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## **PSR CONSULTATION INTO REGULATORY FEES FOR 2017/18**

The Cheque and Credit Clearing Company (C&CCC) welcomes the opportunity to respond to the PSR's consultation into regulatory fees for 2017/18.

### **Background**

The Cheque and Credit Clearing Company (C&CCC) was established in 1985 and from that time until the present day, is proud of its record in providing members with the central payment system services for the exchange and settlement of cheques and credits.

Our objective is to ensure that cheques and credits remain a viable, secure and efficient choice of payment for all users. To achieve this we promote innovation and competition choice by driving improvements in processing, service and efficiency; and provide a trusted centre of excellence for anyone with an interest in cheques or credits.

In the evolving payments landscape, cheques and credits remain a preferred and trusted payment option among certain groups and for certain types of payment. For example, cheques remain a convenient way for businesses to pay a trade supplier and manage cash flow, and amongst consumers, are a popular way to pay utility bills, tradespeople and clubs or societies. In the past year, nearly three-quarters of UK charities and two-thirds of UK businesses both received and made payments by cheque over a monthly period. In total, 558 million cheques were written in 2015 with a total value of £624 billion.



C&CCC is working to deliver the Image Clearing System (ICS), which will bring the cheque into the digital age via the implementation of an image-based cheque clearing process in the UK.

A full account of our background and objectives can be found on our [website](#), as can more information on the [Image Clearing System](#).

## Response

**Question 1: Do you agree with our proposal to continue using the existing allocation, calculation and collection methodology, used in 2016/17, for our FSBRA and IFR AFR?**

Yes, this is the fairest way to charge regulatory fees but we would like the PSR to keep this under review with respect to the possible consolidated payment scheme.

**Question 2: Do you agree with our proposal to continue to publish total transaction volumes, and to extend this to IFR transaction volumes for those systems where the operator does not act as a PSP itself? Where relevant, please provide any new evidence you may have to support your answer.**

Not applicable to C&CCC.

**Question 3: Do you have any views on our proposal of requiring PSPs to provide operators with sufficient information to be able to assess, or estimate, relevant transaction volumes (including for 'on us' and third party processor transactions)?**

Not applicable to C&CCC.

**Question 4: Do you agree with our rounding proposals?**

We would prefer the PSR to deal in the total number of transactions rather than use figures rounded to the nearest say 1,000. This makes the calculations clearer and easier to handle and also ensures no under or over recovery which, albeit small in value, causes a disproportionately large administrative overhead to the PSO.

**Question 5: Do you agree with our proposal to continue with our current approach of rebating PSPs in the event of a significant underspend?**

We agree with the proposal to continue with the current 'underspend methodology'. However we believe that the PSR should consider the introduction of a rule in relation to rebates where a PSP is owed money which either reduces their charge for a forthcoming period, or results in no charge and a rebate for the forthcoming period. This could be the result of a reduced chargeable volume or the cessation of participation in the PSO.



**Question 6: Do you have any views on our further guidance in relation to PSPs that were not members of a system for some of the financial year?**

This guidance provides some necessary clarity. It would also be useful if you could give some guidance in relation to the following areas:

1. You will be aware that C&CCC is introducing Switch (processing) and Settlement participants in the ICS which will be responsible for specific elements of the processing of cheques in ICS. Are we correct in considering the PSP for PSR Fees purposes to be the Settlement participant for the paying and the beneficiary PSPs?
2. Currently cheques and credits are eligible transactions and are both covered by the PSR Fees within the paper schemes. In future in the ICS it is only cheques and other debit instruments that transfer funds (Credit instruments such as bank giro credits are for information only). Are we therefore correct in considering that in ICS only debit instruments will fall within the PSR Fees and not information only credits?

**Question 7: Do you agree with our proposed change to the existing fees rules described above to give effect to our proposals set out in Chapter 4?**

Not applicable to C&CCC.

**Confidentiality**

C&CCC is content for this letter to be made available to the public. We will be making it available through our website.

**Conclusion**

C&CCC considers that this consultation has provided some necessary clarification and shows the correct and pragmatic way forward. We would, of course, be happy to meet with the PSR to discuss this response.

Yours faithfully,

James Radford  
Chief Executive Officer