

# Five-day Clearing Week



**The Hong Kong  
Association of Banks**

# Implementing Five-Day Clearing Week (“5DCW”) in Hong Kong

Most major financial centres, such as those in the U.S.A., Japan, the U.K., Switzerland, Germany and Australia, do not provide clearing and settlement facilities on Saturdays. Other Asian countries that do not have Saturday clearing include Singapore, Thailand, People’s Republic of China, Indonesia and Malaysia.

The banking industry has consulted the Hong Kong Monetary Authority and other relevant parties and received their support for aligning Hong Kong’s electronic and cheque clearing operation practices with those of the above countries.

5DCW will be implemented in Hong Kong from 4 September 2006 to give banks and their customers sufficient time to make any necessary arrangements.

## Facts about 5DCW in Hong Kong

### **What is 5DCW?**

5DCW means that there is no clearing and settlement for all currencies on Saturdays. In other words, clearing and settlement of funds through cheque, autopay or electronic fund transfer, etc. will take place from Mondays to Fridays only.

### **What is the scope of coverage under 5DCW?**

The 5DCW will cover Clearing House Automated Transfer System (“CHATS”) operations in HK

dollars, cheques (in HK dollars, US dollars and Renminbi) and electronic clearing ("ECG") in HK dollars and US dollars.

## **Impact of 5DCW**

### **Will banks remain open on Saturdays after 5DCW is introduced?**

5DCW does not mean five-day banking. Individual banks will make their own commercial decision about whether to continue to open their branches on Saturdays and/or whether to offer counter services. Your own bank will notify you if it intends to make any changes to the existing arrangement.

### **Will all cheques be affected by this new move?**

Cheques in HK dollars, US dollars and Renminbi will be affected.

### **Will I still be able to deposit cheques on Saturday after 5DCW is introduced?**

Individual banks have their own arrangements. You should ask your bank for details. If a cheque is deposited on a Saturday, it would be treated as if the cheque was deposited on the next clearing day, and this is when interest on interest-bearing accounts will accrue.

### **How will my auto payments (e.g. autodebit, autocredit and standing instruction) be affected?**

Only auto payments that fall on a Saturday would be affected. For month-end auto payment instructions that fall on a Saturday, your account will be debited/credited on the clearing day preceding the Saturday. For other auto payment instructions that fall on a Saturday, your account will be credited/debited on the clearing day following the Saturday.

## **How will my loan drawdown/repayment be affected by the 5DCW?**

Banks will not set due dates on Saturdays for loan drawdown/repayment and credit card repayment where the relevant transactions involve interbank fund transfers on the same day. Examples: If a credit card repayment is by a standing instruction effected through an account maintained with another bank or if a loan drawdown needs to be credited to an account maintained with another bank on the same day of the drawdown. Please refer to your bank for any specific arrangements you may require after 4 September 2006.

## **How will my electronic banking services (e.g. ATM, Internet banking and phone banking) be affected?**

You can continue to conduct electronic banking services on Saturdays, although the debiting and crediting of your accounts may be affected. Please contact your own bank for more information.

## **Enhanced Customer Services**

### **Will the change cause any inconvenience to customers?**

We recognise that some customers may need to change their banking habits as a result of the implementation of 5DCW. A main reason that the 5DCW will not be implemented until 4 September 2006 is to give customers sufficient time to adjust to the change. Customers may have to do more careful planning to ensure their cash-flow is not affected. In addition, banks have been recommended to enhance their existing services to address the funding needs of customers.

While customers who receive funds through cheque payments will experience a short delay in receiving their funds, customers who make the payments will benefit from the delay in the

debiting of the funds from their accounts. Banks will not benefit from the change.

### **How will the inconvenience be alleviated?**

After the 5DCW is implemented, banks are recommended to make funds available to customers by up to one hour earlier between Mondays and Fridays and extend their cheque deposit cut-off time by up to 30 minutes on Fridays. However, as currently there is no uniformed practice on this amongst banks, please contact your own bank for details on the arrangements.

### **Why extend the cheque deposit cut-off time only on Fridays? Why not do so for the whole week?**

This extension will cater for the non-clearing of cheques on Saturdays. Given that the clearing of cheques on other days during the week remains the same, the industry does not see a need to extend the cheque deposit cut-off time for the other days at this stage.

## **Enquiries**

### **I have a bilateral contractual agreement with my bank for clearing services on Saturdays for my company account. Will the arrangement be affected?**

You should contact your own bank for the information.

### **Who should I ask if I have further queries?**

You should contact your own bank for further information.