related frauds become less probable.
- Possibility of cheques lost in transit is eliminated.



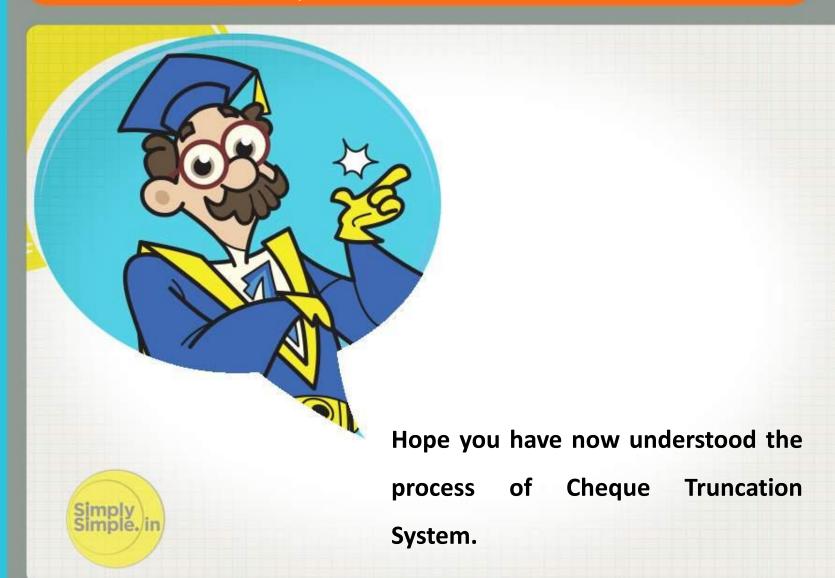


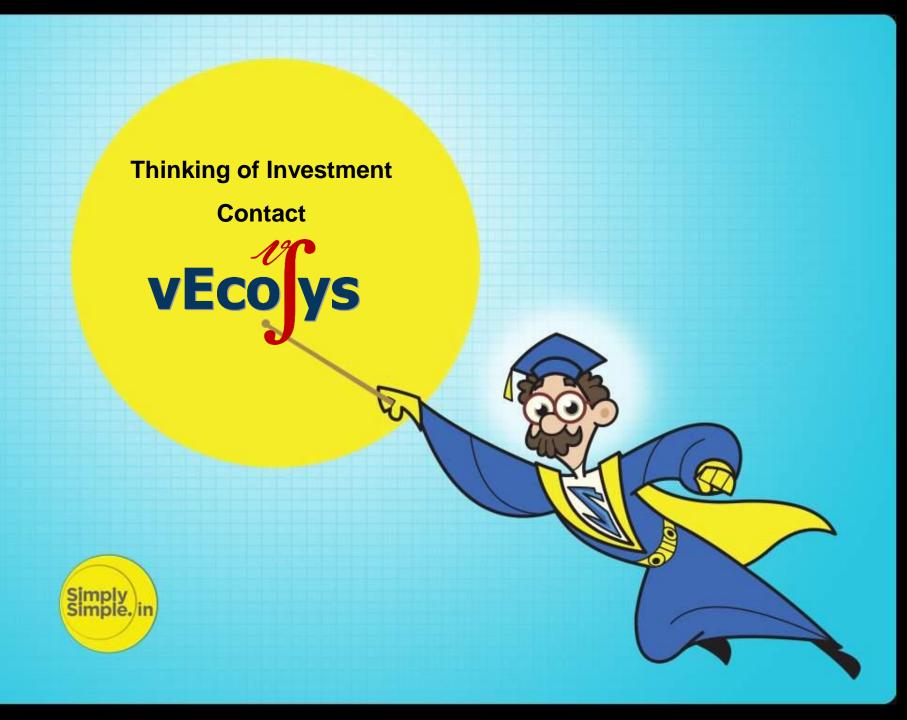
- All CTS cheques carry a watermark, with the words 'CTS-INDIA', which become visible when held against any light source.
- Pantograph (wavelike design) with hidden / embedded word 'VOID' become clearly visible in photocopies of a cheque.
- 'CTS 2010' is printed on the left hand side of cheque leaf near perforation.



To conclude, CTS has brought elegance to the entire activity of cheque processing & clearing and offers several benefits to banks in terms of cost and time savings, including human resource rationalization, cost effectiveness, business process re-engineering and better customer service.







DISCLAIMER

The views expressed in this lesson are for information purposes only and do not construe to be any investment, legal or taxation advice. The lesson is a conceptual representation and may not include several nuances that are associated and vital. The purpose of this lesson is to clarify the basics of the concept so that readers at large can relate and thereby take more interest in the product / concept. In a nutshell, Professor Simply Simple lessons should be seen from the perspective of it being a primer on financial concepts. The contents are topical in nature and held true at the time of creation of the lesson. This is not indicative of future market trends, nor is vEcoSys IMF Pvt. Ltd. attempting to predict the same. Reprinting any part of this material will be at your own risk. vEcoSys IMF Pvt. Ltd. will not be liable for the consequences of such action.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.