

CPA 006 Overview

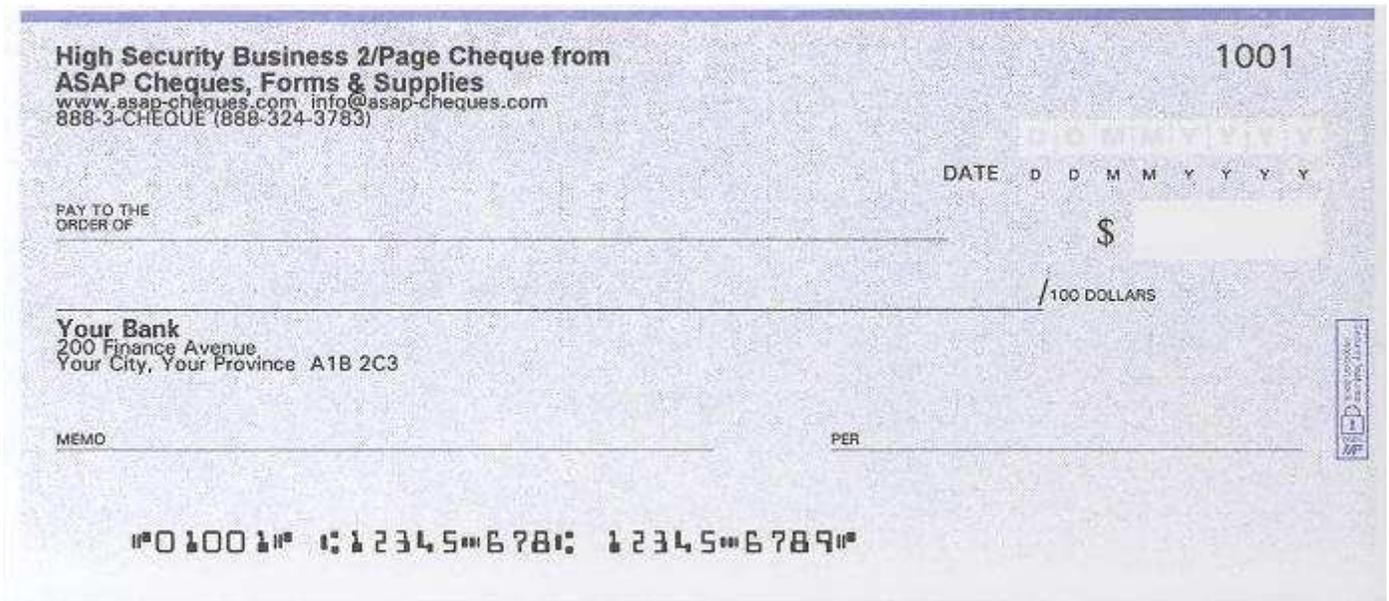
by [Les C. Cseh](#), *ASAP Cheques, Forms & Supplies*
revised August 21, 2006

Introduction

Are My Cheques Compatible With The New Standards?

The rules for cheque design and printing have changed, and the deadline for using the new cheque format is approaching. These rules are named CPA Standard 006, usually abbreviated as CPA 006 (CPA stands for the Canadian Payments Association).

You have probably seen cheques with a new look, such as the set of boxes in the top right hand corner for filling in the date, and the new printing on the back of cheques, such as the curious phrase "Back/Endos" (Endos is the French word for Back).



Are your cheques compatible and are you ready? The purpose of this guide is to highlight some of the requirements, and to let you know where to find more information.

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Why Are Cheques Changing?

Cheques do a lot of traveling! When you deposit a cheque, your branch will physically send it to your bank's processing centre. After processing it, they will send it to the processing centre for the bank where the person who wrote the cheque has their account. From there it will be sent to the cheque issuer's branch, before finally being returned to cheque issuer along with their bank statement. There could even be additional stops in between! And if the cheque is not honored (eg. insufficient funds, stop payment), then the cheque retraces these steps back to where it was deposited.

According to the Canadian Payments Association, some 5 million cheques are shipped each business day. This is expensive and time-consuming, slows down clearing time and gets in the way of speedy detection of fraud. There is also potential for delay and loss (for example, the author had to replace a payroll cheque because the armoured vehicle used to deliver cheques had been robbed).

Following the lead of the U.S., Singapore, Spain and other countries, financial institutions in Canada are preparing to transmit scanned cheque images electronically rather than physically transport the cheques. For this to function well, the information on cheques has to be captured accurately and at high speeds.

This is why the standards describing the design of cheques have been changing.

When Do I Have To Be Ready?

The original deadline was December 31, 2006 but this has been extended recently to June 30, 2007. This may seem a long way off, but most people order a years' worth of cheques at a time or more, so the time to learn about the requirements is now.

In the meantime, there is no reason that you should not use up any remaining older style cheques.

Unfortunately, it may not be as simple as ordering CPA 006 compatible cheques. If you are using accounting or personal finance software such as QuickBooks, Quicken or Simply Accounting, you may need to upgrade to a recent software version that supports the changes. In some cases, a CPA 006 compatible version of your software may not be available yet.

What Do I Look For?

The remaining sections describe many of the changes. While Canadian cheque printers should already have redesigned their cheques, even recent samples ordered through major banks continue to show various incompatibilities. However, keep in mind that at the time this article was written, the standards were still being fine-tuned, some software vendors had yet to fully support the new standards, and the deadline is the end of June 2007. If you have any concerns, then simply take several (voided) samples to your bank branch who will submit them to their Quality Assurance team for analysis.

For full details on the cheque standards, visit the Canadian Payments Association at www.cdnpay.ca.

Les C. Cseh is the Owner of ASAP Cheques, Forms & Supplies, a cheque printer specializing in high security, low cost cheques for business and individuals. The company operates out of Gananoque, Ontario and Memphis, Tennessee. Les has been involved in cheque printing for over 15 years, including participation in ANS standards development. Inquiries can be directed to info@asap-cheques.com and 888-3-CHEQUE (888-324-3783).

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What Do I Look For?

Size Matters

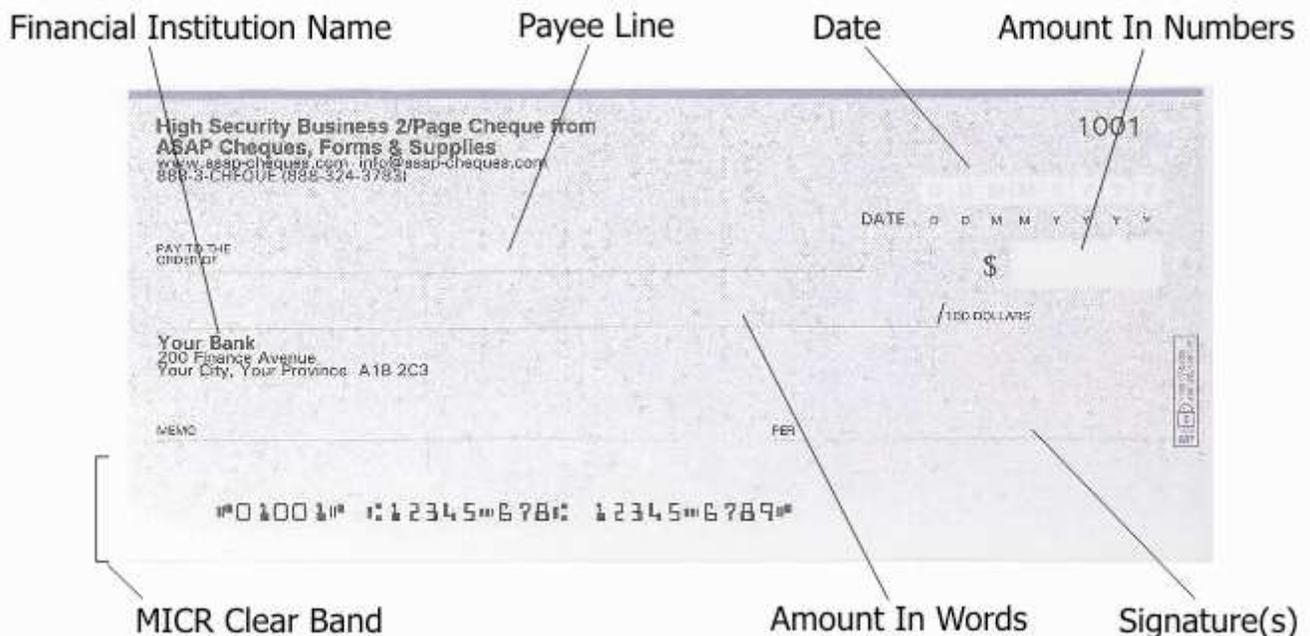
For business cheques, the maximum depth (height) has been increased to 3 3/4" (9.53 cm), although the vast majority do not exceed 3 1/2" (8.89 cm).

For personal cheques, the minimum length (width) has been increased to 6 1/4" (15.88 cm). This should only affect those Canadians who order personal cheques from U.S. cheque printers, who offer hundreds of themes at very low prices. Even if American cheque printers changed their designs to accommodate the CPA 006 standards, it is unlikely they would also increase the width of their 6" cheques to 6 1/4".

Areas Of Interest

Before detailing what to look for on the front and back of cheques, it is important to understand what the standards refer to as "Areas Of Interest". In addition to scanning an image of the entire front and back of each cheque, it is critical that the Areas Of Interest are located and formatted precisely according to the standards to aid in automatic recognition, and for manual processing as well.

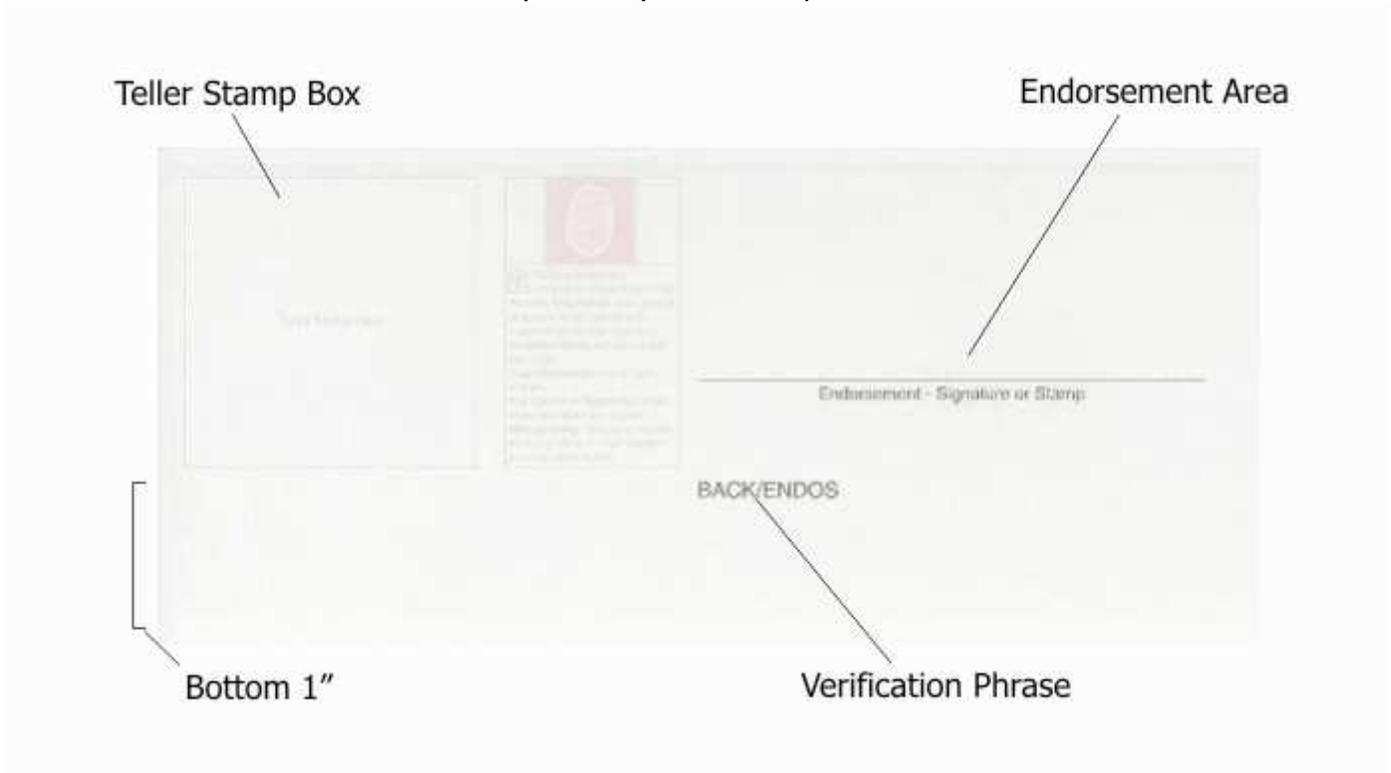
On the front of the cheque, the Areas Of Interest are: Date Field, Payee Name Line, Amount In Numbers, Amount In Words, Financial Institution Name, Signature Line(s) and the MICR Clear Band (the bottom 5/8" (1.59 cm) of every cheque, where the cheque number, financial institution and branch, and account number are encoded using Magnetic Ink Character Recognition numbers and symbols).



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On the back of the cheque, the Areas Of Interest are the Teller Stamp Box, Endorsement Area, Verification Phrase and the bottom 1" (2.54 cm) of the cheque.



Originally, the standards required a 1/4" (0.635 cm) "clear area" around each Area Of Interest (except for the MICR Clear Band and the bottom 1" on the back of the cheque which already includes this 1/4" (0.635 cm) clear area). However, due to the limited space available on some cheques, this can be as reduced to as little as .1" (0.25 cm).

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Front Of Cheque

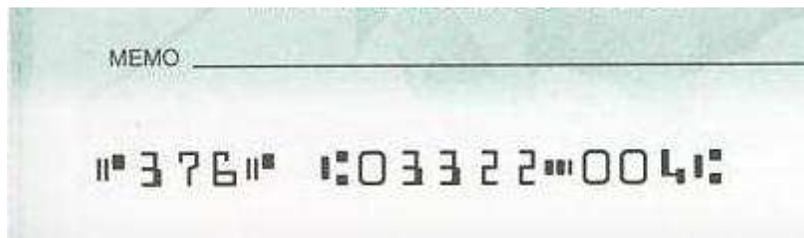
Cheque Background Design and Borders

The most evident change to the standards is that the background design on cheques should not appear when scanned, and in particular it must not interfere with the Areas Of Interest. This will restrict some of the creativity that cheque printers have used for many years, and result in cheques with light backgrounds.



The light background on this Davis+Henderson printed cheque will not interfere with the legibility of the financial institution name and payee name.

Cheques had frequently incorporated borders into the design, often extending to just above the bottom of the cheque. Borders interfere with the scanning of the MICR line, so they are now expressly ruled out. This is why the bottom 5/8" (1.59 cm) on the front of cheques (the MICR Clear Band) is now free of most or all printing except for the special Magnetic Ink Character Recognition numbers and symbols.



In the past, most background designs would have extended to the bottom of the cheque. On CPA 006 compatible designs such as this one from D+H, the background ends at or above the MICR Clear Band and borders have been eliminated.

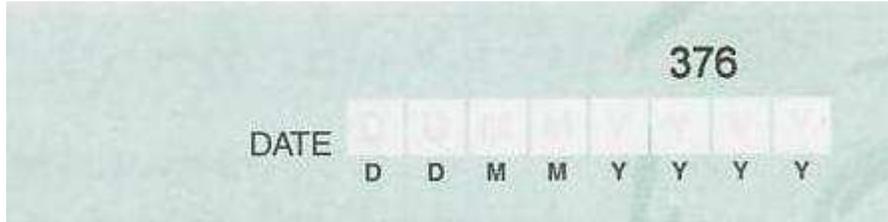
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Cheque Date

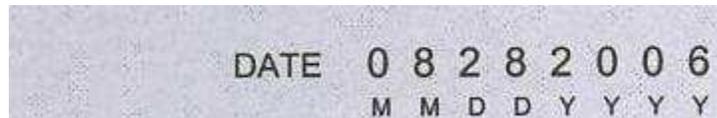
The cheque date must now be numeric, in the form of YYYYMMDD, MMDDYYYY or DDMMYYYY.

For cheques that are filled out manually, the new standards require Guidance Boxes with Date Field Indicators underneath. Guidance Characters within the boxes are optional.



On this D+H cheque for an Ontario bank account, the DDMMYYYY format has been used. Because this is a personal cheque that will be filled out by hand, Guidance Boxes with Date Field Indicators underneath are required. The light characters inside the Guidance Boxes are now optional.

If the cheque date is printed by software, then guidance boxes are not required but the date must still be in one of the numeric formats described above, and date field indicators must still be printed underneath.



This business cheque for an Ontario bank account is filled in using accounting software, which is why there are no Guidance Boxes.

The date field must be 1/4" (.64 cm) away from the convenience amount / amount in numbers. The 3/4" (1.91 cm) to the left of the word Date must be free of printing (other than the background). There must also be at least .1" (.25 cm) clear around the entire Date field.

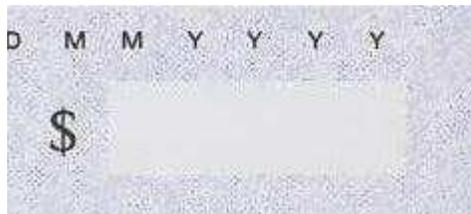
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Convenience Amount Rectangle

If the cheques are filled out manually, a rectangle must exist with no box or border around it where the convenience amount (amount in numbers) will be written or typed.

There must be at least .10" (.25 cm) clear around the convenience amount rectangle and dollar sign. For business cheques, the rectangle width must be between .80" (2.03 cm) and 2.15" (5.46 cm) and the height must be between .30" (.76 cm) and .50" (1.27 cm). For personal cheques, the rectangle must be between .80" (2.03 cm) and 2.15" (5.46 cm) and the height must be between .20" (.51 cm) and .30" (.76 cm). The dollar sign must be printed in 10 points minimum size, not using slanted or italic fonts.

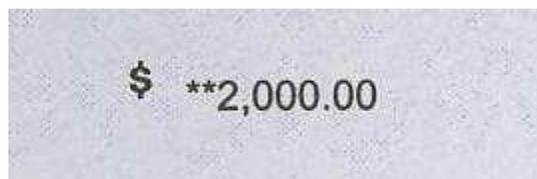


A Convenience Amount Rectangle from a manual business cheque, showing its proximity to the date field above, the associated dollar sign, and more than the minimum required space around the rectangle.

Amounts

If the convenience (numeric) and legal (words) amounts will be printed by software, then several rules apply:

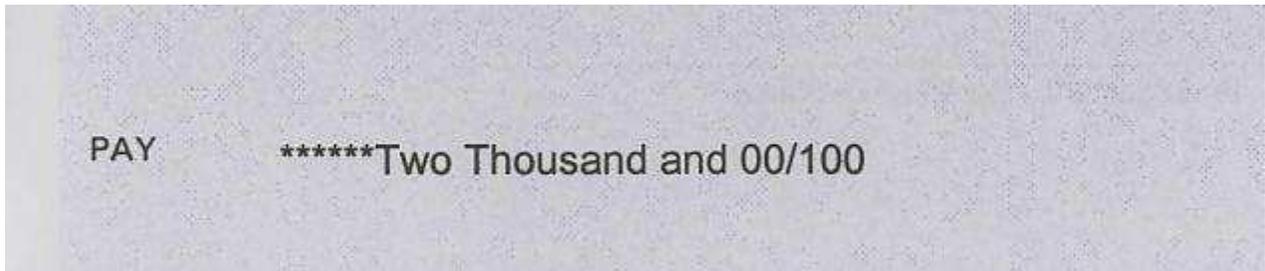
- if asterisks are used, they must be to the immediate left of the amount and to the right of the dollar sign.
- the font size must be a minimum of 10 points
- fonts must not be slanted or italicized
- inverse printing, often used to make amounts difficult to alter, is no longer allowed
- ink colors must be dark and "image friendly" (eg. black, dark purple, blue)



A Convenience Amount (Amount In Numbers) as printed by QuickBooks Pro 2006. Note the correct use of asterisks, and ample space around this field.

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A Legal Amount (Amount In Words) as printed by QuickBooks Pro 2006. The author expects that a future version will add the word Dollars after the 00/100.

Cheque Number

The cheque number now *must* be encoded on the MICR line, either in advance by your cheque printer (most of the time), or in some cases by your accounting/personal finance software.

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Back of Cheque

Don't Forget About The Back

The rules for the location and printing of Areas Of Interest on the back of cheques have changed as well.

You will notice that several of the items are printed very faintly. In order for these items to not interfere with the information being scanned, they must have a maximum PCS (print contrast signal) of .25.



Teller Stamp Box

The teller stamp box must be in the top-left hand corner, 1/8" (.317 cm) from the top and left side. It must be between 1 5/8" (4.1 cm) and 2 3/8" (6 cm) wide, and between 1 3/8" (3.5 cm) and 3 1/2" (8.89 cm) high. The phrase "Teller Stamp Here" must be printed within the box using a font size no larger than 6 points with a maximum PCS of 0.25.

Endorsement Line and Phrase

The Endorsement signature/stamp line must begin 3.5" (8.89 cm) from the *left* edge, and no lower than 1.5" (3.81 cm) from the bottom edge.

The phrase Endorsement - Signature or Stamp (for French cheques, Endossement - Signature ou Timbre) must be printed using an 8 point font directly below the Endorsement signature/stamp line, and have a minimum PCS of 0.60 (in other words, dark).

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Verification Phrase

The *bottom* of the Verification Phrase must be printed 1" (2.54 cm) from the bottom of the cheque and start 3.5" (8.89 cm) from the left edge using a minimum font size of 10 points, with a minimum PCS of 0.60 (dark). There are several supported verification phrases: Back/Endos, Endos/Back, Back/Verso, Verso/Back, Back and Verso.