

Cheques

New Zealand banks largely withdrew the availability of cheques in New Zealand in 2021, and stopped accepting foreign cheques by 2024. This means you are now unlikely to be able to deposit any cheques into your New Zealand bank account.



What to do if you receive foreign cheques

If you receive foreign cheques, you will need to contact the issuer to make other arrangements to receive the payments. If your cheques are for an overseas government pension you may be able to register to receive the payments electronically. You can contact your bank for advice if you have any questions about your options.

Cheque acceptance

The following provides information about processes used in the past.

Please also see our quick guide on [Payment Methods](#)

Clearance

Banks clear foreign currency cheques in one of two ways.

By negotiation

The bank converts the foreign cheque into New Zealand dollars (using that day's exchange rate) and deposits the money into the customer's account. In doing so, the New Zealand bank is lending money to the customer while it waits for payment from the overseas bank. The New Zealand bank may allow the customer immediate access to the money, but will reverse the amount if the foreign cheque is dishonoured later by the overseas bank (if, for instance, there isn't enough money in the overseas bank account or the cheque has been stolen).

Alternatively, the New Zealand bank may place a hold on the money for a certain period, meaning the customer cannot access the funds immediately. The hold period allows time for the overseas bank to advise the New Zealand bank whether it will dishonour the cheque. Once the hold period expires, the customer can access the funds. A foreign cheque can still be dishonoured after any hold period ends.

If a cheque is dishonoured, the cheque's value will be converted back into the foreign currency (using the exchange rate when the bank is advised the cheque is dishonoured) and the amount deducted from the customer's account. If the exchange rate has changed since the original deposit, the customer's account may be debited for an amount greater than the original cheque. If dishonouring the cheque causes the customer's account to be overdrawn, the customer must pay back the bank.

On collection

The second clearance method is for the New Zealand bank to send the cheque to the overseas bank to be processed. When the New Zealand bank receives the money from the overseas bank, it converts the money into New Zealand dollars and deposits the money into the customer's account.

This method is usually used for higher-value cheques. Banks will also use this method when they are not prepared to advance funds to their customer while they wait for payment from the overseas bank. This may be because the customer does not meet their credit criteria or because the cheque is a personal one.

The on-collection method gives customers certainty of payment and removes exchange risk should the cheque not be paid. This process may also be better when a customer receives a cheque from someone he or she does not know well and wants to be certain the cheque won't be dishonoured later.

Common foreign cheque complaints

The clearance process is a cause of complaints. Customers may not know about the hold period and get concerned about the delay in accessing the money. Customers may also not know that a foreign cheque can be dishonoured after they've accessed the money. And some customers complain about exchange rate changes when a cheque is dishonoured.

A bank's terms and conditions for accepting foreign cheques should clearly explain that:

- A cheque can still be dishonoured after the hold period ends
- The bank can require the customer to repay the cheque amount if that happens.
- The customer may incur extra costs arising from exchange rate movements.

Banks must give accurate and complete answers to customers' questions about clearance times and the process they adopt when a foreign cheque is dishonoured.

Scams

The most common scam involves people who sell goods online and accept a foreign cheque as payment. The seller will bank the cheque and either send the goods straightaway or wait until the hold period ends, thinking the cheque has cleared. The cheque is subsequently dishonoured and the seller's bank debits his or her account to cover the cheque amount. If the customer has insufficient credit funds in the account, the account will be overdrawn.



Beware, foreign cheques may be dishonoured even after you have accessed the money.