

RBI proposes the transition of the Cheque Truncation System to a new continuous clearing with settlement on realisation

As per the RBI's Statement on Developmental and Regulatory Policies dated August 8, 2024, regarding "Continuous Clearing of Cheques", "cheque clearing through Cheque Truncation System (CTS) operates in a batch processing mode and has a clearing cycle of up to two working days. It is proposed to reduce the clearing cycle by introducing continuous clearing with 'on-realisation-settlement' in CTS. This means that cheques will be cleared within a few hours on the day of presentation. This will speed up cheque payments and benefit both the payer and the payee."

Accordingly, the Reserve Bank of India (RBI) vide its **Notification No. RBI/2025-26/73 dated August 13, 2025**, has announced a transition for the Cheque Truncation System (CTS) from its current batch processing model to a new "continuous clearing with settlement on realisation" system, to be implemented in two phases. Phase 1 will begin on October 4, 2025, with Phase 2 following on January 3, 2026.

Under the new system, there will be a single, continuous presentation session from 10:00 AM to 4:00 PM, during which banks will send scanned cheque images to the clearing house. Drawee banks will then have a continuous confirmation session from 10:00 AM to 7:00 PM to process and confirm or dishonor cheques.

The new rules specify an "Item Expiry Time" for each cheque; if confirmation is not provided by the drawee bank within this time, the cheque will be considered approved. Settlement will now occur hourly, from 11:00 AM onwards, based on positive confirmations. Presenting banks are then required to release funds to customers within one hour of successful settlement. All banks are advised to prepare for this change and inform their customers accordingly.

Link

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT7318205B91DE0945C3AC4F58812511E5C7.PDF>