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AUTOMATED CHEQUE IMAGING
&
CLEARING SYSTEM FOR COMMERCIAL BANKS
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A Dissertation Submitted to
The Department of Mathematics
Faculty of Engineering
University of Moratuwa
Sri Lanka

91213

In Partial Fulfillment of the Requirements
Of the Degree of Master of Science
In Operational Research

Department of mathematics
University of Moratuwa
November 2007

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DECLARATION

I certify that this project does not incorporate, without acknowledgement, any material previously submitted for a degree or diploma in any University and to the best of my knowledge and belief, it does not contain any material previously publish or written by another person or myself except where due reference is made in the text. I also hereby give consent for my project, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summery to be made available to outside organizations.

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ABSTRACT

In the past a transactions between two parties took place by way of exchanging goods. This was referred to as the barter system. However due to many shortcoming in the barter system currencies were introduced in order to reduce difficulties faced by people. Due to problems such as transportation, security and other factors cheques were introduced in to the system with the expansion of the economy. With the introduction of cheques a bill of exchange act was passed by the parliament to enable cheques to be en -cashed, credited and cleared.

Now the economy has expanded to a very large extent and the usage of cheques in the economy is growing, many cheques are in circulation today and customers expect cheques collected by them to be converted in to the form of cash or credited to their account immediately. Due to above mentioned reasons and with a view of reducing the cost incurred in transportation, encoding and processing, etc a new system of clearing of cheque will be introduced. This system is referred to as Image Clearing.

With the introduction of image clearing system, transportation cost will be reduced. Since a cheque would be scanned, data entry errors can be eliminated. Further the time taken for a cheque to realize would be cut short by one day. Another feature of this system is that it would reduce the workload with

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regard to repetition of data and would also help reduce the number of individuals involved in the cheque clearing system.

In this thesis I report on a system developed by me to reduce the workload connected with en-cashing, crediting and clearing cheques in commercial banks of Sri Lanka. The main feature of this system is capturing image of both sides of cheques and to send it for clearing. This proposal made by me in 2000 and some of the features are already implemented in Sri Lanka.

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ACKNOWLEDGEMENT

It is with great pleasure I wish to extend my sincere gratitude towards Dr. M. Indralingam, the Head of Department of Mathematics, University of Moratuwa, and Mr Kolitha Wickramasinghe, Senior Manager, Seylan Bank Ltd. in guiding me through this project.

Dr M. Indralingam assisted me in the technical side of the project while Mr. Kolitha Wickramasinghe contributed towards the practical side of it as to how it would apply in the banking system.

I would also like to express my gratitude to Prof.G.T.F.De Silva of the University of Moratuwa, for his guidance and unstained support. His suggestions were invaluable and help full in every way.

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Finally it would be a handicap indeed if I had to forgotten my wife and parents for encouraging and supporting me to complete this project successfully.

TABLE OF CONTENTS

	Page
DECLARATION	I
ABSTRACT	II
ACKNOWLEDGMENT	IV
1) INTRODUCTION	1
2) CHEQUES CLEARING PROCESS WITH IMAGING	3
3) CURRENT CHEQUES CLEARING PROCESSES	6
3.1 Historical background and clearing House Involvement	6
3.1.1 Regional Clearing	9
3.1.2 Settlement clearing	10
3.2 Automation of Cheque Clearing	11
3.2.1 Advantages of Existing Clearing System	15
3.2.2 Before Establishment of Clearing House	16
3.2.3 The Clearing system through Clearing House	17
3.2.4 Involvement of Central Bank in Cheque Clearing	19
3.2.5 Cheques Processing Procedure at SLACH	21
3.3 Process of collecting Outward Cheques At the Branches	23
3.4 Outward cheques Clearing Process At Clearing Department	24
3.5 Inward Cheques Clearing Process at the Branches	25
3.6 Outward Returns Process at Clearing Department	26
3.7 Outward Returns at Clearing House	27
3.8 Inward Returns at Clearing Department and Branches	28
4) DRAW BACKS IN EXISTING SYSTEM	30
5) PROPOSED CHEQUES IMAGING SYSTEM	40

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6) INTRODUCTION OF IMAGE CLEARING 41

6.1 Why we should go for Image Clearing 42

6.2 Introduction of Legislative Amendments for Image clearing system 43

7) PROPOSED BRANCH SETUP AND PROCESS 47

7.1 The Process of a Collecting Branch 50

7.2 Function involving in the Paying Pank 52

7.3 Cheques Encashment over the Cash-Counters 54

8) SYSTEM REQUIREMENTS 57

9) ADVANTAGES OF CHEQUE IMAGING SYSTEM 59

10) DPD DIAGRAMS 63

11) DATA BASE STRUCTURE 67

12) GLOSSARY 69

13) REFERENCES 71

14) ANNEXURES 73

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