

Dear Editor

I refer to the letter from Mr Tan Yip Meng, "Banks have duty to protect customers" (ST Forum, 12 October 2009) and the letter from Mr Michael Hwang, "Is the ABS saying that Singapore banks do not insure themselves against liabilities?" (ST Forum, 12 October 2009).

We agree with Mr Tan Yip Meng that banks have a duty of care towards its customers in the process of collecting and honouring cheques, and also to the public in being vigilant in detecting the movement of funds derived from or used for illegitimate purposes. Our member banks are committed to upholding these duties.

Notwithstanding this, customers are still expected to play their part in areas which are within their means to prevent cheque forgery; e.g. proper safe-keeping of their cheque books and reporting to the banks as soon as possible upon the discovery of any possibility that the security of their cheques may have been compromised. Fraud prevention, like the prevention of any other criminal act, must be a collective effort. Banks and customers must exercise their respective duties.

As to Mr Michael Hwang's point on Bankers Blanket Bond Policy, we are of the view that whether banks have insurance coverage against cheque forgery is not germane to the issue of the respective parties' duties and liabilities.

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Director
The Association of Banks in Singapore