

INTEREST-BEARING BANK CHECKS

Introduction

1. There have been instances in the past in which banks paid interest on bank checks for the period between the purchase of the check by the customer and its payment date.

This fact gives rise to defects in internal control, for the following reasons:

- (a) In these instances a deposit is created which has not been opened in the framework of the usual procedures for opening accounts;
- (b) The above deposit is in effect a demand deposit of the customer or bearer without being properly expressed in the bank's books;
- (c) The bank's obligation to pay interest to the customer is not usually anchored in an organized system of documents.

Ban on paying interest

2. In view of the aforesaid, interest shall not be paid on bank checks.

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