

Removal of Cheques

As part of Fundserv's paperless initiatives, removal of cheque settlement in V34 will help Fundserv members evolve away from manual processing and embrace increased automation and operational efficiency.



The challenge:

The processing of manual cheques is labour intensive, costly and hinders automation. The COVID pandemic highlighted the challenges of manual cheque processing and the risks associated with relying on cheque settlement.

The solution:

Fundserv established a working group to perform an in-depth analysis of each transaction type and find opportunities to reduce cheque settlement within the Canadian investment industry. Opportunities identified include:

- Client name purchases placed on Fundserv (excluding purchases that are coded as registered transfers)
- Client name redemptions placed on Fundserv that are payable to the investor (excluding cheques to an alternate payee or to the beneficial owner at an alternate address)
- New automatic withdrawal plan (AWD)/systematic withdrawal plan (SWP) setups
- Sending of cheques between Fundserv members

Note: In V34, cheques will no longer be supported as a settlement method for the transactions in scope, which are identified above.

Benefits:



Cost of producing, delivery and reconciliation of cheques is eliminated



The opportunity to commit fraud using paper cheques and potential for privacy breaches are diminished



The time required to credit investor accounts is shortened, ultimately improving the investor experience



Money movement can be facilitated through alternative settlement methods such as Net Settlement Messaging (N\$M), Ad-Hoc Money Movement (A\$M) and electronic fund transfer (EFT)

What you can do now:



Distributors

- Collect banking information for orders settled by EFT when placing trades.
- Educate advisors and investors to support the transition towards cheque elimination.
- Don't wait! If you haven't done so, start using A\$M to send money to other Distributors and Manufacturers.



Manufacturers

- Remove the cheque option from your forms.
- Educate Distributors and advisors on cheque elimination and alternative settlement methods.
- Don't wait! If you haven't done so, replace cheques with A\$M or request banking instructions from Distributors.