



Consumer and Business Attitudes to Cheques

Stakeholder Briefing Seminar

July 2008
by Nigel White



INTRODUCTION



SCOPE OF THE PRESENTATION

- Research commissioned by C&CCC:
 - Businesses in 2008
 - Consumers in 2007 & 2008
- Writing and receiving cheques
- Where cheques are used and the alternatives
- Attitudes to cheques
- Knowledge of cheque propositions



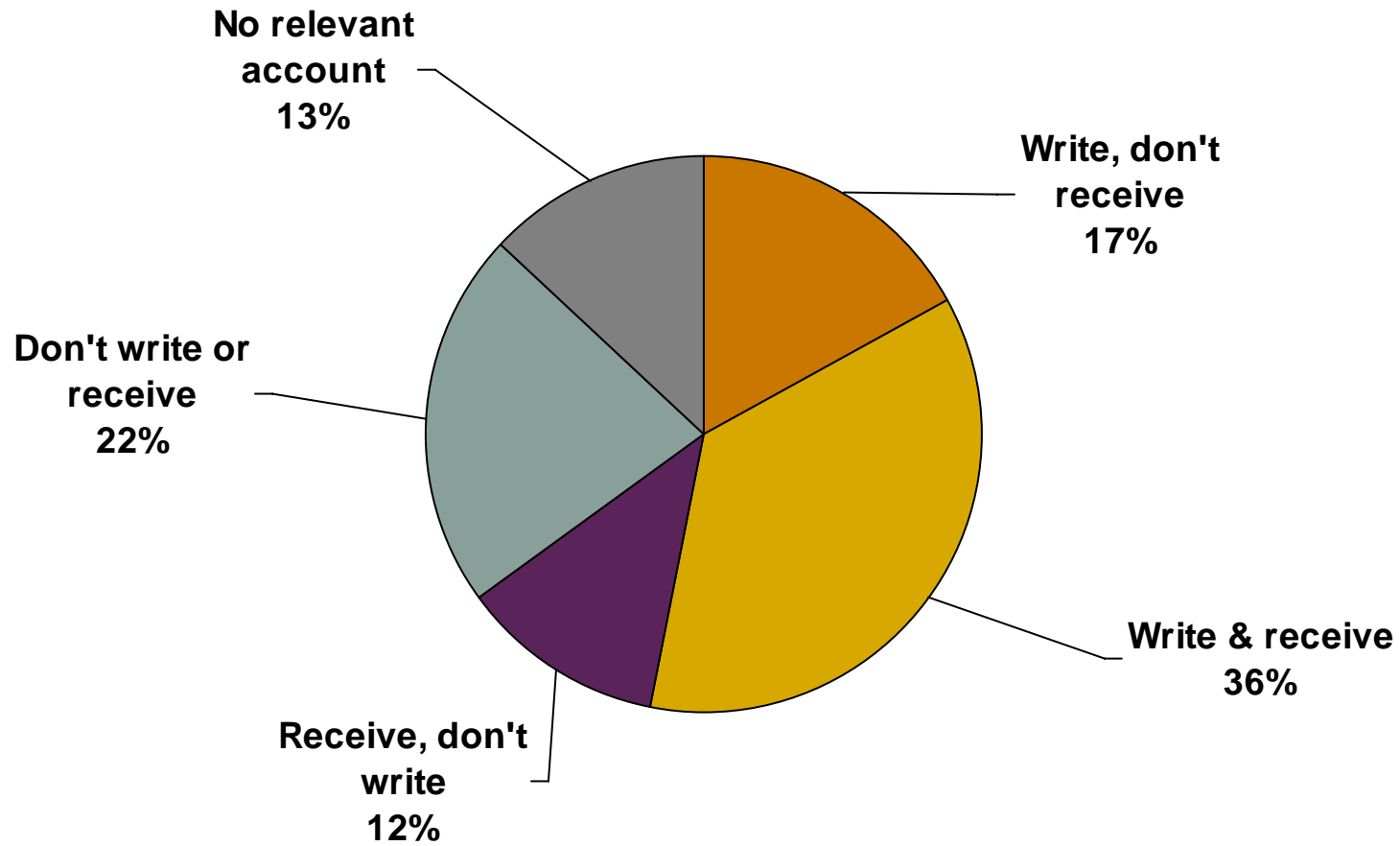
NATURE OF THE RESEARCH

- Consumer omnibus survey of 2,000 adults in May 2007 and May 2008
- Business omnibus survey of 500 businesses in March 2008

USAGE OF CHEQUES

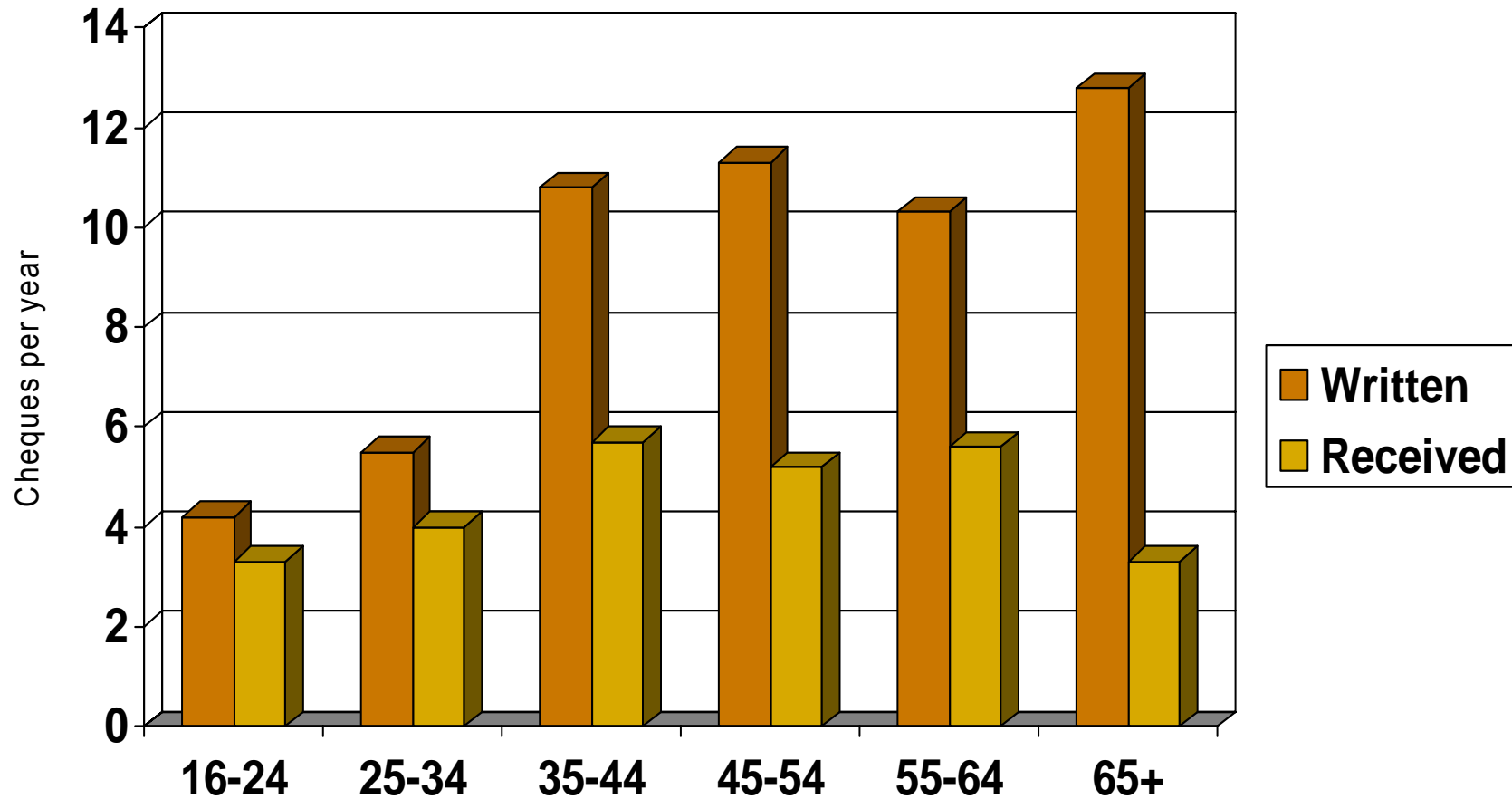


USE OF CHEQUES - CONSUMERS



Base: all adults

NUMBER OF CHEQUES USED AND RECEIVED – BY AGE



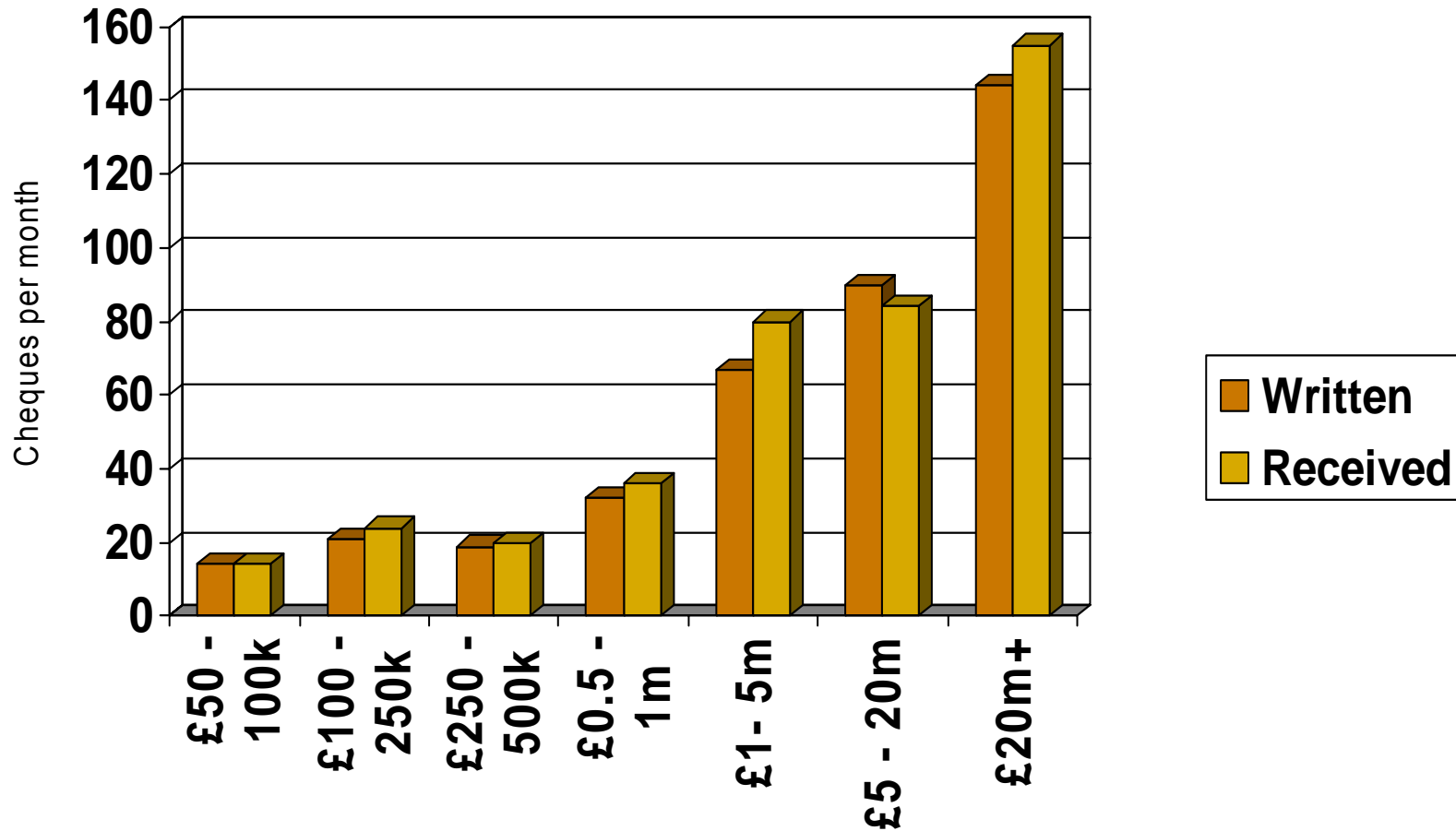
Base: account holders



USE OF CHEQUES BY BUSINESSES

- Nearly all business make and/or receive payments by cheque
- In the previous month:
 - 89% had made payments by cheque
 - 88% had received payments by cheque
 - Just 4% had neither made nor received payments by cheque

NUMBER OF CHEQUES USED AND RECEIVED – TURNOVER



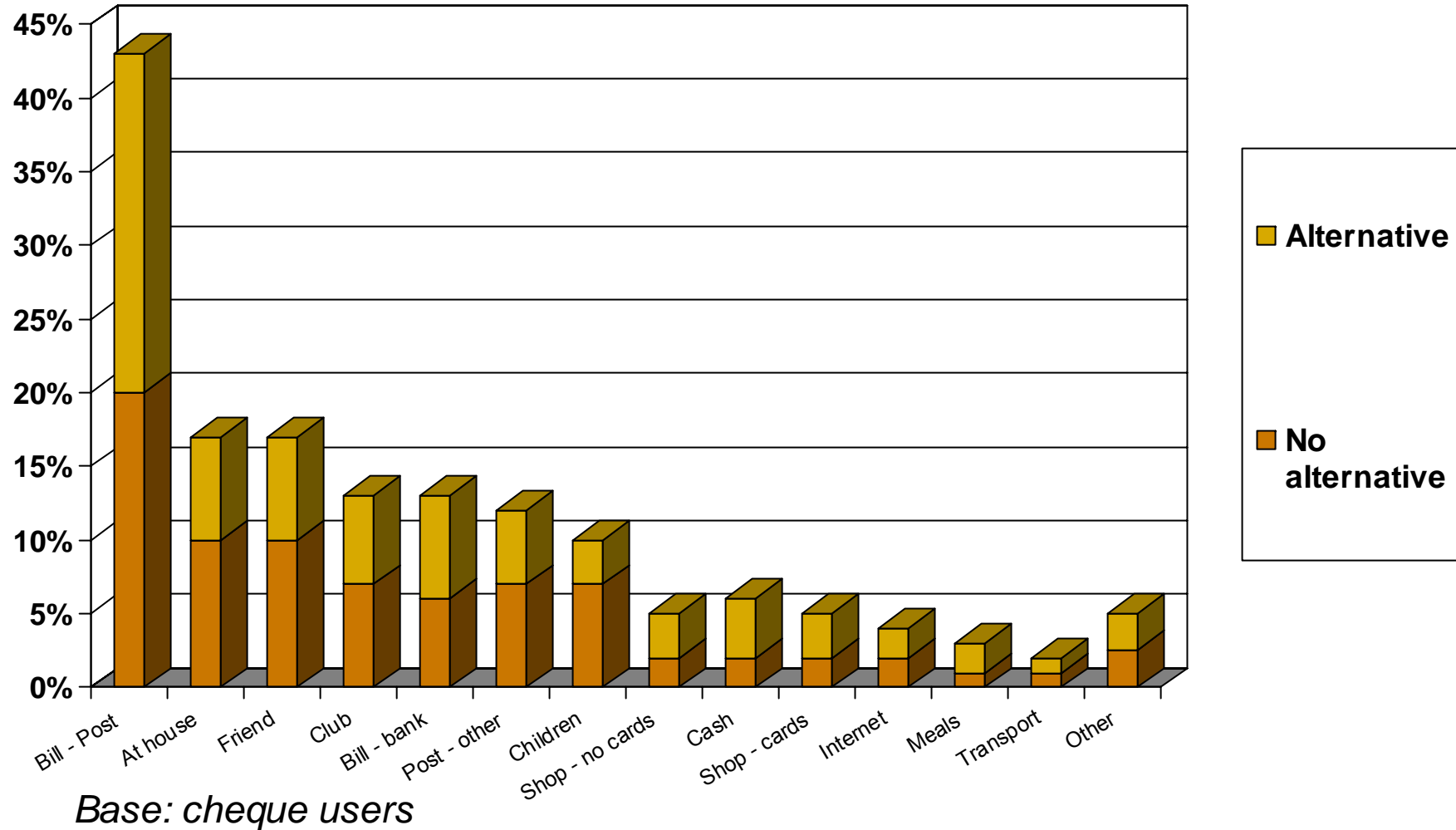
Base: all businesses



**WHERE CHEQUES
ARE USED AND THE
ALTERNATIVES**

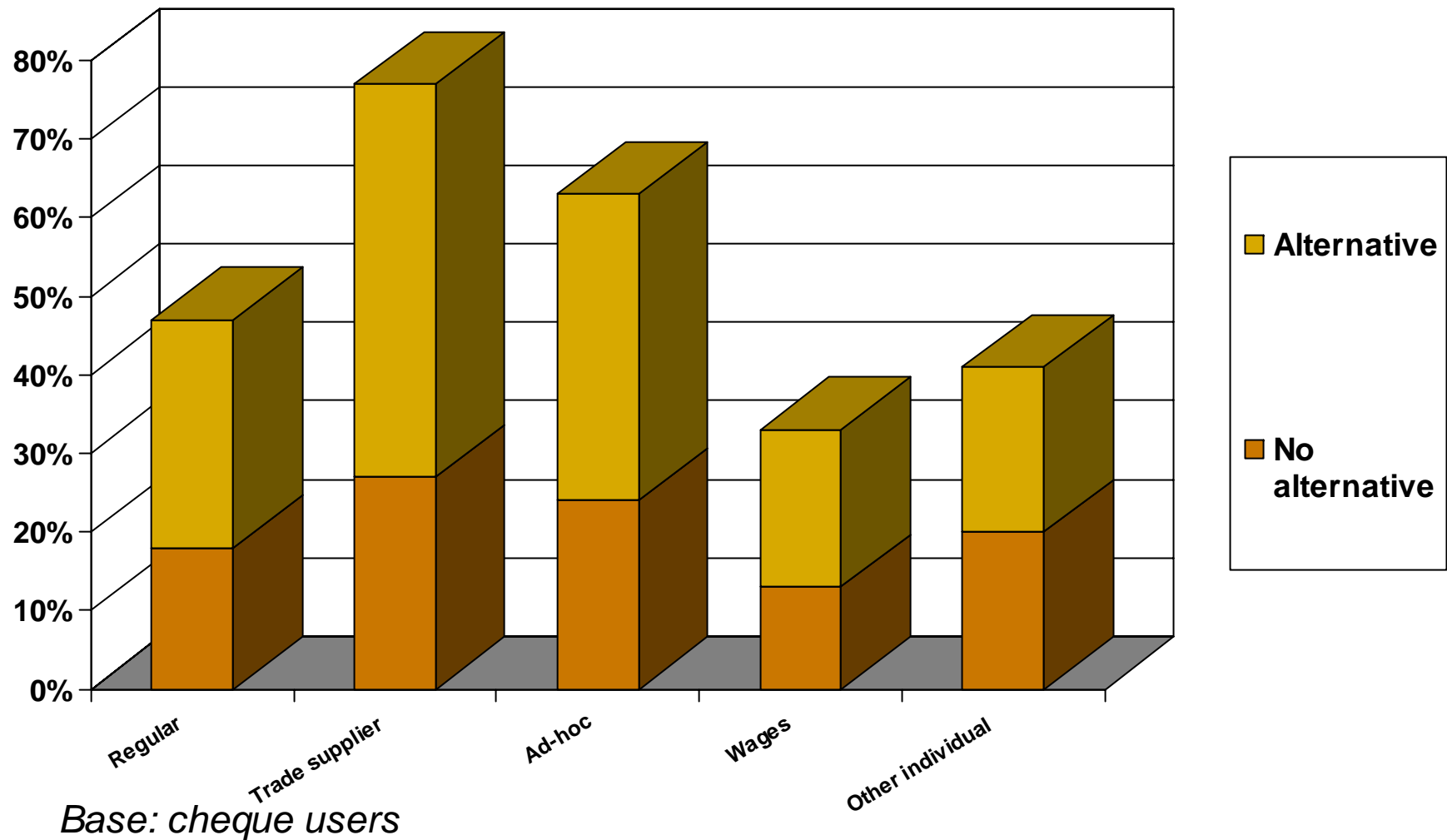


PURPOSE OF CHEQUE PAYMENT - CONSUMERS

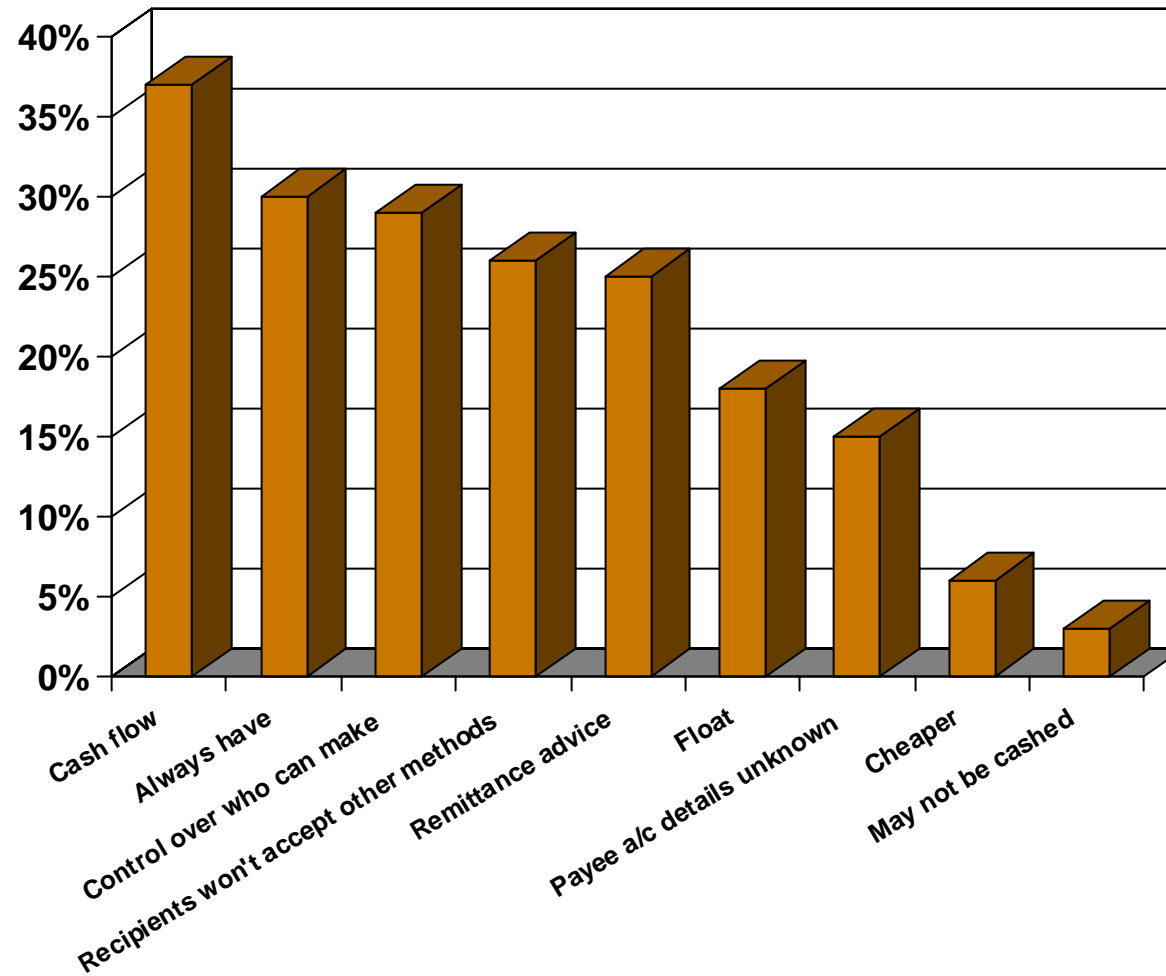





PURPOSE OF CHEQUE PAYMENT - BUSINESSES



WHY BUSINESSES USE CHEQUES



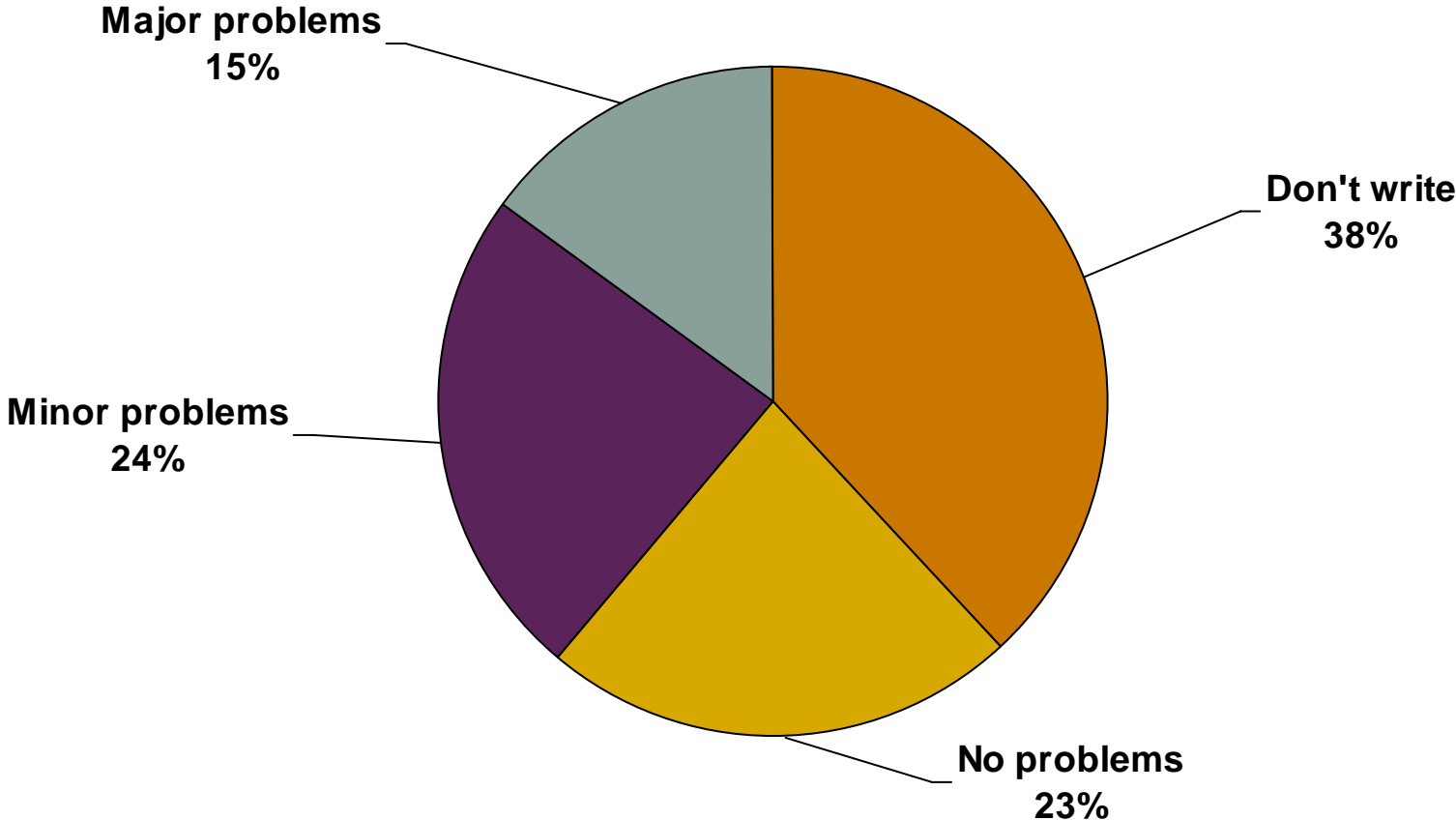
Base: all businesses



**ATTITUDES TO
CHEQUES**



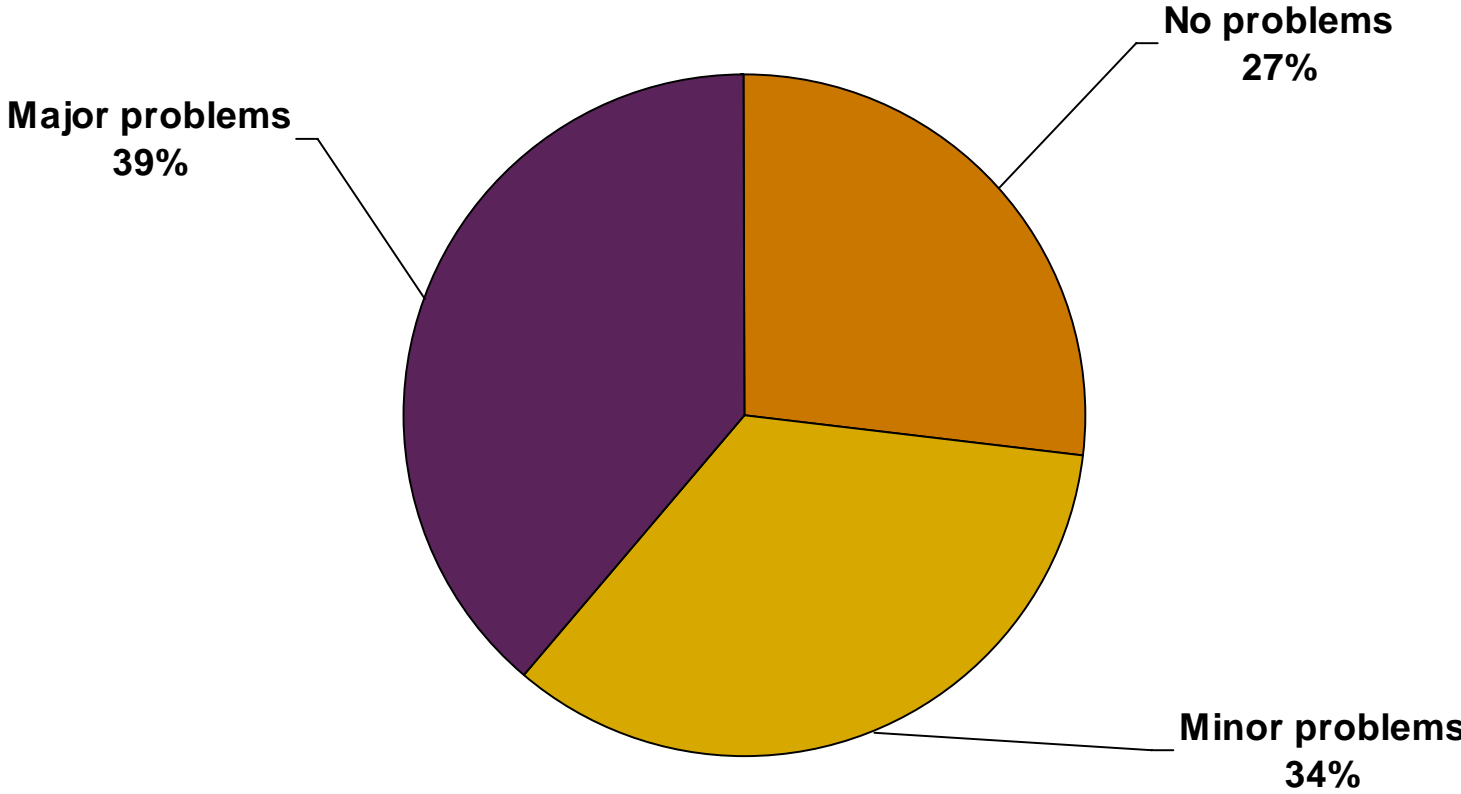
CONSUMERS HAVING PROBLEMS IF NOT ABLE TO WRITE CHEQUES



Base: account holders

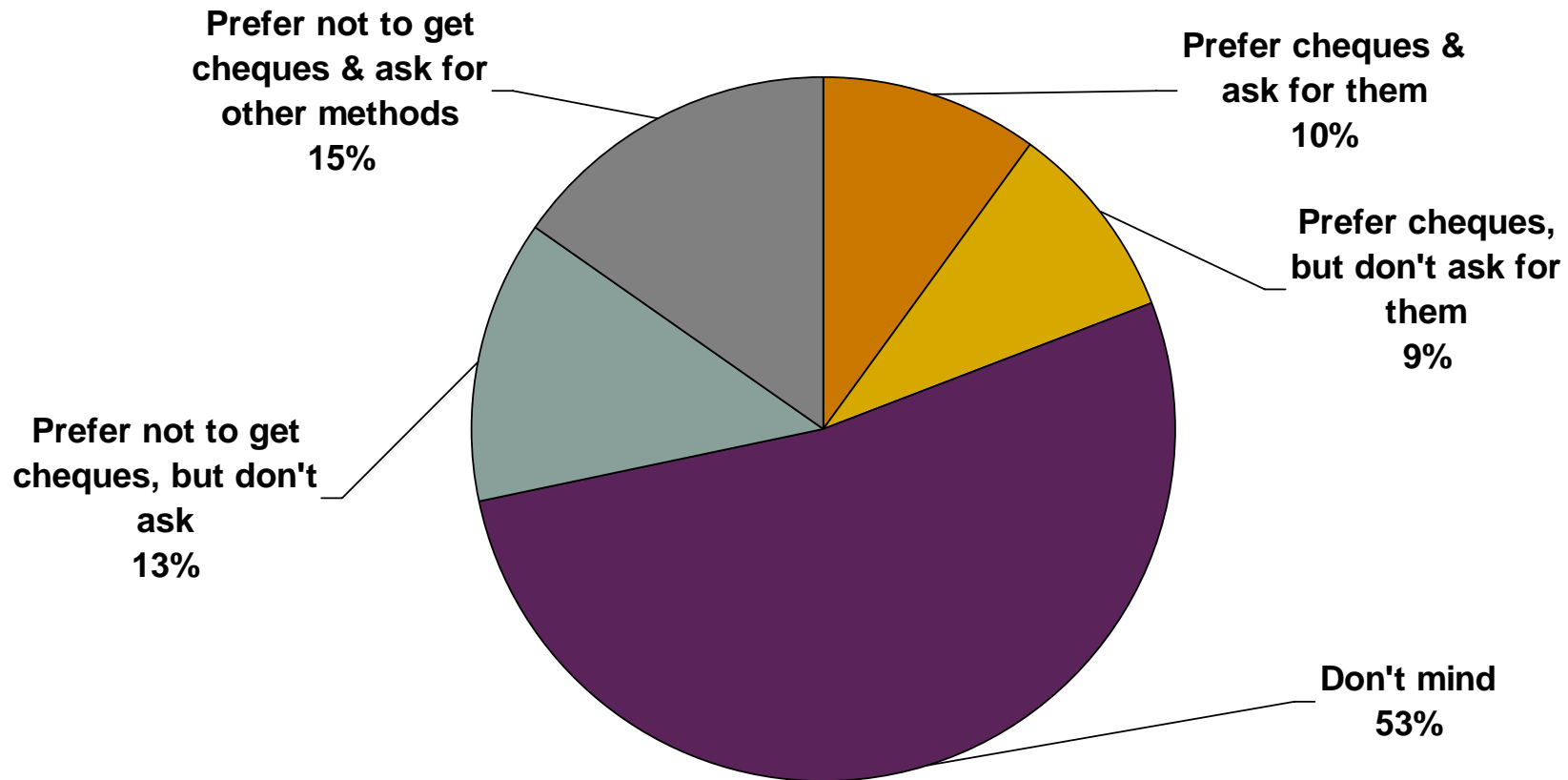


BUSINESSES HAVING PROBLEMS IF NOT ABLE TO WRITE CHEQUES





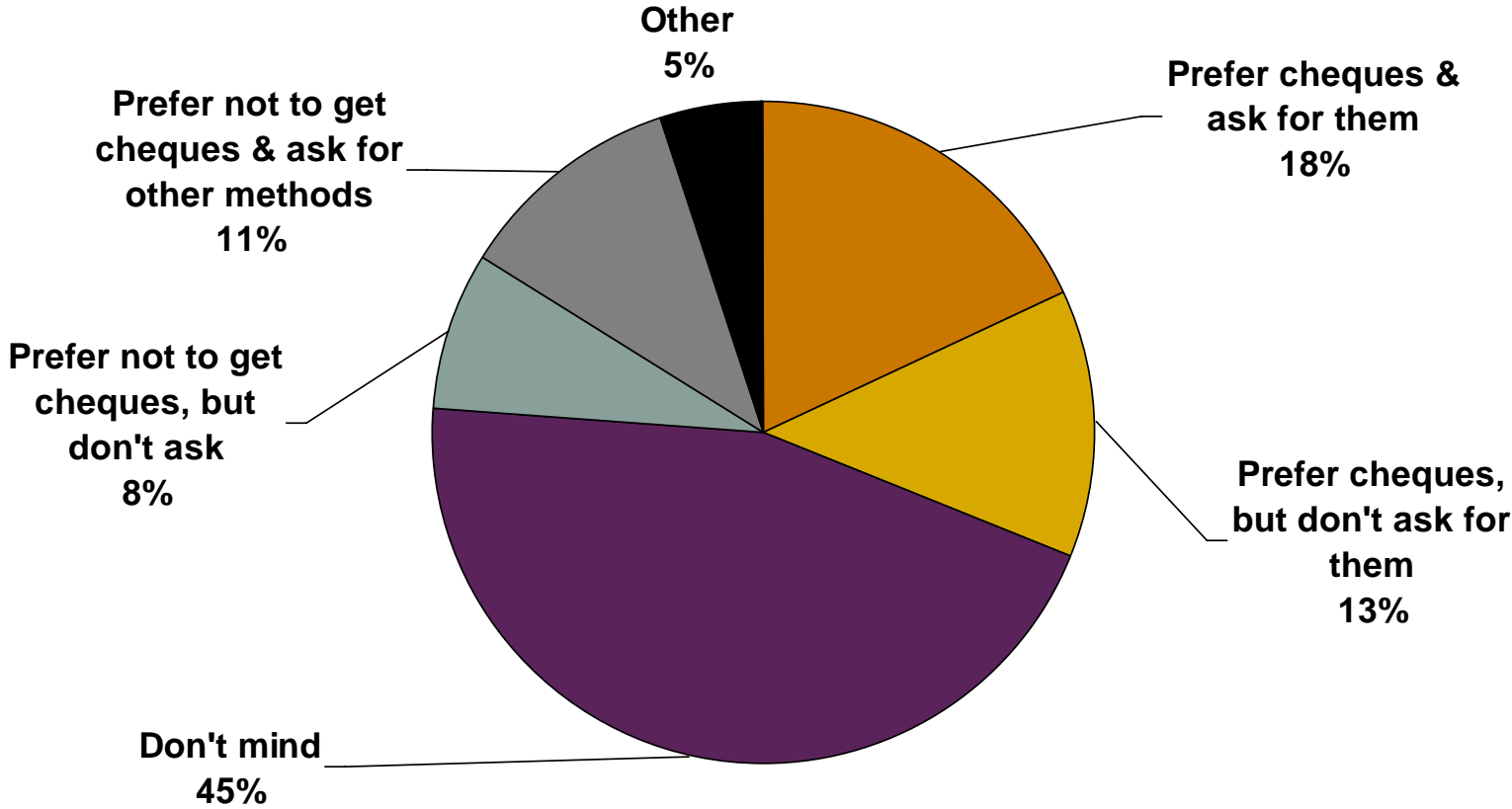
CONSUMERS' PREFERENCES WHEN RECEIVING PAYMENT



Base: Cheque recipients



BUSINESSES' PREFERENCES WHEN RECEIVING PAYMENT





CONSUMERS' PERCEPTIONS OF FRAUD ON CHEQUES

- 4% have experienced fraud in the past five years
- More likely than not to be wary of accepting cheques from people they don't know
- Concern about fraud has little affect of consumers use of cheques for payments they make



BUSINESSES' PERCEPTIONS OF FRAUD ON CHEQUES

- 10% have experienced fraud on their own cheques in past five years
- 53% wary of accepting cheques from unknown people or organisations
- But chance of fraud on own cheques deters only 19% of businesses from using them



**CHEQUE
PROPOSITIONS**



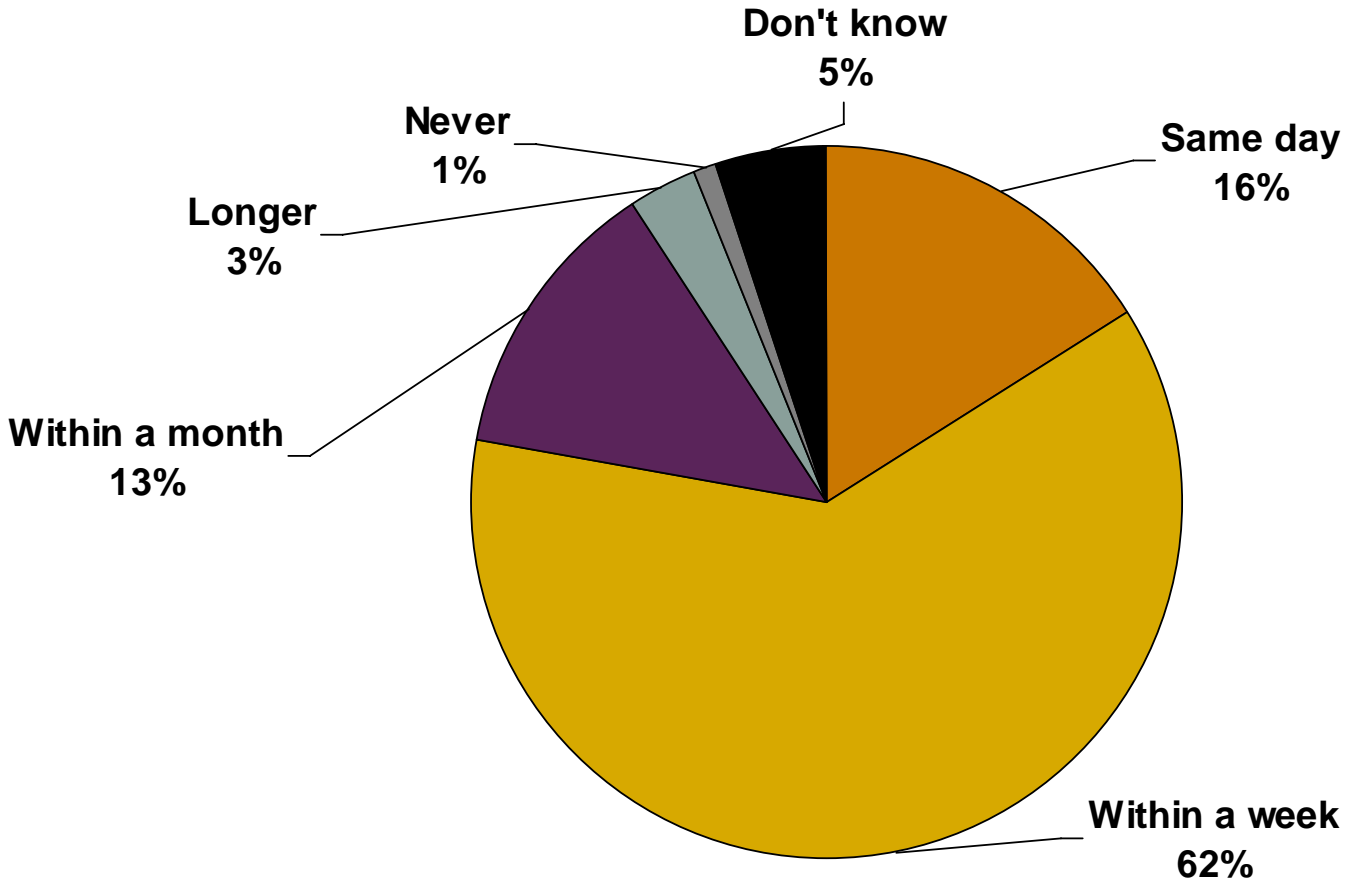
'2-4-6' PROPOSITION

Main recommendation of OFT report on cheques:

- Value – when interest starts to be earned – no later than T+2
- Withdrawal – when funds can be used – no later than T+4
- Fate – when customer can be certain cheque will not bounce – no later than the end of T+6



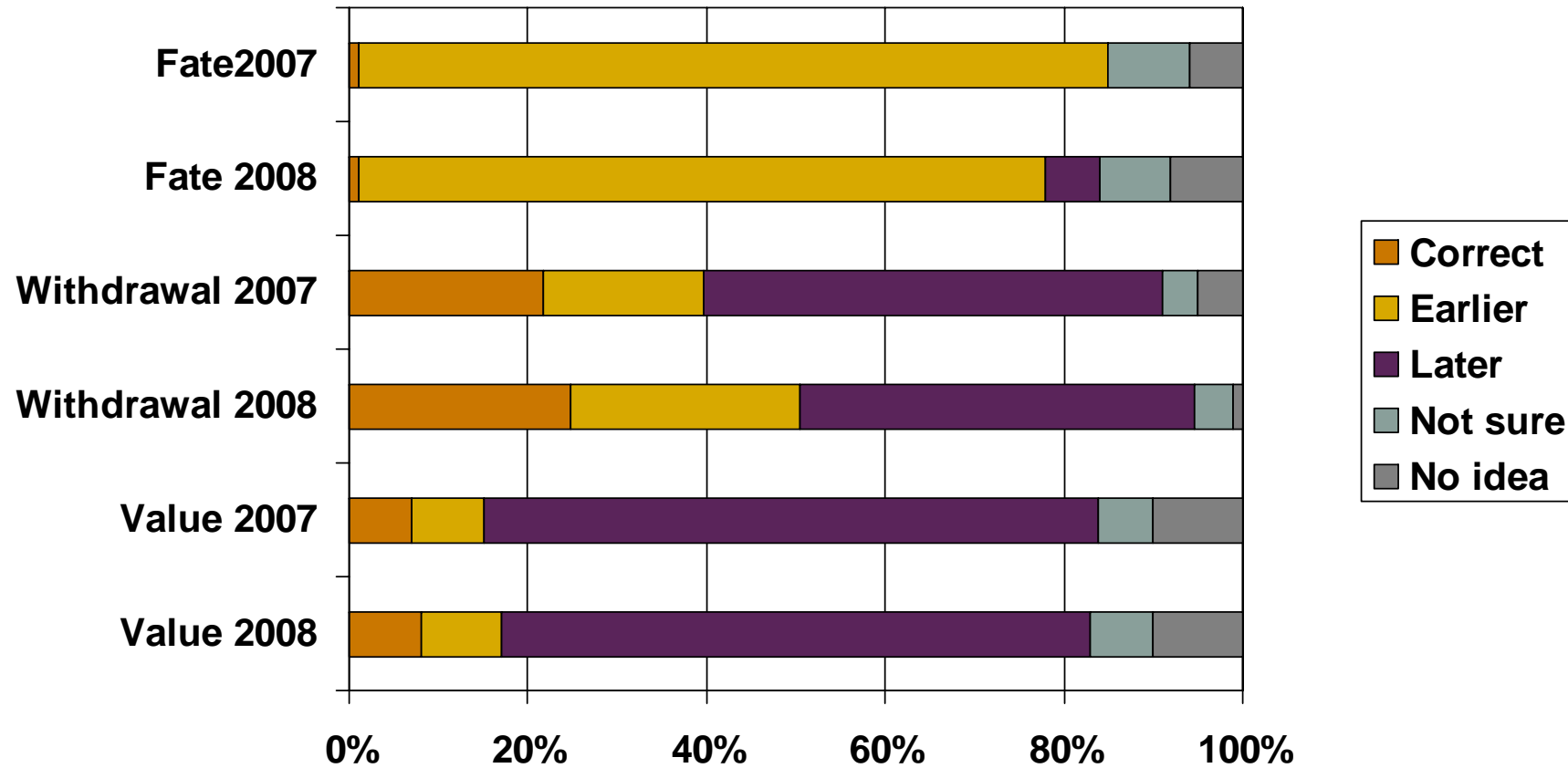
HOW LONG CONSUMERS TAKE TO DEPOSIT CHEQUES THEY RECEIVE



Base: Cheque recipients



CONSUMERS' KNOWLEDGE OF PROPOSITIONS



Base: Cheque recipients



BUSINESSES KNOWLEDGE OF PROPOSITIONS

Value

- 60% think it is after T+2
- 15% say they don't know

Withdrawal

- 12% think it is after T+4
- 9% say they don't know

Fate

- 59% think it is by T+4 or earlier
- 13% say that they don't know



**CONCLUSIONS AND
QUESTIONS**



CONCLUSIONS

- Small businesses more reliant on cheques than consumers
- Convenience and control are the main reasons why cheques are used
- Similar issues for both small businesses and consumers
- Knowledge of cheque propositions remains poor across both groups
- Change in attitudes among consumers has been very small in the past year