

HSBC Bank Middle East Limited, Bahrain Branch

E-Cheque Product Guide



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E-Cheque Definition

An electronic negotiable instrument and an electronic transferable record that is generated, communicated, received and stored electronically.

It contains an encrypted QR code and instructs the Bank to pay a defined amount of money to the person holding the name written on the E-Cheque. A **Person** may be **Natural Persons** or **Legal Entities**.

The person writing E-Cheque is known as the **Drawer**, the person the E-Cheque is written to is known as the **Payee or the Beneficiary**, and the Bank of which the E-Cheque is drawn is known as the **Drawee Bank**.

The Drawer when writing an E-Cheque defines the monetary amount, date, and the Payee name. The Drawer may define the E-Cheque issued to be account Payee and non-transferable at the time of issuing.

E-Cheque Life Cycle

As an electronic transferable record, an E-Cheque life cycle starts the moment an E-Cheque Book is issued by the Drawee Bank and ends when then record is deleted based on the retention policy defined by the Central Bank of Bahrain and the applicable Laws and Regulations. The electronic transferable record life cycle of an E-Cheque covers the following processes:

- ▶ E-Cheque registration.
- ▶ E-Cheque authorized signatory activation.
- ▶ E-Cheque book request.
- ▶ E-Cheque writing & signing.
- ▶ E-Cheque sharing.
- ▶ E-Cheque deposit.
- ▶ E-Cheque clearing & settlement.

Type of Customers

- ▶ **Retail Individual:** customers who are individuals with one authorized signatory over their own accounts
- ▶ **Non-Enterprise:** customers who do not have the typical setup of one authorized signatory over their account or a person representing another's account. Example of such customers are:
 - ▶ Joint Account Holders;
 - ▶ Accounts with power of attorney;
 - ▶ Entities with limited liabilities; Or
 - ▶ Any other entity having the same person handling the administration and signing of E-Cheques.
- ▶ **Enterprise:** customers with the following categories:
 - ▶ Small and Medium Enterprises (SMEs);
 - ▶ Enterprises, they can be commercial entities or other entities that are not registered under the Ministry of Industry and Commerce as a Commercial Registration (CRs) owners, e.g. Government entities, Foreign embassies... etc.; Or
 - ▶ Any entities where authorized signatories may not administer or handle the operations of the E-Cheques.

E-Cheques Access Channels

1 BENEFIT's Access Channels

▶ BenefitPay (Mobile Application – Managed by the BENEFIT company)

BenefitPay is a national wallet app enabling retail individual customers with one authorized signatory over the accounts to register their current or depository account on the E-Cheque System.

▶ E-Cheque App (Mobile Application – Managed by the BENEFIT company)

All other customers that are non-retail individuals (Enterprises / Non-Enterprises) shall be able to use E-Cheque App to register their current or depository account on the E-Cheque System.

- ▶ Non-Enterprise customers: can utilize all the E-Cheque services through the E-Cheque App.
- ▶ Enterprise customers: the authorized signatories of the enterprises shall use the E-Cheque App to approve E-Cheque Book requests, approve administrative user creation and sign E-Cheques only. While the remaining activities can be utilized through the E-Cheque Portal by the administrative users.

▶ E-Cheque Portal (Web Based Site – Managed by the BENEFIT company)

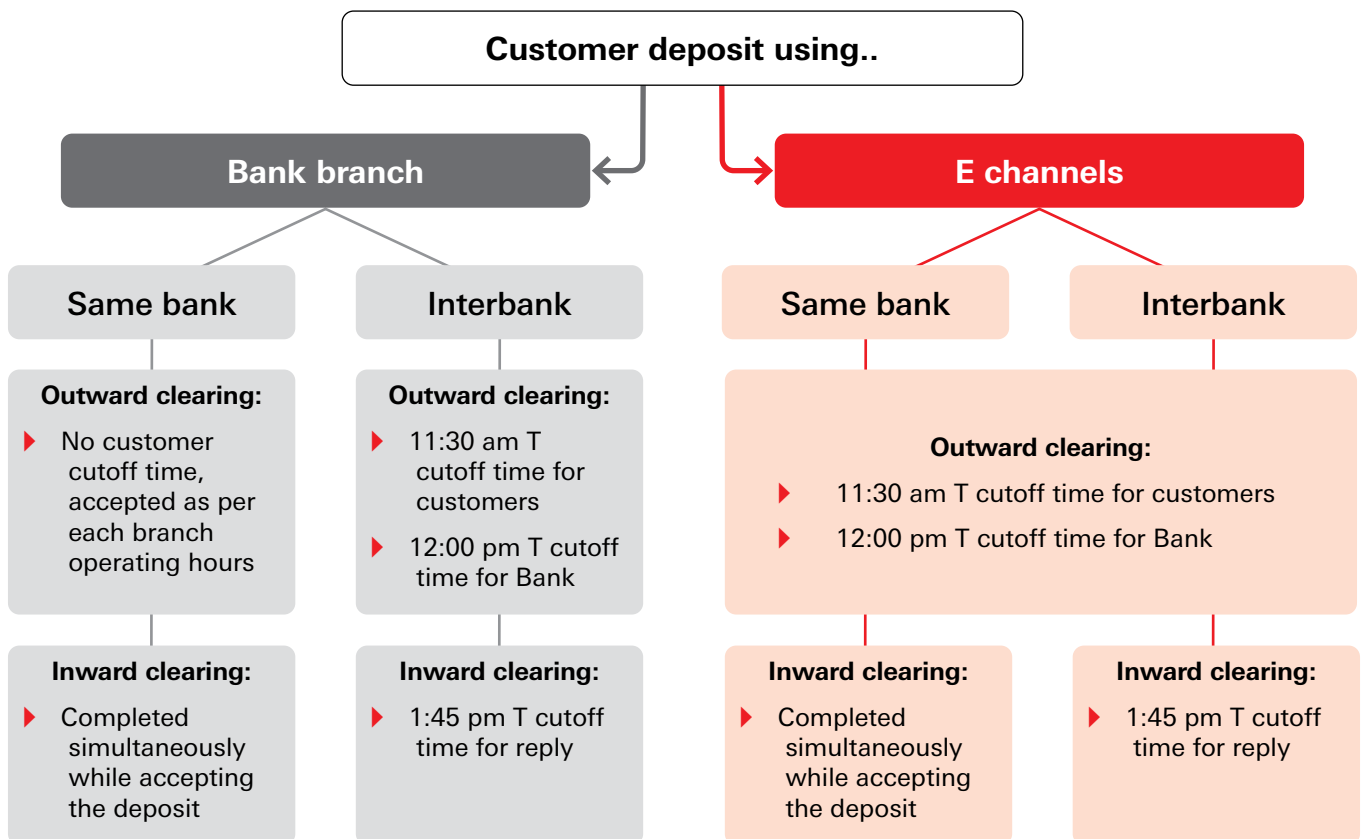
Used by Enterprise customers only. E-Cheque portal enables administrative users to handle and administrate the E-Cheque operational activities of the enterprise customers. e.g. E-Cheque book request, writing E-Cheques... etc.

2 Bank's Branches

All branches of the Bank shall be able to accept and process the below services:

- ▶ For Retails Individuals: E-Cheque deposit, verification and cancellation.
- ▶ For Enterprises / Non-Enterprises: E-Cheque registration, deposit, verification and cancellation.

Sessions Timing and Cut-off Times*



*Disclaimer: These are based on the current timings defined by BENEFIT/Central Bank of Bahrain and they may change such timings at any point of time. Customers may visit the BENEFIT's official website for the updated information (www.benefit.bh)

Standards and Control of the E-Cheque

E-Cheques can be issued to a fully qualified name or a free text name. An E-Cheque issued to a “fully qualified name” of the Payee is a cheque that was written and issued by the Drawer using the mobile number or ID of the Payee registered in the E-Cheque system. An E-Cheque issued with a free text name of the Payee is a cheque that was written and issued by the Drawer by manually typing in the Payee’s name.

The Drawer being the source of the E-Cheque and has the control over it, the control of the E-Cheque remains with the Drawer until the E-Cheque is written, fully signed and shared with the Payee through different sharing channels (e.g. E-Cheque system through mobile app, Email... etc.).

E-Cheque system will establish the control of the E-Cheque and identify the exact Payee for E-Cheques issued with a fully qualified name at the moment of signing the E-Cheque. For such E-Cheques, the control will remain with the Payee identified by the E-Cheque system till clearing or expiry of the E-Cheque.

For E-Cheques issued without a fully qualified name, E-Cheque system will only establish the control and identify the exact Payee once the deposit request has been approved by the Payee’s Bank confirming the ownership.

Customers Registration

All customers with a valid IBAN in BHD currency shall be able to register their accounts in the E-Cheque system.

- ▶ **Current account holders:** Eligible to register their account for E-Cheque Issuance and Deposit.
- ▶ **Savings account holders:** Eligible to register their accounts for E-Cheque Deposit only.
- ▶ **Retail-Individual Customers:** Self-enrolment through BenefitPay and to follow the on-screen instructions to activate their mobile device.
- ▶ **Enterprises / Non-Enterprises:** The registration process consists of two steps:
 - 1 **Enrolment through the Bank branches:** The customer shall approach the Bank requesting to register their accounts in the E-Cheque system and to define the authorized signatories’ administration authority (A designated registration forms will be available). The Bank shall review and process the request within two business days. Once the registration process is complete, an email will be sent automatically to the customer with the complete registration details.

The customer is responsible of informing the bank using the proper request forms and authorized signatories in case of changes in their profiles registered on the E-Cheque.
 - 2 **Signing up through the mobile app:** The customer will use the details received by email to complete the registration process through the E-Cheque App and to activate their mobile device.

Note: For Enterprise Customers, the administrative users shall self-register themselves using the E-Cheque Portal, subject to approval from the defined authorized signatories.

E-Cheque Book Request

Customers can request for an E-Cheque Book using any of the available electronic channels, i.e. BenefitPay, E-Cheque App or E-Cheque Portal, depending on the type of customer at the time of registration.

Similar to the paper cheques, the customer shall define the number of E-Cheque Books and the number of E-Cheques per E-Cheque Book.

The E-Cheque Book requests are subject to the Bank’s approval and the Bank shall process the request within two business days.

E-Cheque Deposit

1 BENEFIT's Access Channels

A registered Payee can use BenefitPay, E-Cheque App or E-Cheque Portal to deposit an E-Cheque.

2 Banks' Branches

All customers can visit the Bank's branches to request depositing an E-Cheque received electronically. The customer shall present a copy of the E-Cheque that holds the QR code.

Note: All E-Cheque deposits (regardless of the deposit channel) will be processed as per the cut-off times defined by BENEFIT/Central Bank of Bahrain.

E-Cheque Cancellation

Only Payees are allowed to cancel E-Cheques that are written and fully signed. Payees shall approach their Bank to cancel an E-Cheque.

Additional Considerations

- ▶ Customers should safe guard their mobile device from loss or unauthorized use and access.
- ▶ Customers should immediately revoke their access in case of device compromise or loss.
- ▶ Customers should ensure the confidentiality of the access passwords and codes.
- ▶ Customers should verify the correctness of the E-Cheque data when writing and signing an E-Cheque.
- ▶ Customers receiving electronic cheques can verify the authenticity of the cheque and if the cheque is written to his/her name once registered on the E-Cheque System
- ▶ E-Cheque is an added service to the market. Customers can use either Paper or E-Cheques.

Terms and Conditions

The Bank's General Personal Banking Terms and Conditions for retail customers and the Corporate Banking General Terms and Conditions (or such other terms as otherwise agreed in writing between the Customer and the Bank) for corporate customers and any applicable internal policies and procedures shall remain to apply to E-Cheques. The bank account terms applicable to you apply in conjunction with any other terms and conditions that may be required to be accepted on any of the E-Cheque Channels from time to time as may be operated by Benefit or the Central Bank of Bahrain.