



Cheque &
Credit
Clearing
Company

CHEQUES: MARKET RESEARCH 2016

June 2016

INTRODUCTION



Market research conducted annually



Business research

- C&CCC annual survey of business users of cheques
- 1,000 businesses surveyed by telephone



Consumer research

- C&CCC annual survey of consumers writing and receiving cheques
- 2,000 consumers surveyed face-to-face



Charity research

- C&CCC 1st annual survey of charities writing and receiving cheques
- 1,000 charities surveyed by telephone



CONSUMER USE OF CHEQUES



USE OF CHEQUES



- **91%** of those questioned have a personal account with a bank or building society



- **37%** of UK account holders make payments by cheque
- Slightly down from 39% in 2015

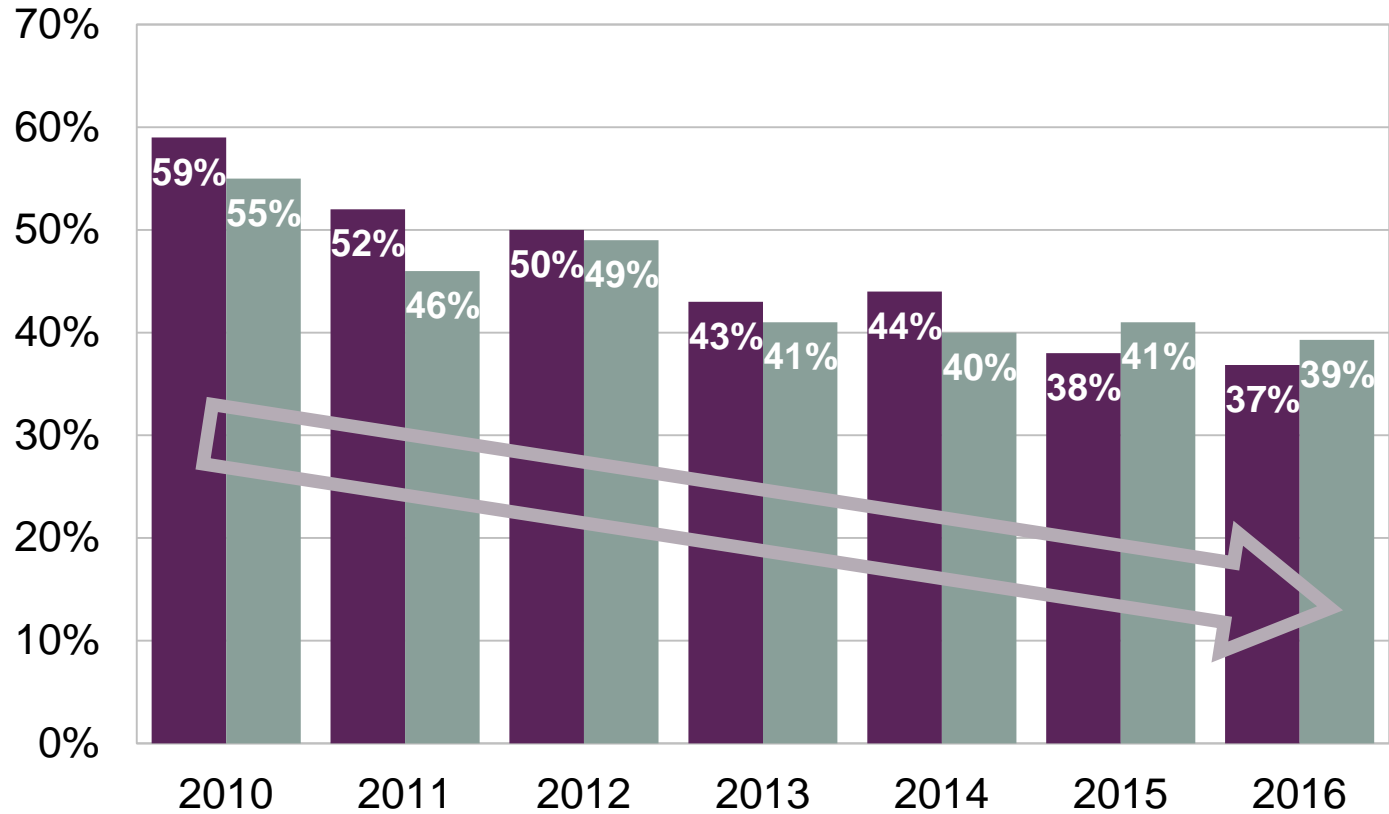


- **39%** of UK account holders received payments by cheque
- Slightly down from 41% in 2015



- **48%** of UK account holders said that they had neither made nor received a payment by cheque in the past year

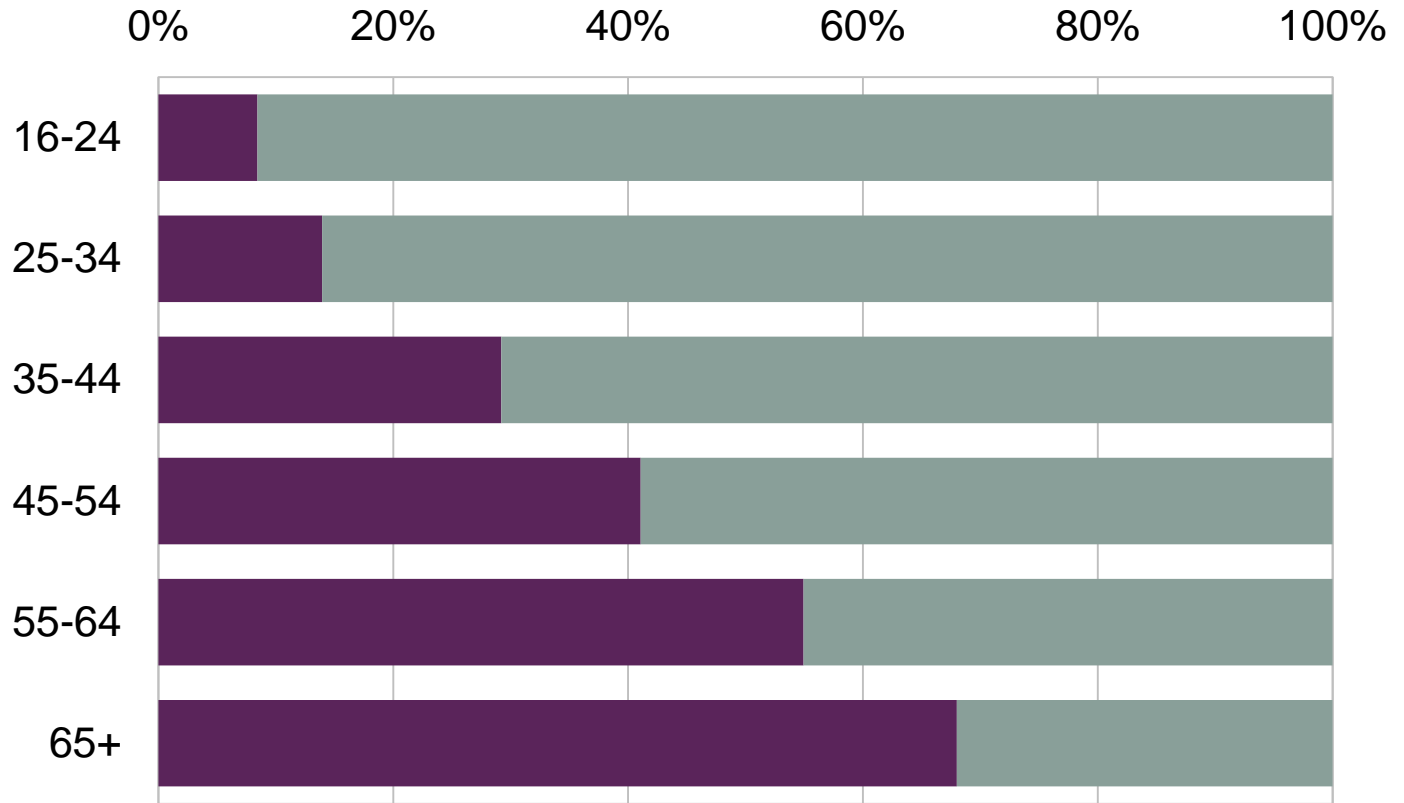
CONSUMER CHEQUE USE FALLING



Proportion of people **writing** cheques falling

Proportion of people **receiving** cheques stable for now

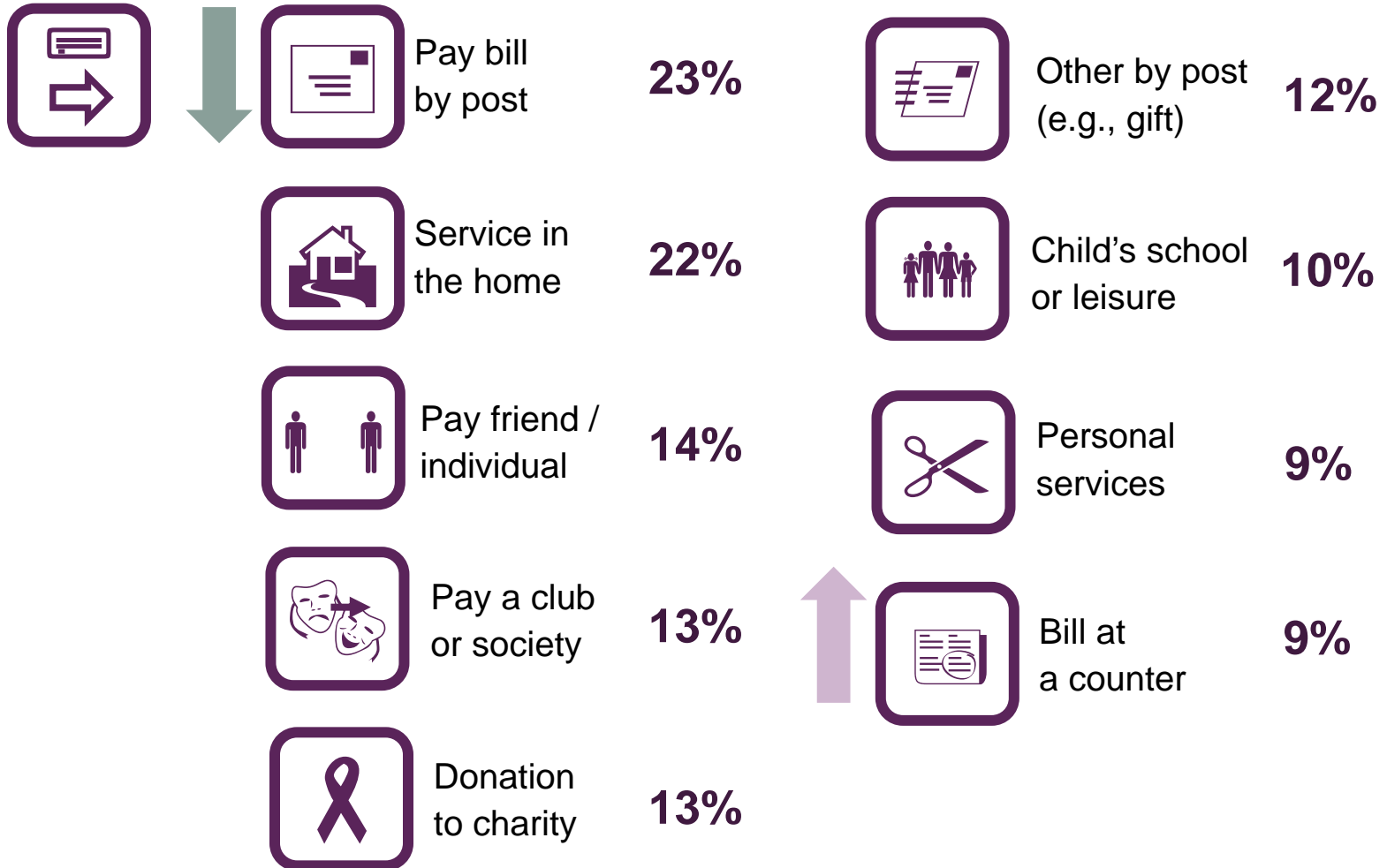
PROPORTIONS WRITING AND NOT WRITING CHEQUES, BY AGE



Older people most likely to **write** cheques

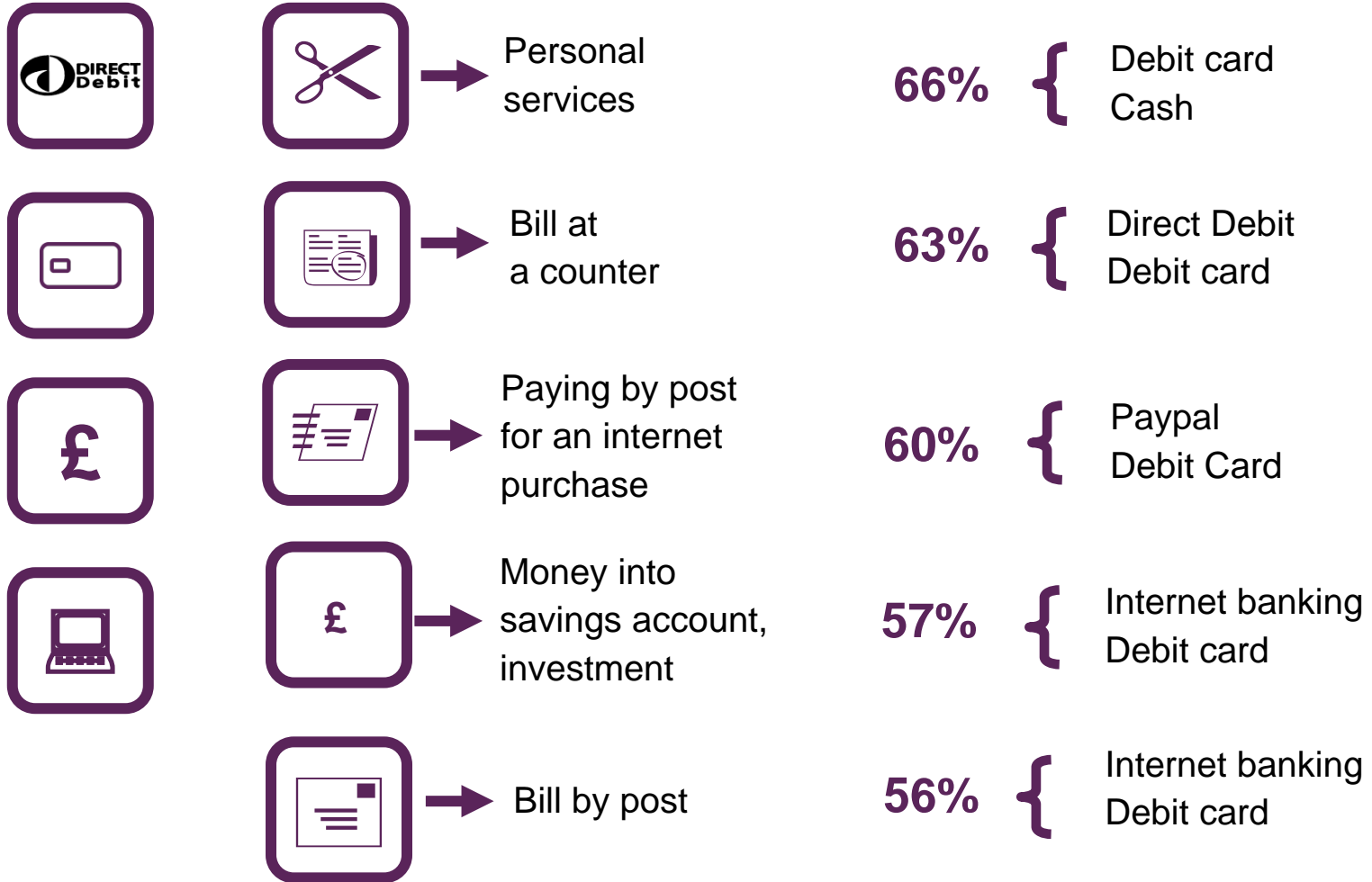
92% of 16-24 age group **do not write** cheques

WHAT ARE CHEQUES WRITTEN FOR?



% of account holders writing cheques and who used a cheque for these purposes in the past year

CONVENIENT ALTERNATIVES TO CHEQUES



% of account holders writing cheques for each purpose who think there is a convenient alternative to a cheque

CONVENIENT ALTERNATIVES TO CHEQUES

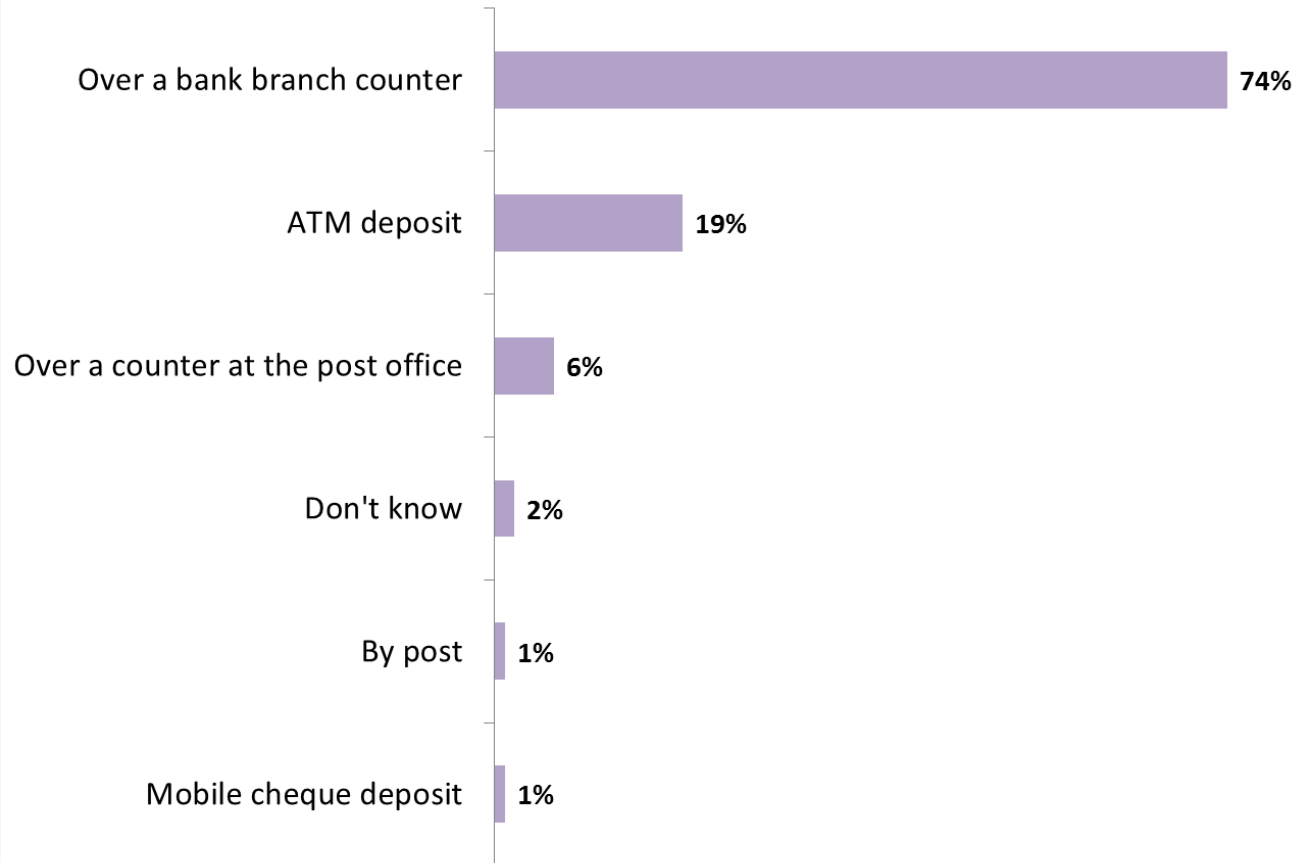


Cards often named as convenient alternative. Cash and internet banking also popular.

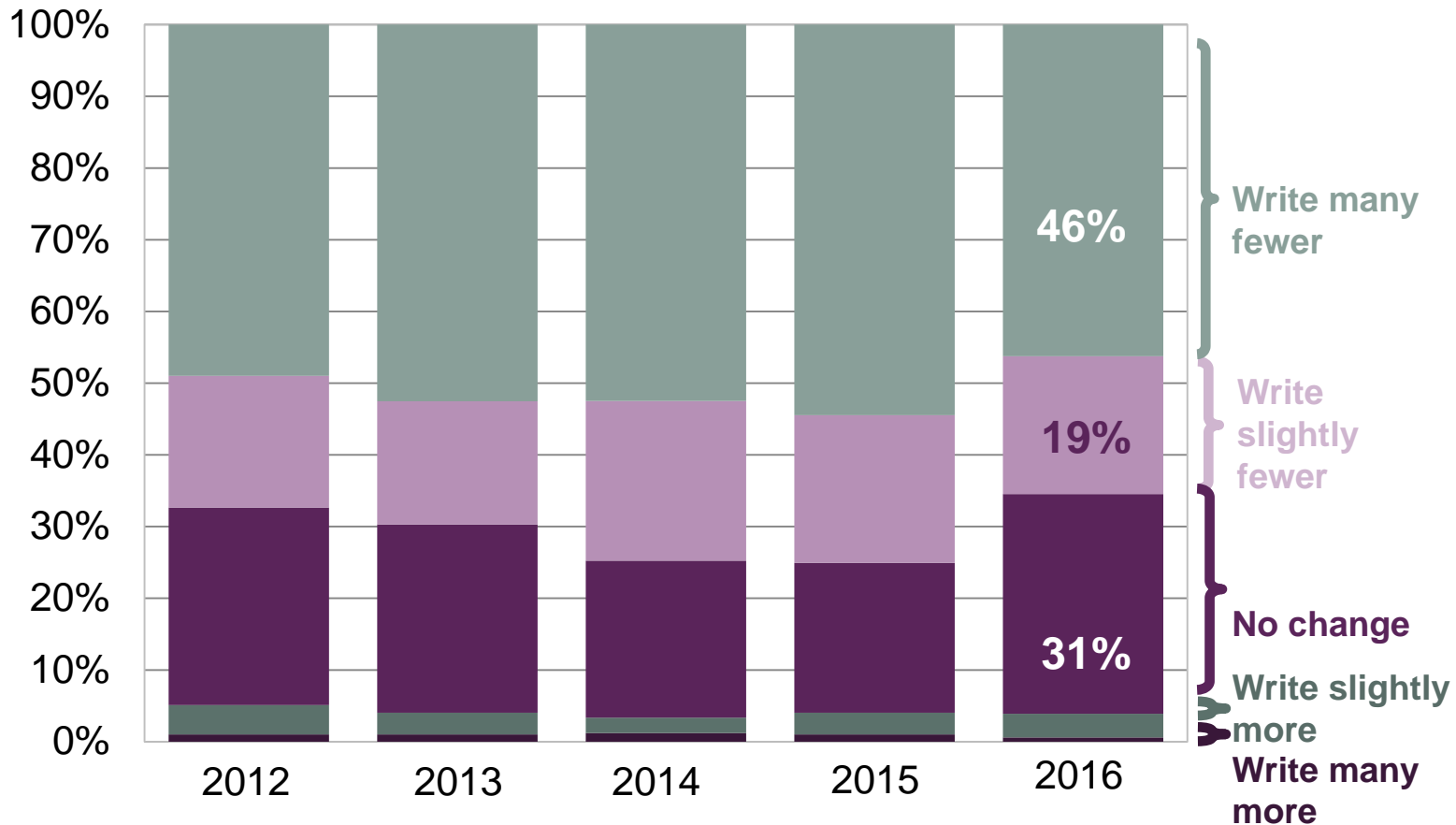
CHEQUES RECEIVED BY CONSUMERS



Method used to deposit cheques into bank account

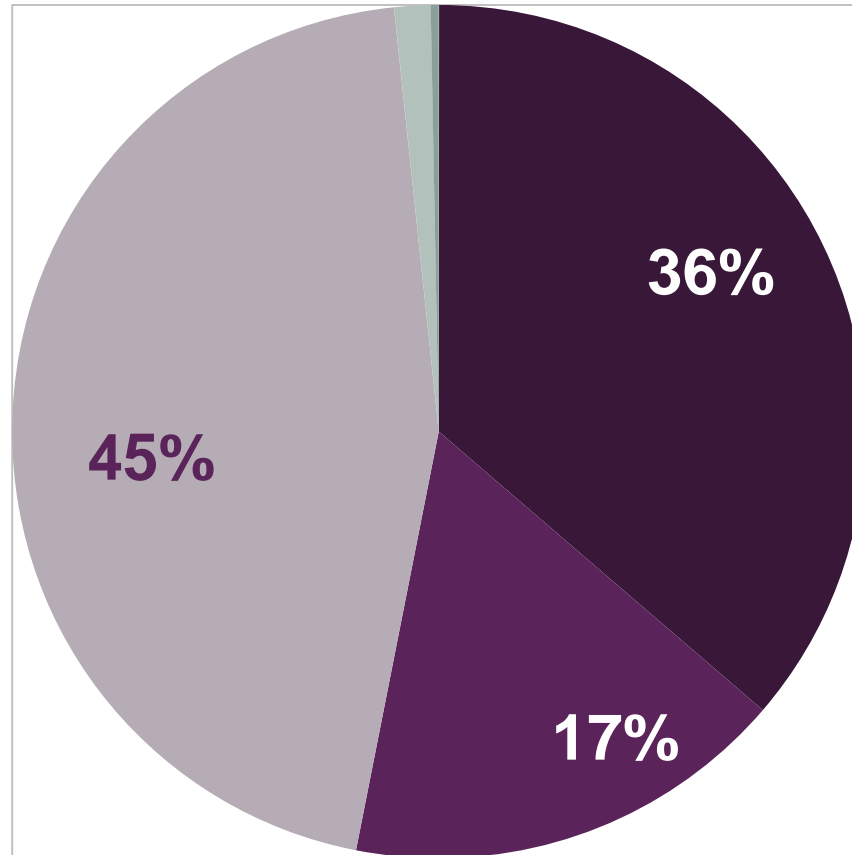


CHANGES IN CHEQUE WRITING OVER THE LAST FEW YEARS



In 2016 more users say there has been no change in their cheque use

CHANGES IN CHEQUE WRITING OVER THE NEXT FEW YEARS



Write many fewer

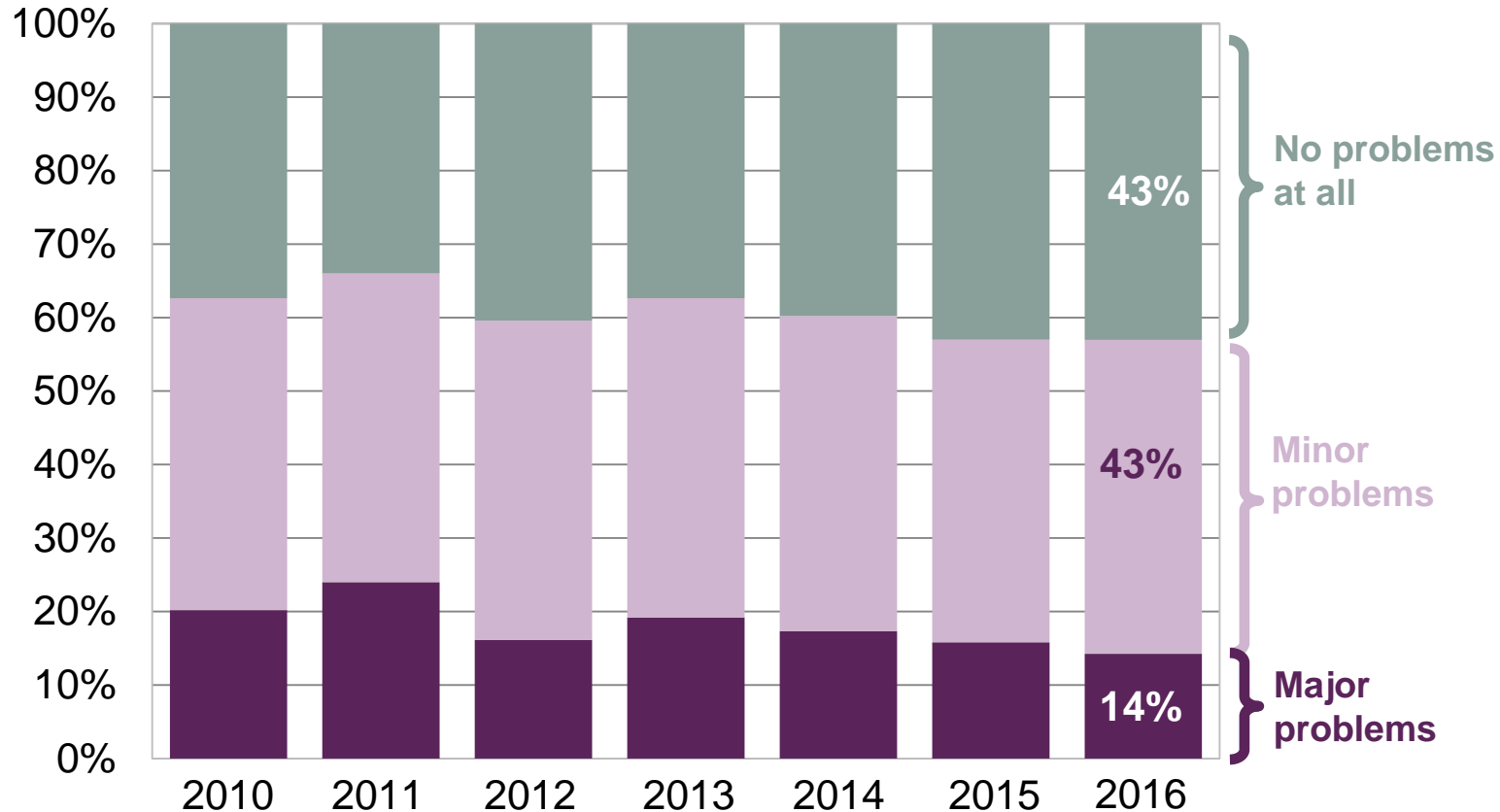
Write slightly fewer

No change

Write slightly more

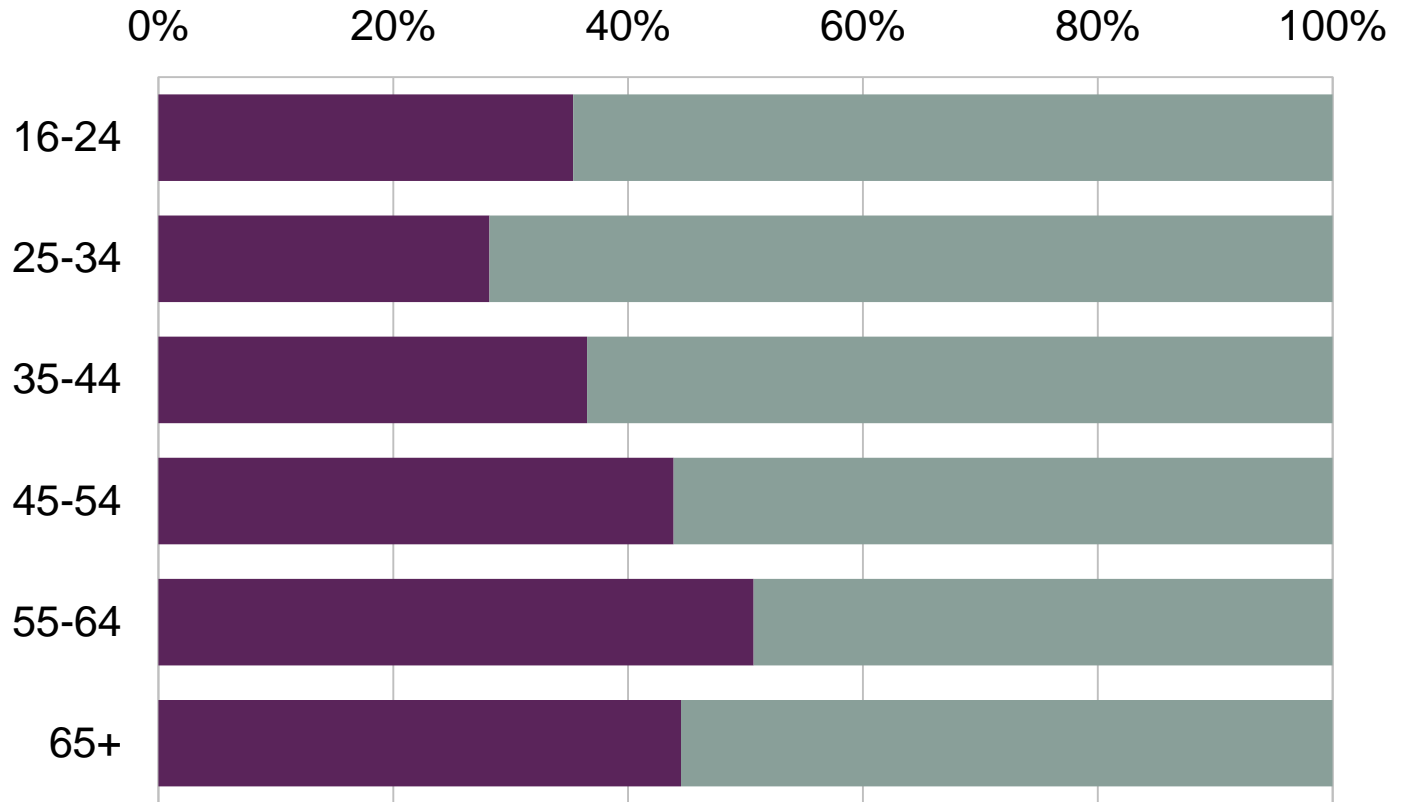
Write many more

PROBLEMS IF UNABLE TO WRITE CHEQUES



Users still worried– 57% would have problems if unable to write cheques

PROPORTIONS RECEIVING AND NOT RECEIVING CHEQUES, BY AGE



55-64 only group with majority of **receivers**

Youngest age groups most likely **not to receive**

WHAT ARE CHEQUES RECEIVED FOR?



Refunds and gifts are most common purposes for receiving cheques

ATTITUDES TOWARDS CHEQUES



I'm wary of accepting cheques from people I don't know because I can't be sure they won't bounce



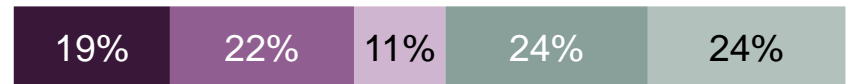
When receiving cheques, it's irritating that I have to take them to the bank



When receiving cheques, it's irritating that I have to wait to get the money



When writing cheques, I feel that the money has left my bank account as soon as the cheque is written



Agree strongly

Agree slightly

Neither agree nor disagree

Disagree slightly

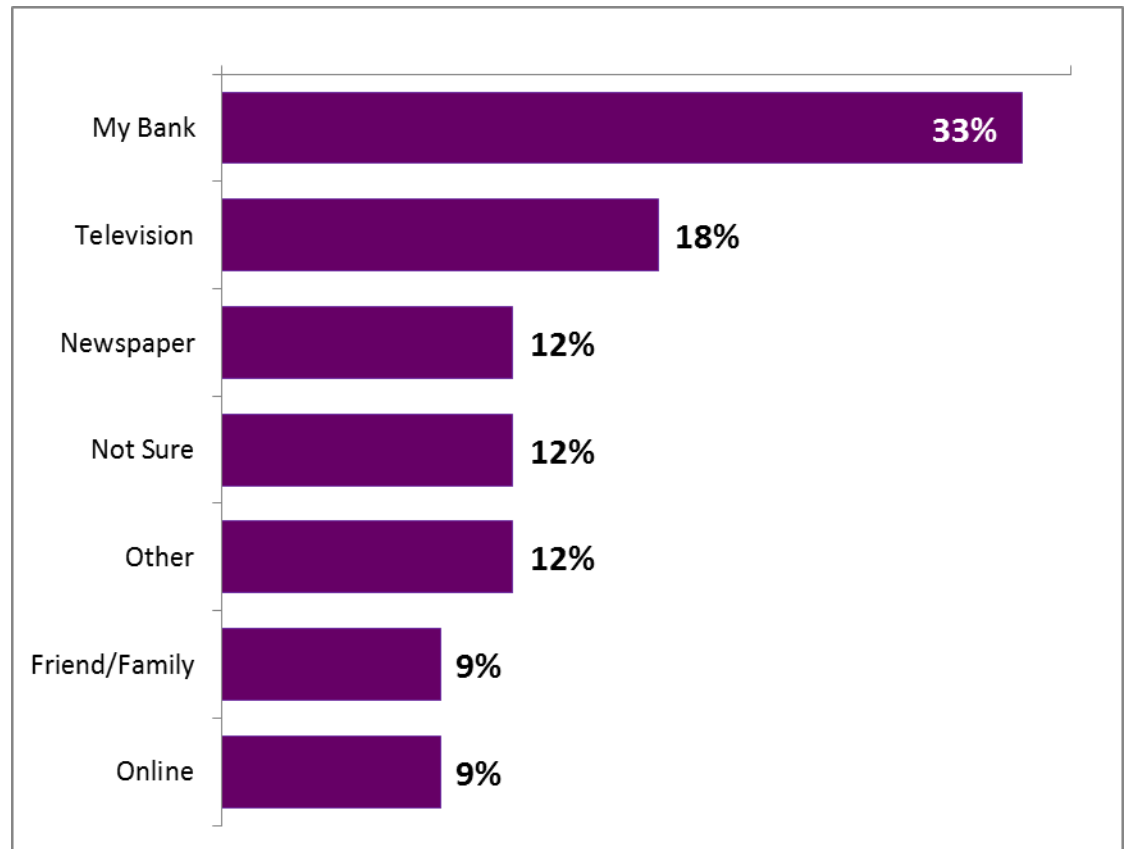
Disagree strongly

CHEQUE IMAGING



13% of consumers are aware that the Banking industry is planning to introduce cheque imaging, which will make the cheque clearing process faster - *down from 16% in 2015*

Where did you hear about cheque imaging?

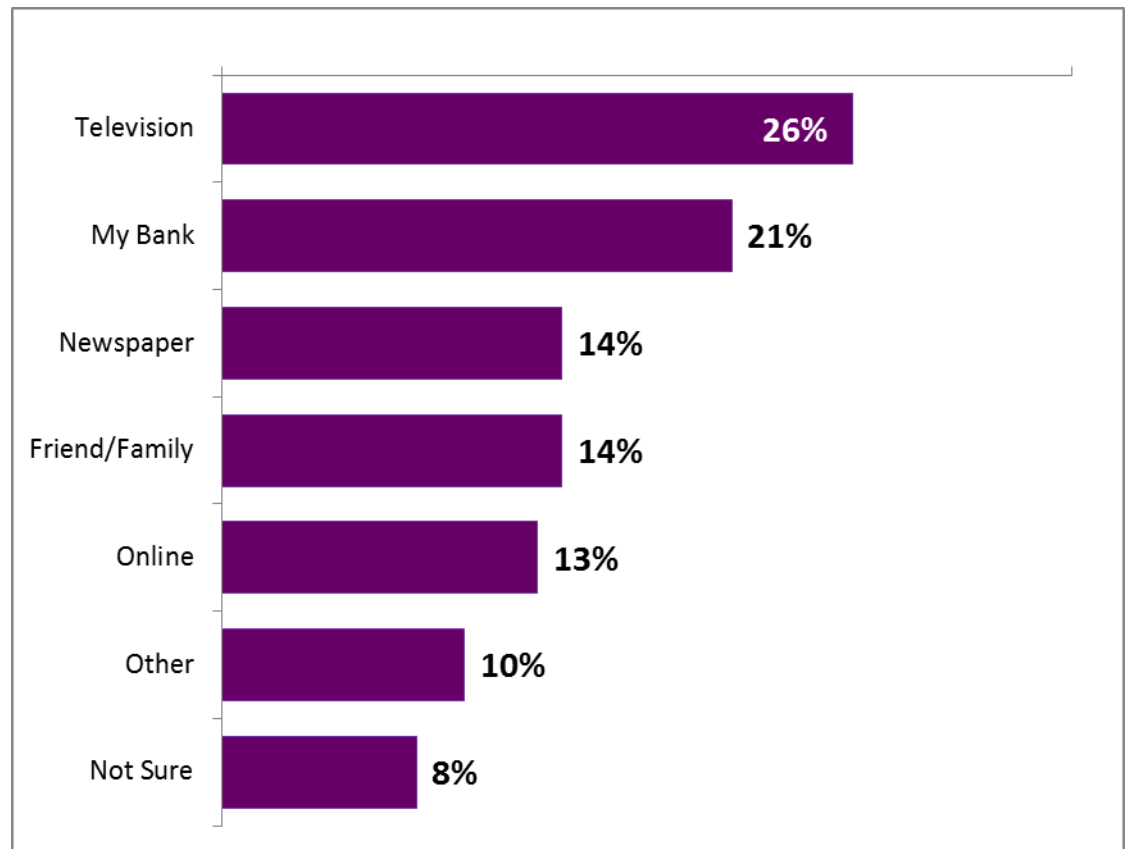


CHEQUE IMAGING



11% of consumers are aware that the Banking industry is planning to introduce cheque imaging, which MAY allow people to pay in cheques by taking IMAGES via THEIR mobile banking app – *similar to 2015 with 12%*

Where did you hear about cheque imaging on your mobile?



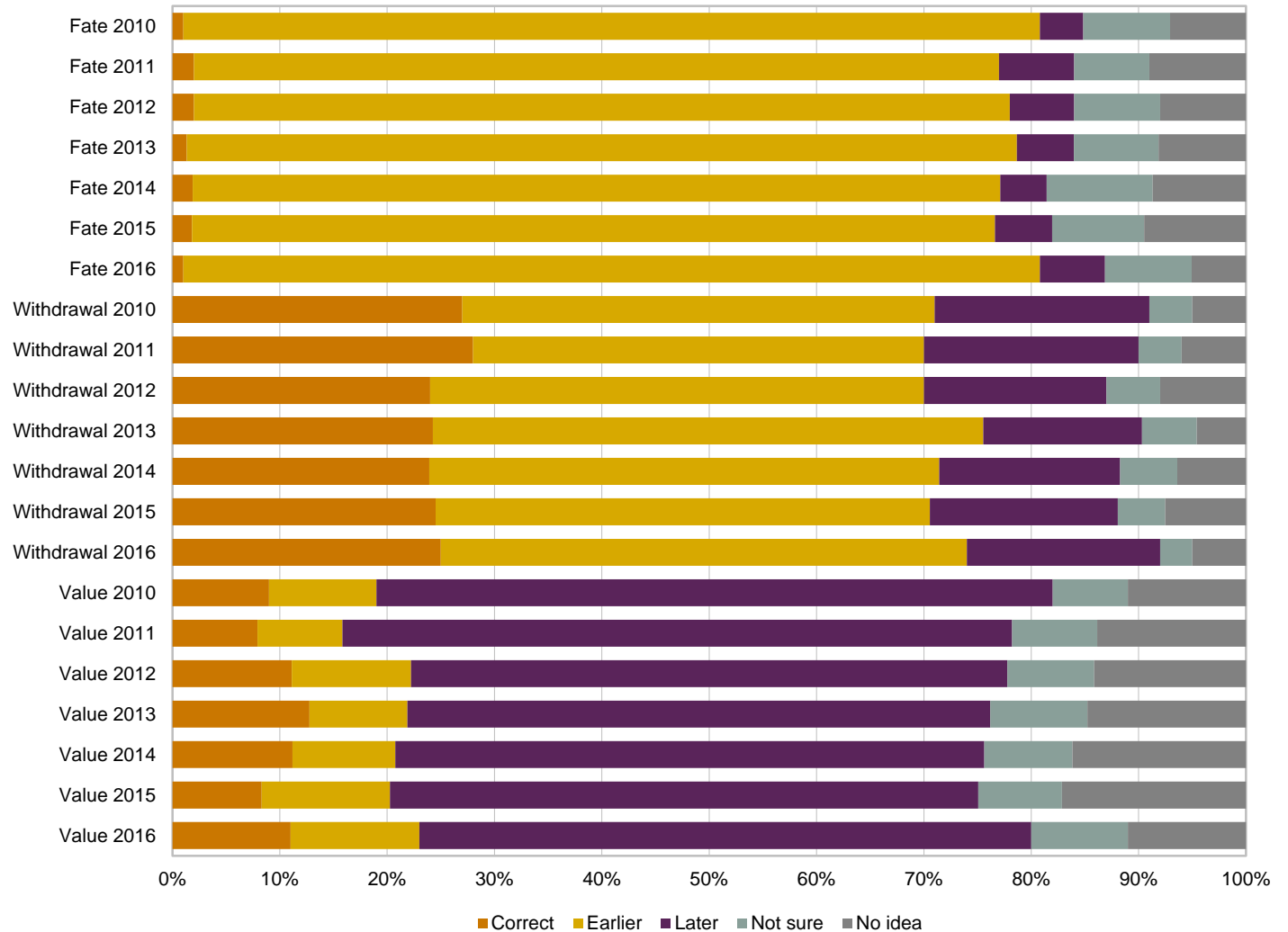
KNOWLEDGE OF 2-4-6 CHEQUE PROPOSITION AMONG CHEQUE RECIPIENTS

2-4-6

- C&CCC has surveyed knowledge of the 2-4-6 cheque proposition among cheque recipients since 2007
- Withdrawal is the best understood proposition – in 2016 25% of cheque recipients think withdrawal happens on T+4
- Fate the least well understood. 1% of cheque recipients correctly identify T+6 in 2016
- 11% of cheque recipients in 2016 correctly identify T+2 as when value is received

KNOWLEDGE OF THE 2-4-6 CHEQUE PROPOSITION AMONG CHEQUE RECIPIENTS

2-4-6



Base: account holders who received a cheque in the last year



BUSINESS USE OF CHEQUES



CHEQUES WRITTEN BY BUSINESSES

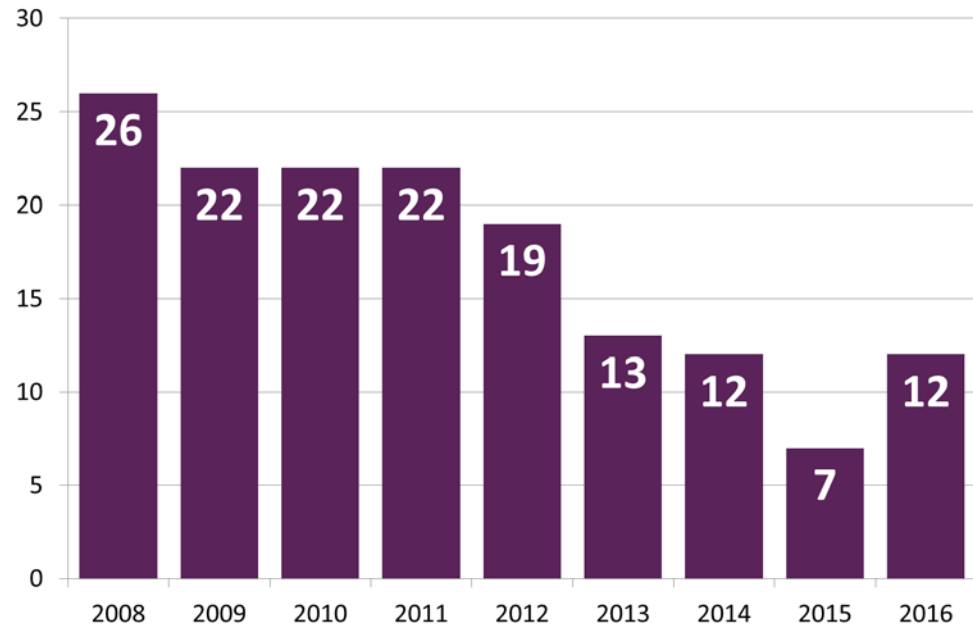


- **55%** of UK businesses said that they had made payments by cheque in the past month, the same as in 2015



Average number of
cheques written per
month by businesses
increased slightly to

12



CHEQUES RECEIVED BY BUSINESSES

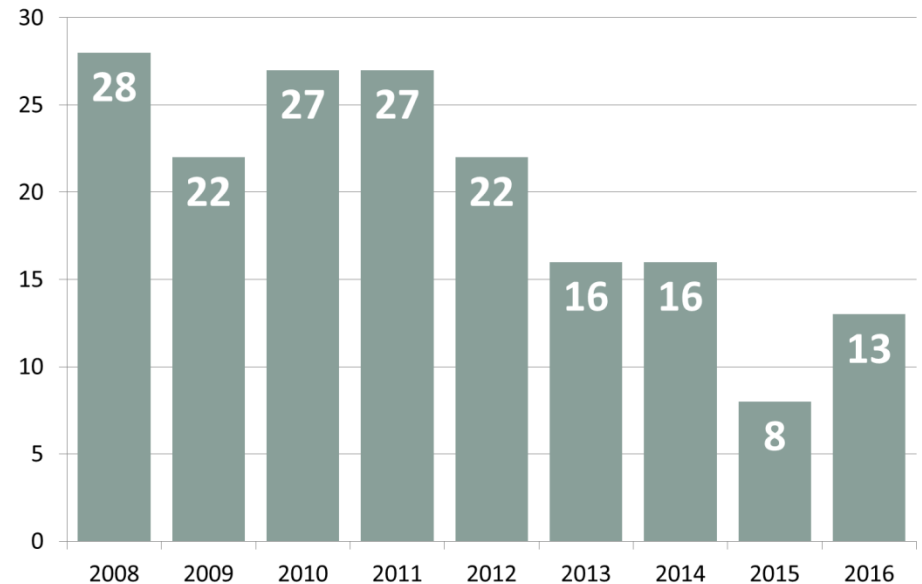


- **62%** of UK businesses said that they had received payments by cheque in the past month, up slightly from 60% in 2015



Average number of
cheques received per
month by businesses

13

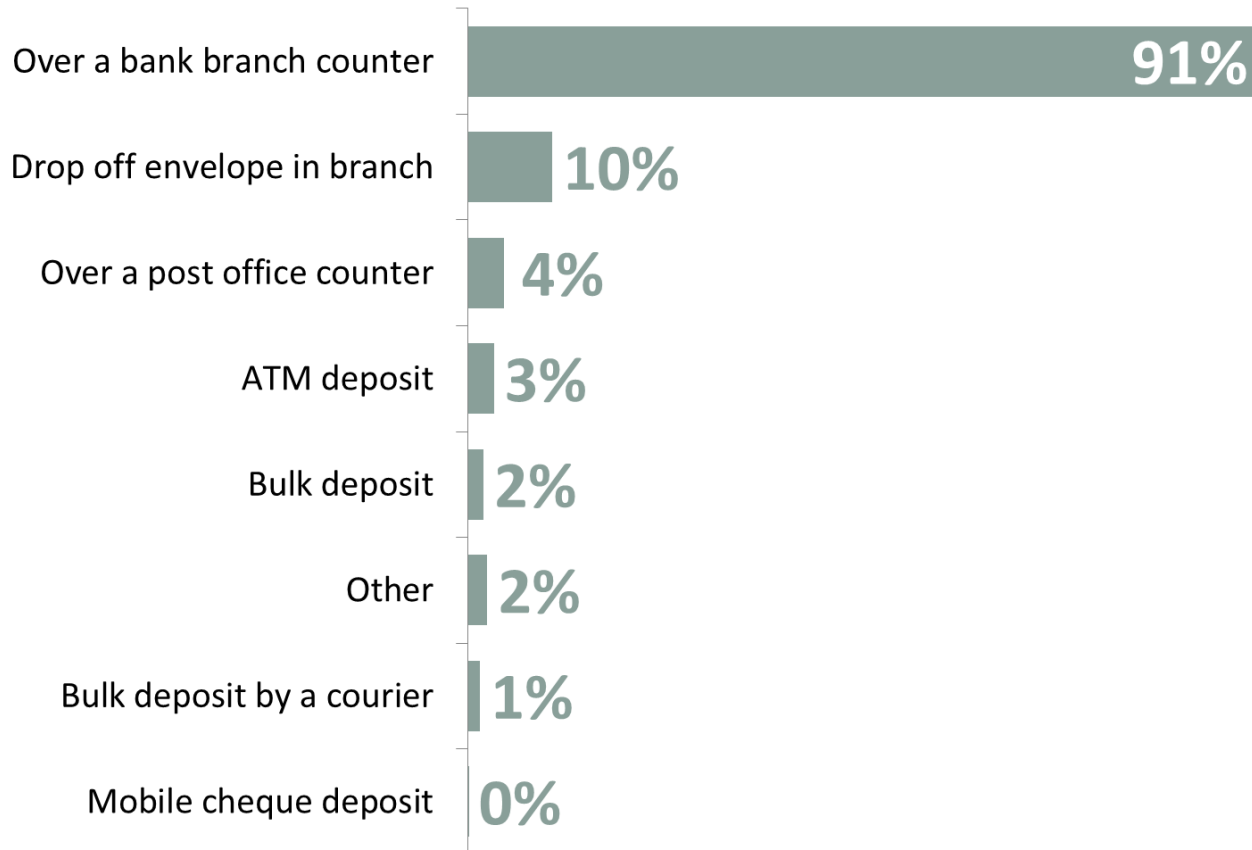


- **26%** of UK businesses said that they had neither made nor received any payments by cheque in the past month, down from 30% in 2015

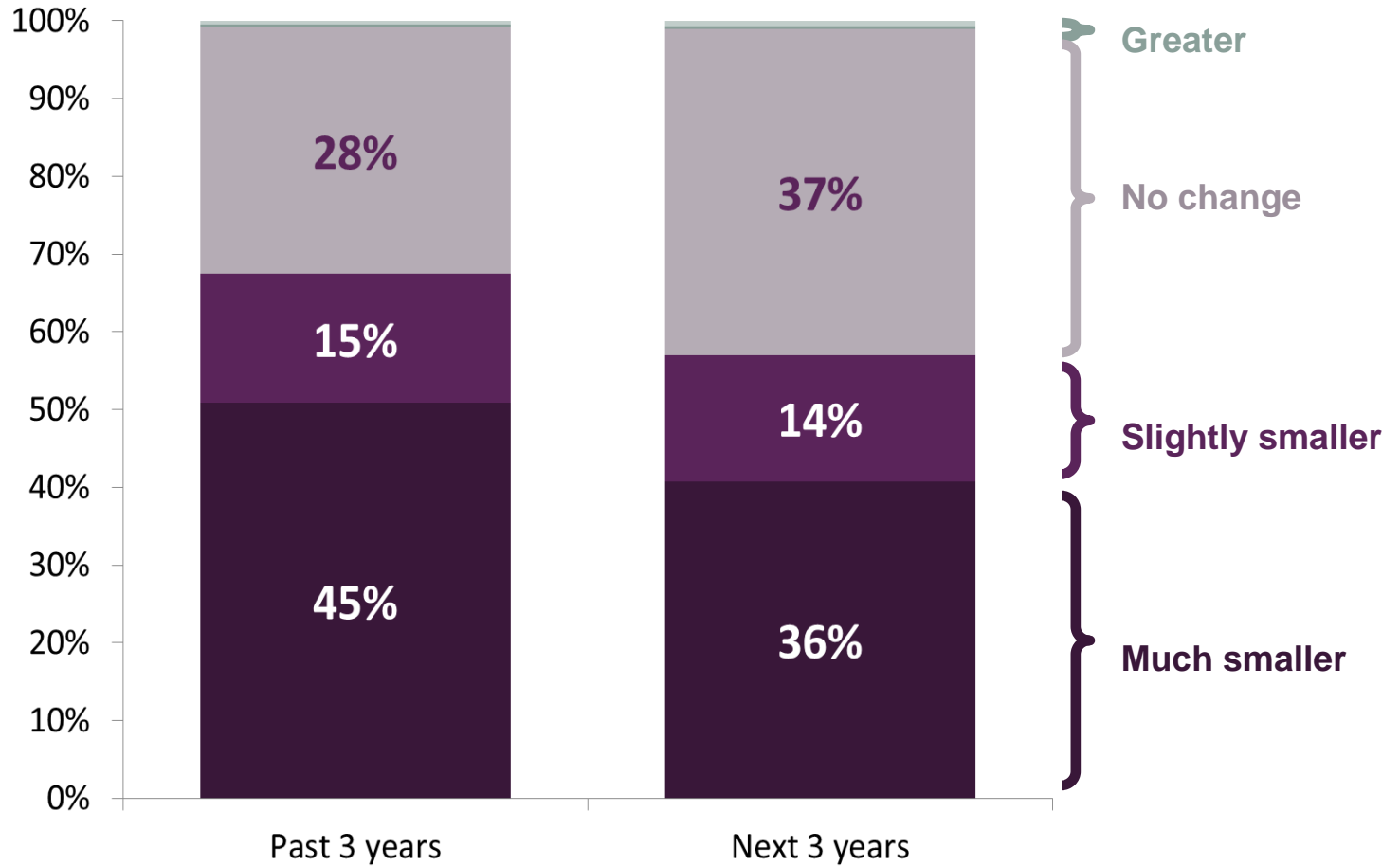
CHEQUES RECEIVED BY BUSINESSES



Method used to deposit cheques into the business bank account



HOW PROPORTION OF PAYMENTS MADE BY CHEQUE CHANGES OVER TIME



WHAT ARE CHEQUES WRITTEN FOR?



Pay a trade supplier **59%**



Other ad-hoc payments to businesses **45%**



Regular business commitment **35%**



Wages & salaries **11%**



Refunds to customers **13%**



Employee expenses **10%**

CONVENIENT ALTERNATIVES



Pay a trade supplier

65%

{ Bacs
Internet



Other ad-hoc payments to businesses

64%

{ Bacs
Internet



Regular business commitment

77%

{ Bacs
Direct Debit



Wages & salaries

34%

{ Bacs



Refunds to customers

53%

{ Internet
Bacs



Employee expenses

42%

{ Bacs
Internet

REASONS WHY BUSINESSES USE CHEQUES



Always have used cheques **27%**



Cheaper than other methods **9%**



Manage cash flow **22%**



No payee account details **13%**



Payee request **32%**



Must send by post **8%**



Money leaves account slowly **8%**

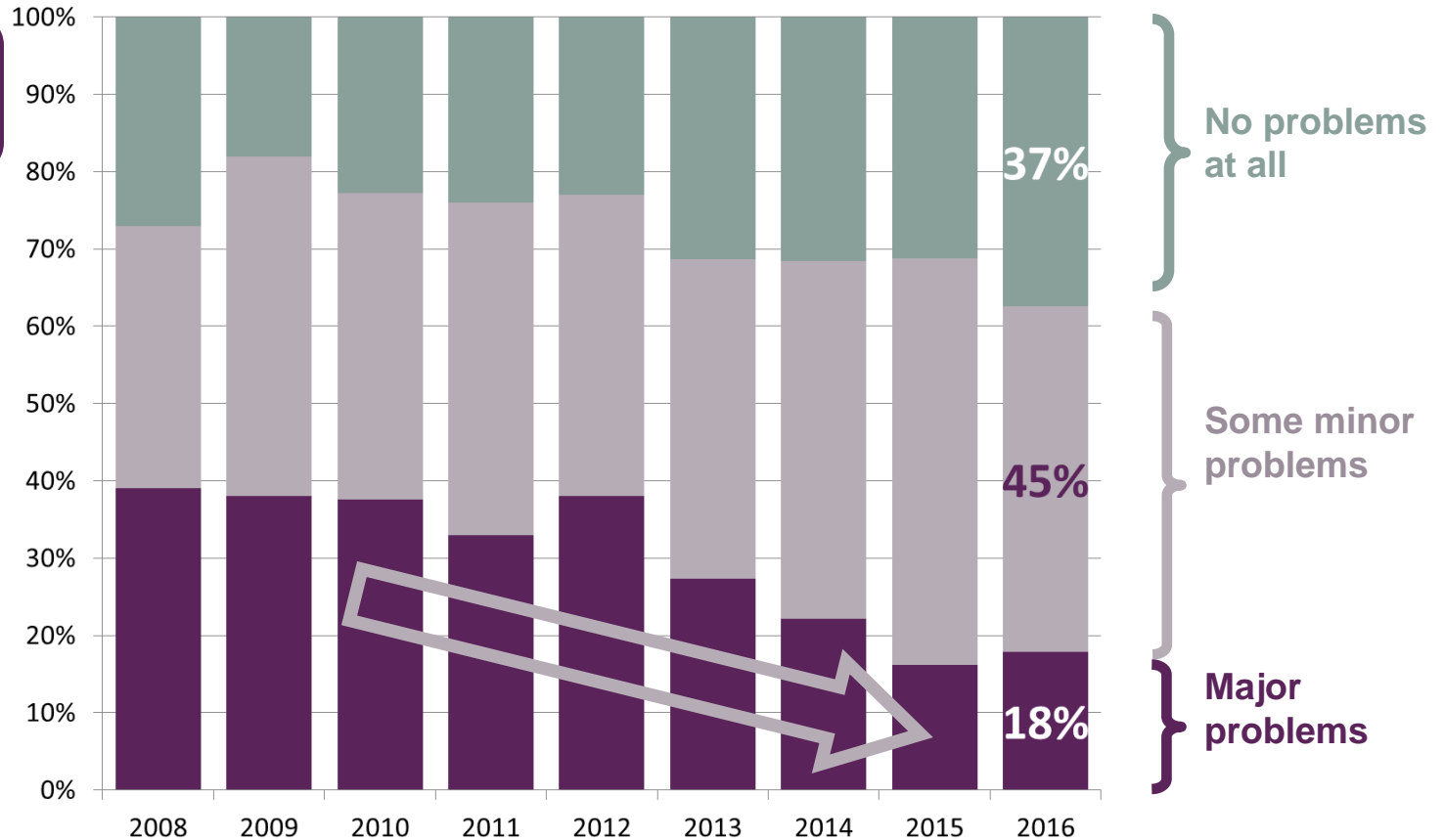


Payee may not cash cheque **2%**



Control who can pay **16%**

PROBLEMS IF UNABLE TO WRITE CHEQUES

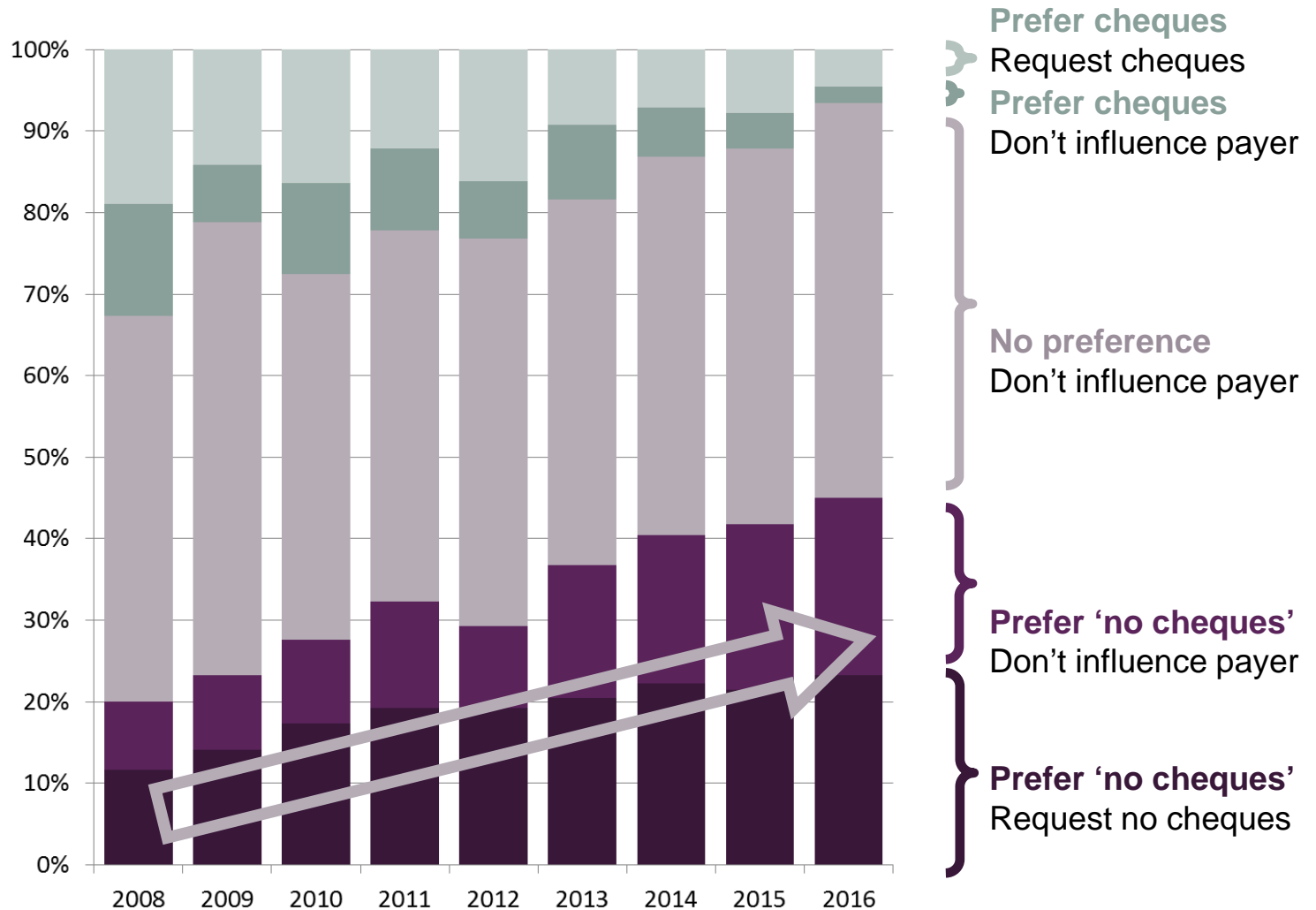


Small change over time – **2/3** would have problems if unable to write cheques
 Proportion who would experience **major** problems is falling

ATTITUDES TO RECEIVING CHEQUES



More now prefer 'no cheques'

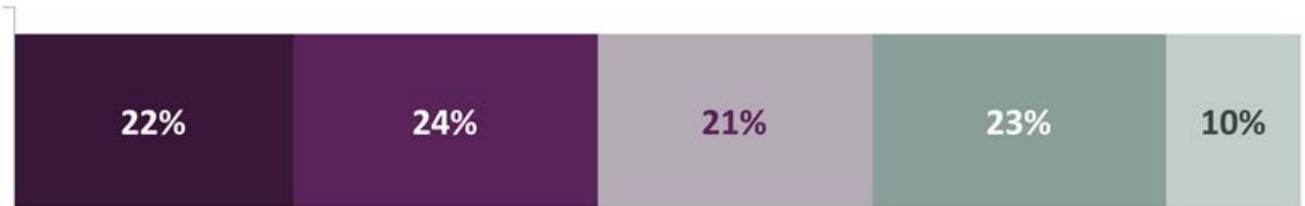


% of businesses that received cheques in the past month

WIDER ATTITUDES TOWARDS CHEQUES



When receiving cheques, it is irritating that we have to take them to the bank



When receiving cheques, it is irritating that we have to wait to get the money



When writing cheques, we feel that the money has left the bank account as soon as the cheque is written



Agree strongly

Agree slightly

Neither agree nor disagree

Disagree slightly

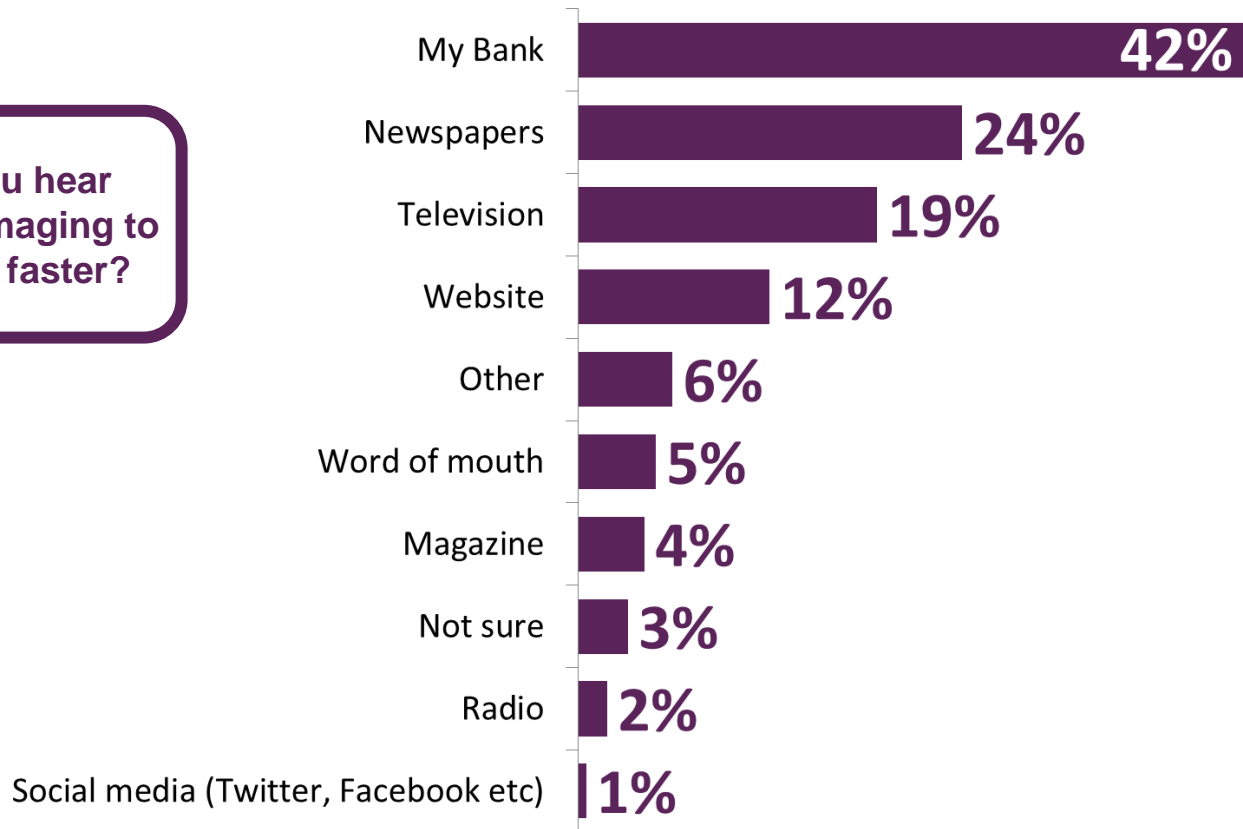
Disagree strongly

CHEQUE IMAGING



21% of businesses are aware that the Banking industry is planning to introduce cheque imaging, which will make the clearing process faster

Where did you hear about cheque imaging to make clearing faster?

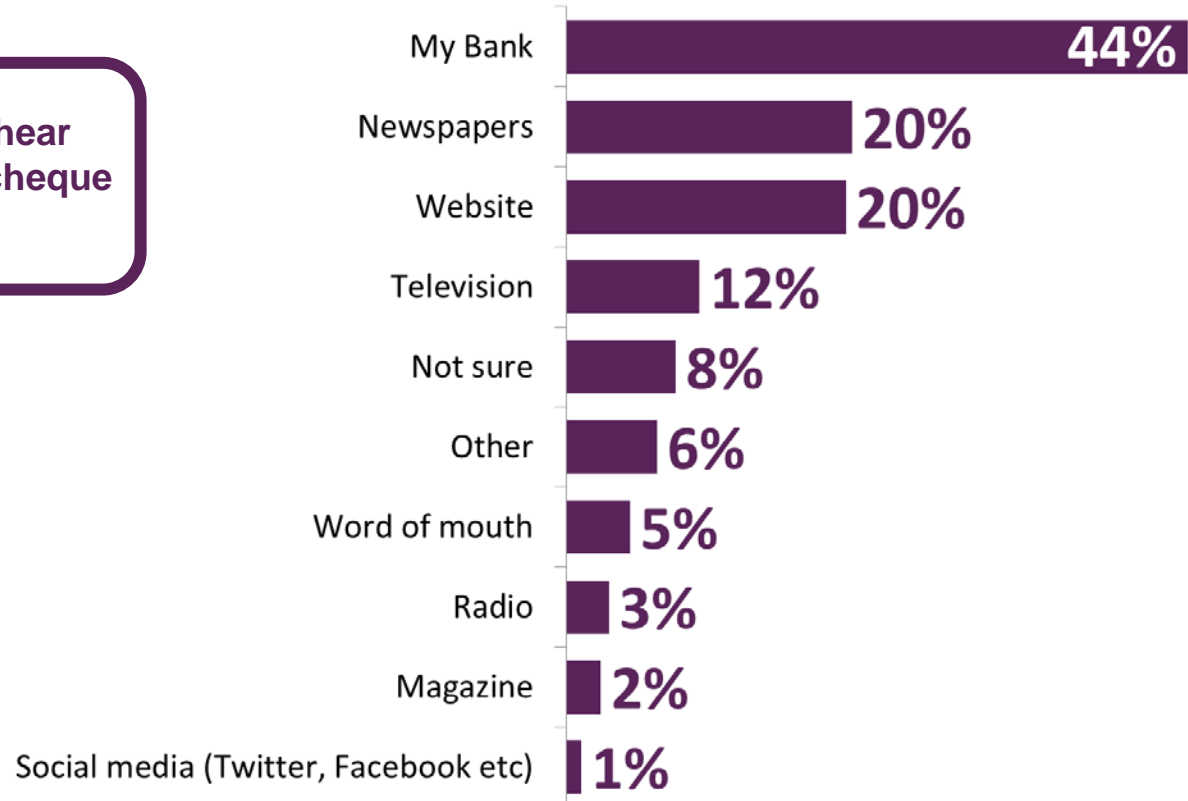


CHEQUE IMAGING



16% of businesses are aware that the Banking industry is planning to introduce cheque imaging, which may allow businesses to deposit cheques by taking images via their mobile banking app or using a desktop scanner

Where did you hear about deposit by cheque imaging?



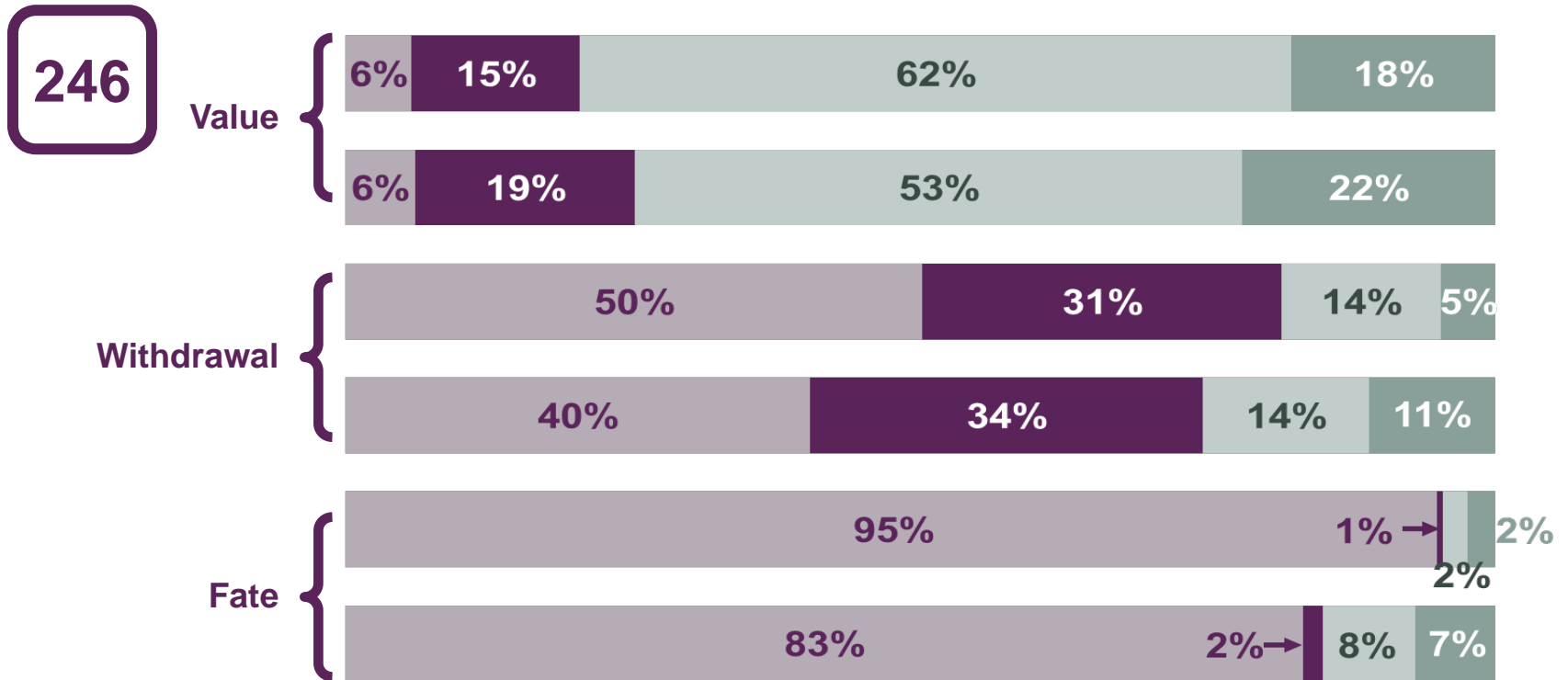
Knowledge of 246 proposition

246

- Understanding of the 246 timescales was tested
- The correct timescales are described below
- The next slide shows the proportion of respondents that correctly understand the 246 timings, compared to those that believe timings are earlier or later

- Value** {
- Day 2**
 - Interest begins to be paid on the amount paid in by cheque, or interest due on outstanding overdraft balances is reduced accordingly
- Withdrawal** {
- Day 4**
 - The payee can withdraw money paid in by cheque
- Fate** {
- Day 6**
 - The payee can be certain the money won't be reclaimed from their account without their consent (unless they are a knowing party to fraud)

Knowledge of 246 proposition



Knowledge of precise timings remains limited

Earlier

Correct

Later

Don't know



CHARITY USE OF CHEQUES

USE OF CHEQUES



- **74%** of charities had received a cheque in the past month
- The average number of cheques received per month was **18**

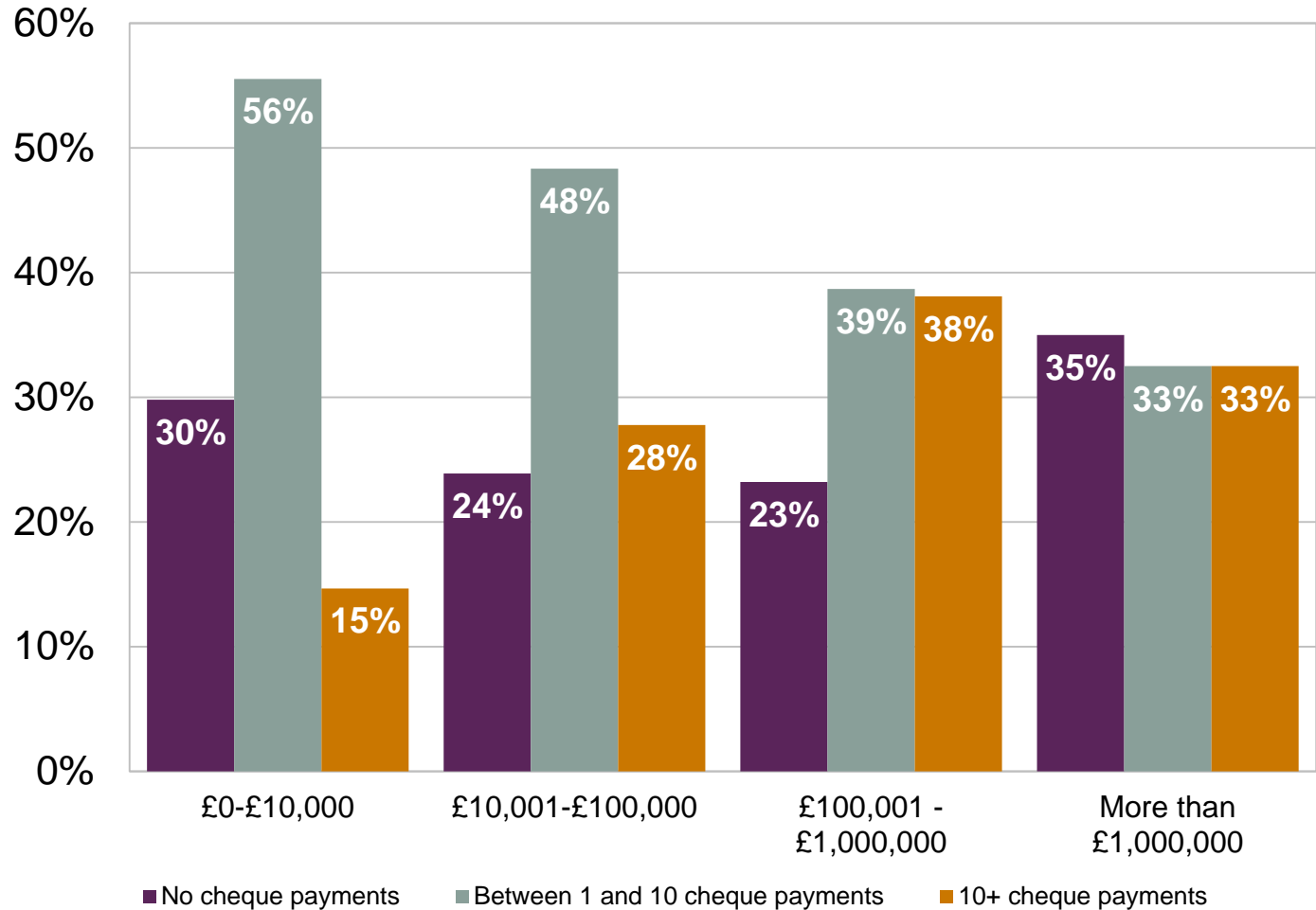


- **76%** of charities had made a payment by cheque in the past month
- The average number of cheque payments made per month was **11**

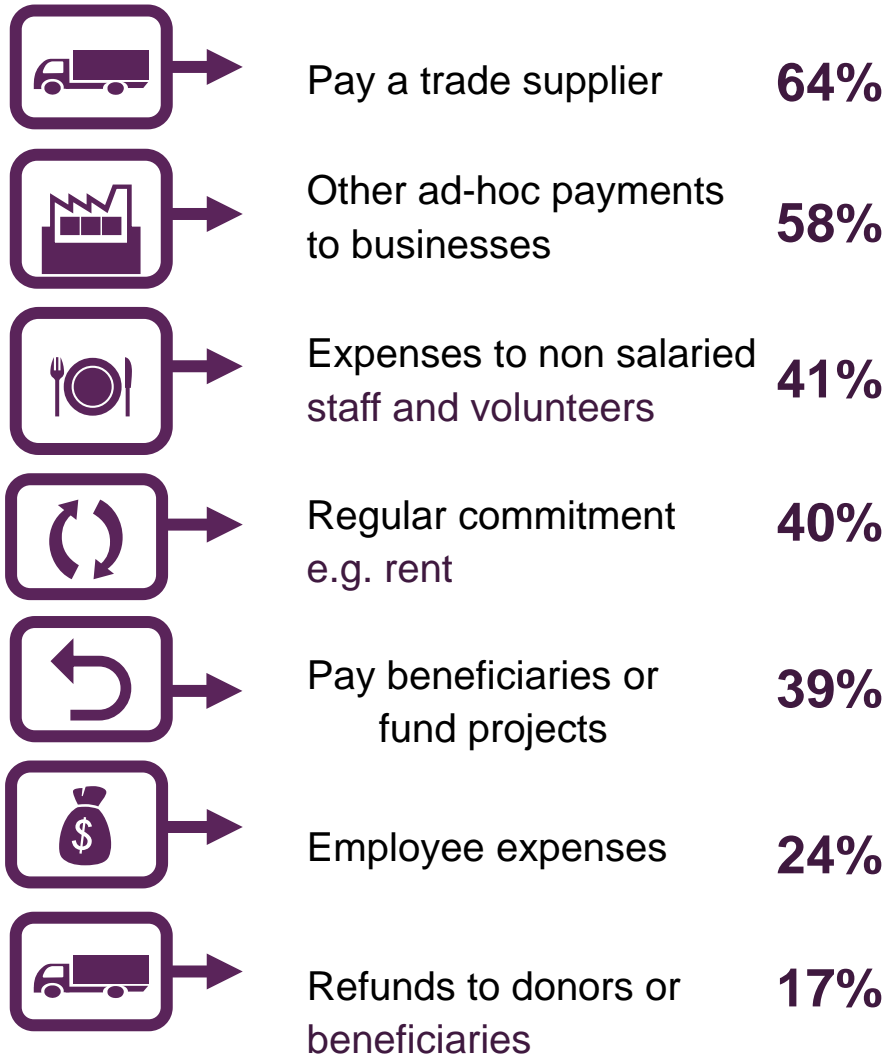


- **13%** number of charities who had neither made or received a payment by cheque in the last month





CHARITIES MAKING CHEQUE PAYMENTS OVER THE LAST MONTH



WHAT ARE CHEQUES WRITTEN FOR?



CONVENIENT ALTERNATIVES TO CHEQUES

| | Paying beneficiaries or funding projects | Paying regular commitments e.g. rent | Expenses, wages and salaries for salaried staff | Expenses, wages and salaries for non salaried staff and volunteers | Refunds to donors or beneficiaries |
|---|--|--------------------------------------|---|--|------------------------------------|
|  | 58% | 28% | 54% | 47% | 43% |
|  | 32% | 10% | 28% | 33% | 40% |
|  | 4% | 55% | 13% | 6% | 2% |
|  | 4% | 0% | 0% | 11% | 2% |

% of charities writing cheques for each purpose who think there is a convenient alternative to a cheque

REASONS WHY CHARITIES PAY BY CHEQUE



Always have used cheques **55%**



Need clear paper trail **54%**



Manage cash flow **42%**



No payee account details **33%**



Payee request **43%**



Must send advice by post **43%**



Money leaves account slowly **18%**



Payee may not cash cheque **11%**

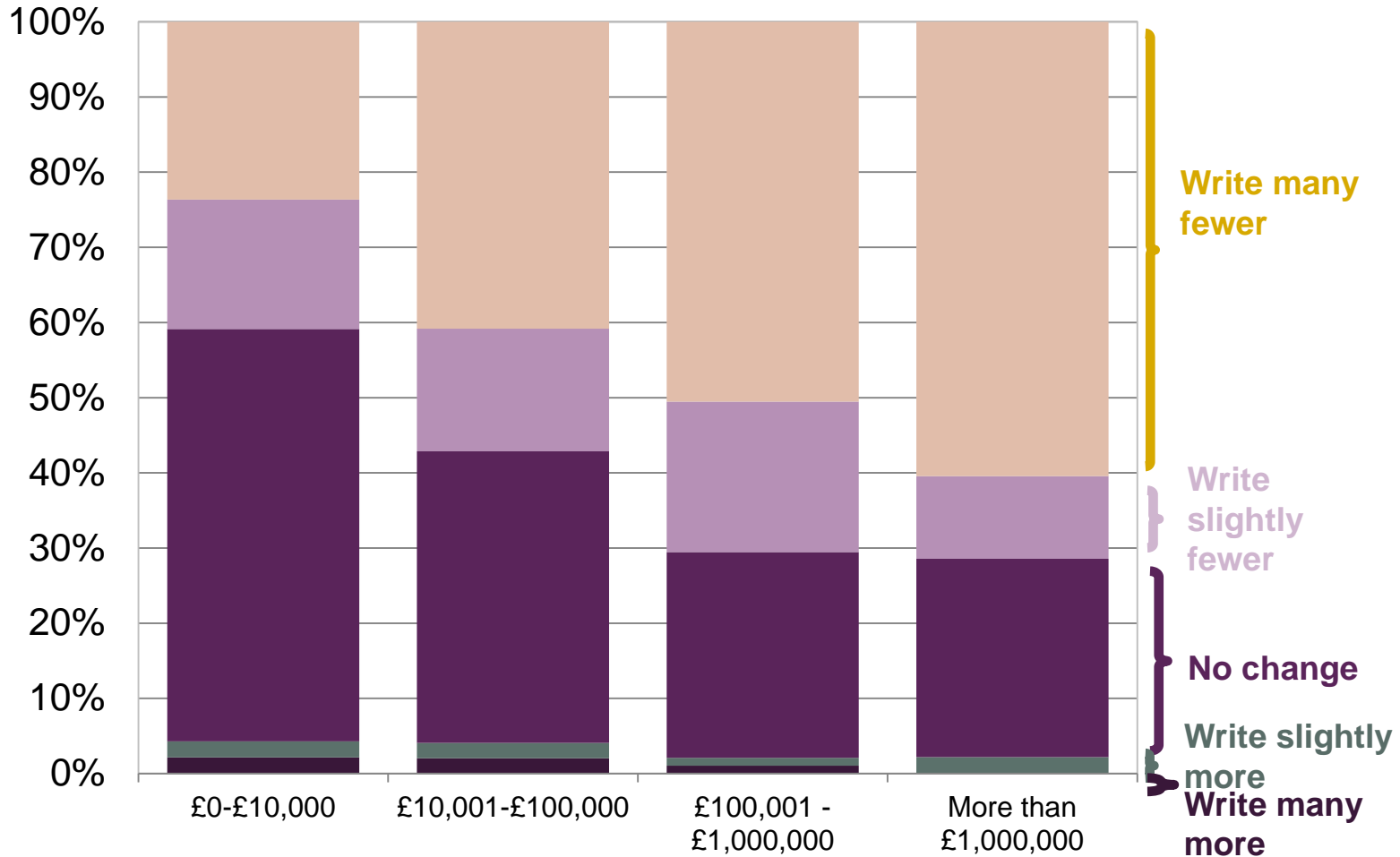


Control who can pay **59%**

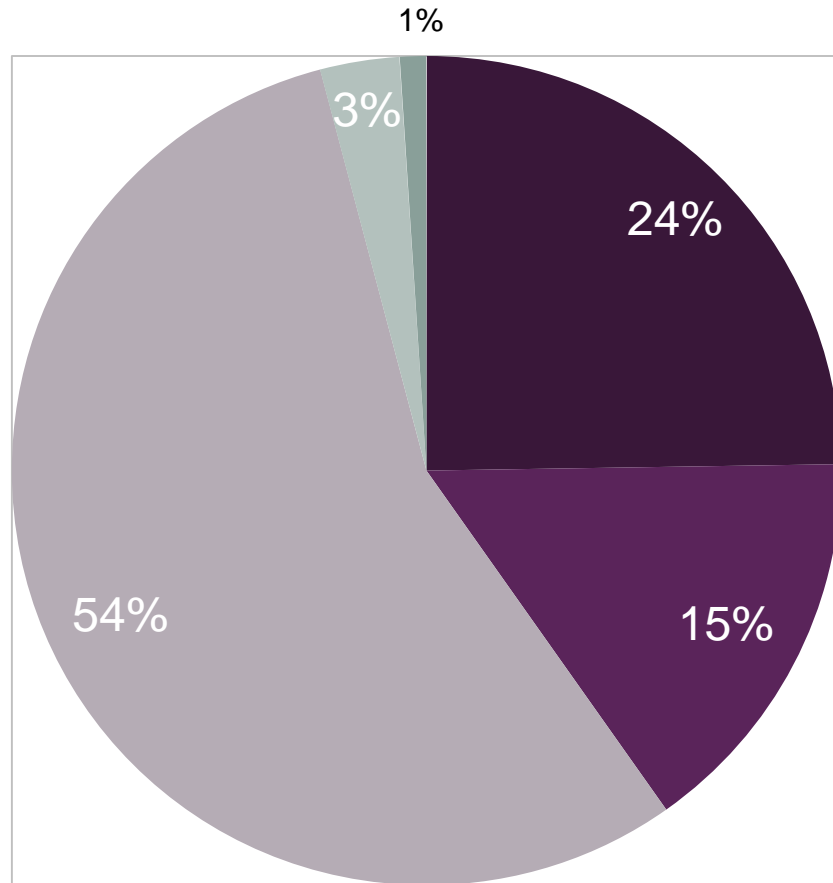


No other method available **38%**

CHANGES IN CHEQUE WRITING OVER THE LAST THREE YEARS



CHANGES IN CHEQUE WRITING OVER THE NEXT THREE YEARS



Write many fewer

Write slightly fewer

No change

Write slightly more

Write many more

PROBLEMS IF UNABLE TO WRITE CHEQUES



Users are concerned– 46% would have major problems if unable to write cheques

ATTITUDES TOWARDS RECEIVING CHEQUES



We prefer not to receive cheques, but we don't try to influence the method that is used to pay us money

12%

We don't mind how we receive money and don't request payment by any particular method

53%

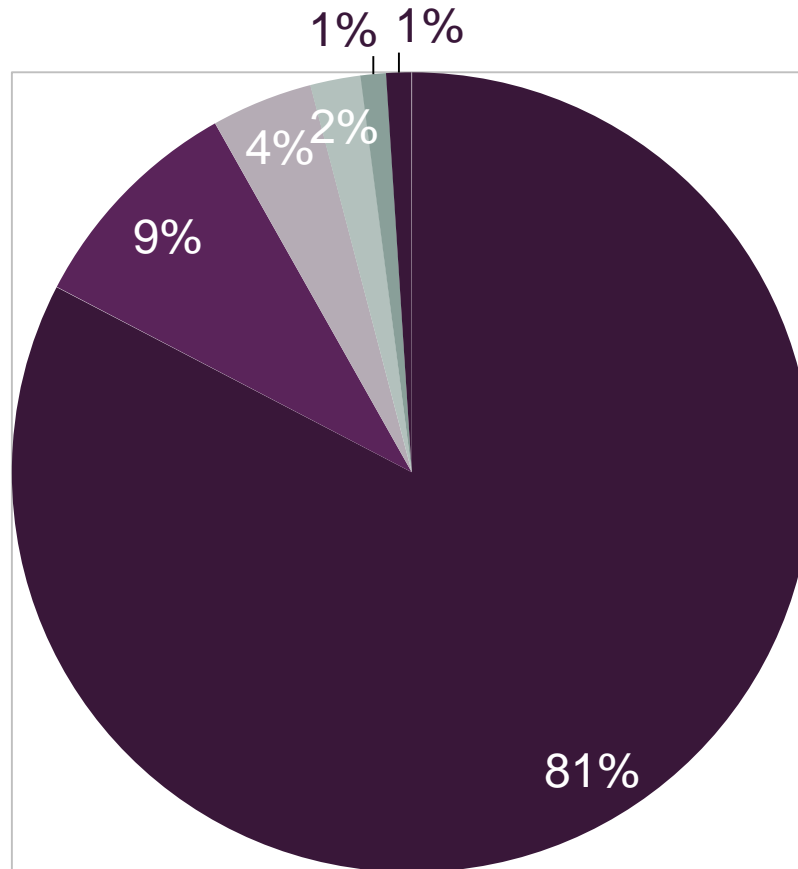
We prefer to receive money by cheque, but don't try to influence the methods that are used by others to pay us money

10%

We prefer to receive money by cheque and usually ask for payment by cheque whenever possible

14%

HOW CHARITIES PAY CHEQUES IN



Bank branch counter

Post office counter

Drop envelope in branch

ATM deposit

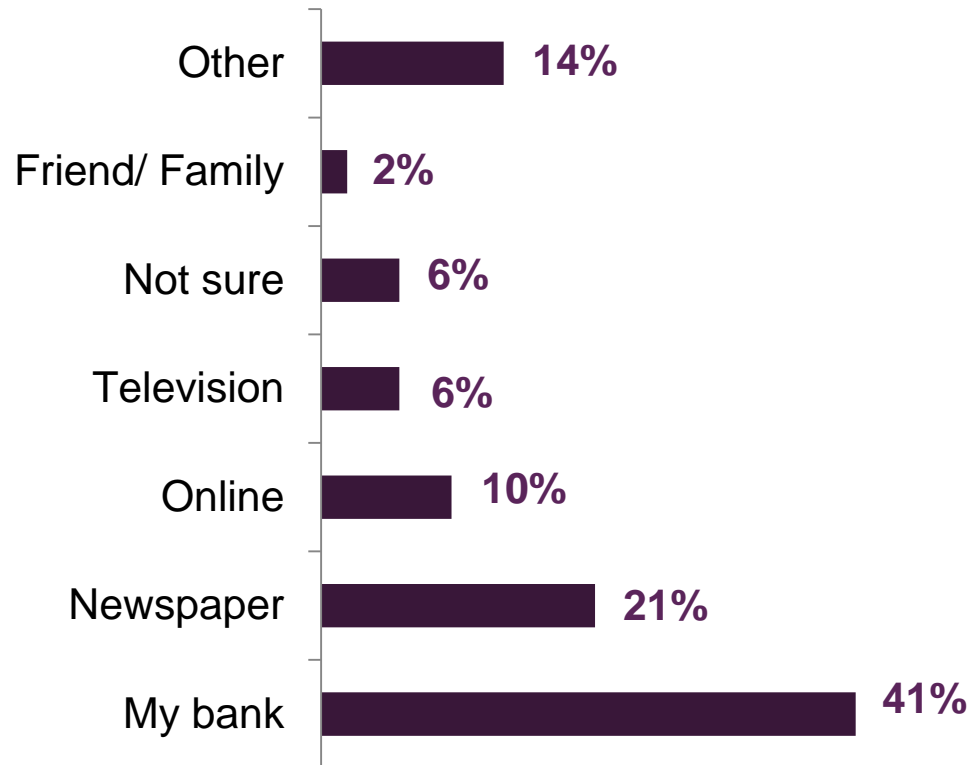
Bulk deposit

CHEQUE IMAGING



23% of charities are aware that the banking industry is planning to introduce cheque imaging, which will make the cheque clearing process faster

Where did you hear about cheque imaging?

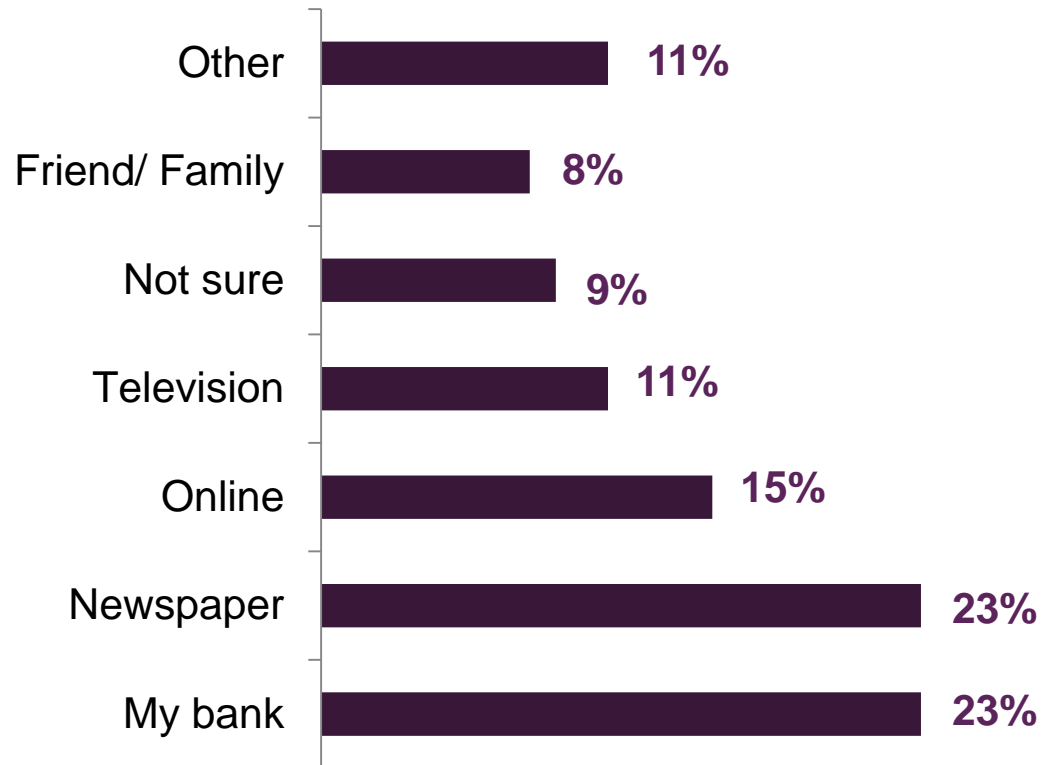


CHEQUE IMAGING



15% of charities are aware that the banking industry is planning to introduce cheque imaging, which **MAY** allow people to pay in cheques by taking **IMAGES** via **THEIR** mobile banking app

Where did you hear about cheque imaging on your mobile?



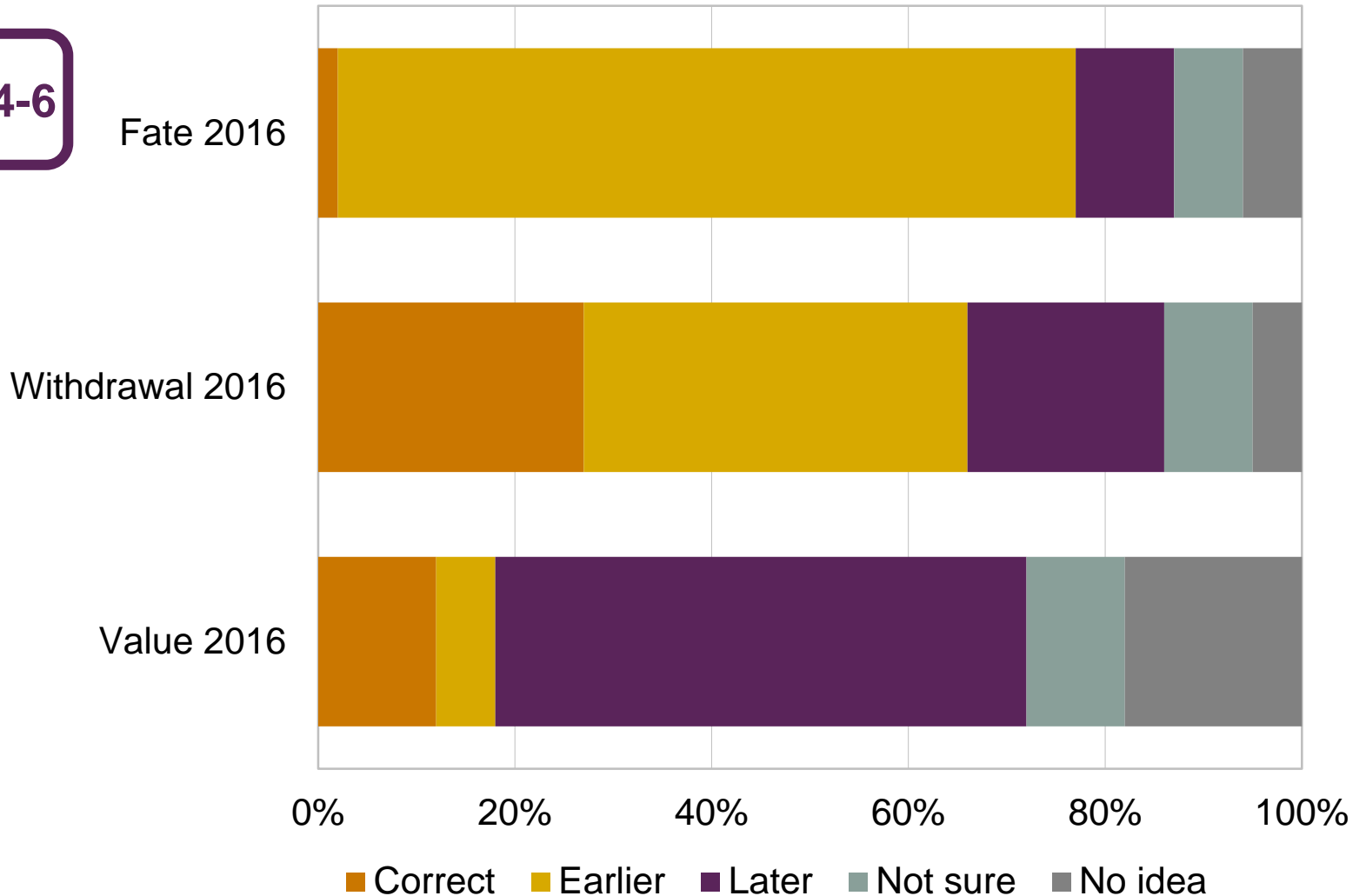
KNOWLEDGE OF 2-4-6 CHEQUE PROPOSITION AMONG CHEQUE RECIPIENTS

2-4-6

- C&CCC has surveyed knowledge of the 2-4-6 cheque proposition among charities
- **Withdrawal** is the best understood proposition – in 2016 27% of cheque recipients think withdrawal happens on T+4
- **Fate** the least well understood. 2% of cheque recipients correctly identify T+6 in 2016
- Only 12% of cheque recipients in 2016 correctly identify T+2 as when **value** is received

KNOWLEDGE OF THE 2-4-6 CHEQUE PROPOSITION AMONG CHARITY CHEQUE RECIPIENTS

2-4-6



Base: account holders who received a cheque in the last year