

FREQUENTLY ASKED QUESTIONS RE. NEW LARGE VALUE CHEQUE CHARGE

Q- Why RTGS?

This RTGS system enables Banks to manage their liquidity efficiently while providing a better tool for Monetary Policy Management to the BOJ thus contributing to the realization of a more stable financial system.

Q- What are the benefits of using RTGS?

- Ensures efficiency and speed as transactions are on a real time basis
- Eliminates settlement risk by minimizing payment exposure
- Ensures finality and irrevocability of payments
- Is secure and instantaneous
- Boosts the confidence of investors and the general public in Jamaica's payment System.

Q- Why was this fee introduced?

The Bank of Jamaica introduced a deferred penalty fee as a disincentive, in an effort to eliminate the risk to system stability posed by large value payments that are effected through the ACH. BOJ has advised that if the volume of large value transactions is reduced by 50% over an assessment period then this penalty fee per transaction will not be incurred by banks, and as such customers will be reimbursed the large value cheque charge at that time.

Q- How can I avoid being charged this fee?

In order to avoid incurring the penalty charge, large payments can be done through our branch network at a nominal cost. Simply present the following:

- Beneficiary name
- Beneficiary Bank and branch
- Beneficiary account number
- Value date of payment

and the funds will be electronically transferred from your account to the payee.

Another option, providing you have signed our fax and email indemnity form, would be to email or fax your instructions with the necessary details to your branch.

Q- Will I still be able to write cheques valued at J\$5,000,000 or more?

You can still write cheques valued at JMD \$5million or above, however if these items are presented at another Bank, it will incur the deferred penalty fee of \$5,000 per item and this fee (plus GCT) will be subsequently charged to your account. Please be reminded that should the BOJ determine that the volume of large value transactions has decreased by 50% then your account will be credited the penalty fee at that time.

Q- When will I know whether the volume of large value transactions has met the BOJ's target of 50% and thus know whether my account will be reimbursed?

It is expected that BOJ will advise Scotiabank about this at the beginning of 2012 as this is a phased implementation which will be reviewed by the BOJ in January 2012 with a view to set revised targets, effective April 1, 2012. As soon as we are notified we will pass this information to our customers and reimburse your account at this time (assuming the 50% or greater reduction in volume was achieved).

Q- I don't have a chequing account but from time to time I would request a Manager's Cheque. Will this fee also affect me?

Because this fee applies to all cheques, including Managers Cheques and corporate cheques issued for JMD\$5 million or more, Scotiabank will no longer be issuing Manager's Cheques valued at JMD\$5 million or over. However you will be able to electronically transfer the funds from your account to your payee's once you provide us the information as outlined above.

Q- Are payments through RTGS safe?

Payments through RTGS are made via secured links between each Bank and the Bank of Jamaica and are therefore safe.