CHEQUES:
MARKET RESEARCH
2015

June 2015
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
BUSINESS USE OF CHEQUES
55% of UK businesses said that they had made payments by cheque in the past month, down from 64% in 2014.

Average number of **cheques written** per month by businesses fell to 7.
57% of UK businesses said that they had received payments by cheque in the past month, down from 69% in 2014.

Average number of cheques received per month by businesses:

- 57%

30% of UK businesses said that they had neither made nor received any payments by cheque in the past month, up from 17% in 2014.
Method used to deposit cheques into the business bank account

- Over a bank branch counter: 90%
- Drop off envelope in branch: 13%
- ATM deposit: 7%
- Over a post office counter: 4%
- Bulk deposit: 3%
- Mobile cheque deposit: 3%
HOW PROPORTION OF PAYMENTS MADE BY CHEQUE CHANGES OVER TIME

Past 3 years

- Slightly smaller: 19%
- Greater: 28%
- No change: 36%

Next 3 years

- Slightly smaller: 23%
- Greater: 30%
- Much smaller: 36%
WHAT ARE CHEQUES WRITTEN FOR?

- Pay a trade supplier: 64%
- Other ad-hoc payments to businesses: 40%
- Regular business commitment: 38%
- Wages & salaries: 15%
- Refunds to customers: 10%
- Employee expenses: 8%

% of businesses who use cheques for each purpose, 2015
Base: All businesses writing at least one cheque in the past month
<table>
<thead>
<tr>
<th>Payment Type</th>
<th>Percentage</th>
<th>Method(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay a trade supplier</td>
<td>71%</td>
<td>Bacs, Internet</td>
</tr>
<tr>
<td>Other ad-hoc payments to businesses</td>
<td>64%</td>
<td>Bacs, Internet</td>
</tr>
<tr>
<td>Regular business commitment</td>
<td>66%</td>
<td>Direct Debit, Bacs</td>
</tr>
<tr>
<td>Wages &amp; salaries</td>
<td>32%</td>
<td>Bacs</td>
</tr>
<tr>
<td>Refunds to customers</td>
<td>14%</td>
<td>Bacs, Internet</td>
</tr>
<tr>
<td>Employee expenses</td>
<td>35%</td>
<td>Bacs, Internet</td>
</tr>
</tbody>
</table>

% of businesses who believe there is a convenient alternative payment method
# Reasons Why Businesses Use Cheques

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always have used cheques</td>
<td>30%</td>
</tr>
<tr>
<td>Manage cash flow</td>
<td>29%</td>
</tr>
<tr>
<td>Payee request</td>
<td>25%</td>
</tr>
<tr>
<td>Money leaves account slowly</td>
<td>21%</td>
</tr>
<tr>
<td>Control who can pay</td>
<td>18%</td>
</tr>
<tr>
<td>Cheaper than other methods</td>
<td>11%</td>
</tr>
<tr>
<td>No payee account details</td>
<td>9%</td>
</tr>
<tr>
<td>Must send by post</td>
<td>7%</td>
</tr>
<tr>
<td>Payee may not cash cheque</td>
<td>2%</td>
</tr>
</tbody>
</table>

% of businesses who gave each reason for making payments by cheque
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

% of businesses with each attitude if unable to write cheques at the current time
ATTITUDES TO RECEIVING CHEQUES

% of businesses that received cheques in the past month

More now prefer ‘no cheques’
When receiving cheques, it is irritating that we have to take them to the bank

- Agree strongly: 25%
- Agree slightly: 35%
- Neither agree nor disagree: 5%
- Disagree slightly: 16%
- Disagree strongly: 19%

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

- Agree strongly: 31%
- Agree slightly: 33%
- Neither agree nor disagree: 9%
- Disagree slightly: 14%
- Disagree strongly: 13%

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

- Agree strongly: 31%
- Agree slightly: 25%
- Neither agree nor disagree: 14%
- Disagree slightly: 21%
- Disagree strongly: 9%
25% of businesses are aware that the Banking industry is planning to introduce cheque imaging, which will allow people to pay in cheques by taking a photo via the mobile banking app on their smartphone.

Where did you hear about cheque imaging?

- Television: 31%
- My bank: 23%
- Newspapers: 19%
- Word of mouth: 17%
- Not sure: 16%
- Website: 11%
- Social media (Twitter, Facebook etc): 4%
Knowledge of 246 proposition

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

% of businesses that received cheques in the past month

Earlier  Correct  Later  Don’t know
CONSUMER USE OF CHEQUES
USE OF CHEQUES

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

- 38% of UK account holders make payments by cheque
  - Down from 44% in 2014 (44%)

- 41% of UK account holders received payments by cheque
  - Similar to results in 2014 (40%)

- 46% 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

% of account holders writing and receiving cheques
Older people most likely to write cheques

95% of 16-24 age group do not write cheques

% of account holders writing and receiving cheques
WHAT ARE CHEQUES WRITTEN FOR?

- Pay bill by post: 28%
- Service in the home: 21%
- Pay a club or society: 16%
- Donation to charity: 16%
- Other by post (e.g., gift): 12%
- Pay friend / individual: 12%
- Child’s school or leisure: 12%
- Personal services: 11%
- Bill at a counter: 9%

% of account holders writing cheques and who used a cheque for these purposes in the past year.
### CONVENIENT ALTERNATIVES TO CHEQUES

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Alternative 1</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child's school or leisure</td>
<td>Internet banking</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>Debit card online</td>
<td></td>
</tr>
<tr>
<td>Personal services</td>
<td>Debit card</td>
<td>58%</td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>Buy in a shop not accepting credit/debit</td>
<td>Cash</td>
<td>57%</td>
</tr>
<tr>
<td>cards</td>
<td>Debit card</td>
<td></td>
</tr>
<tr>
<td>Bill at a counter</td>
<td>Cash</td>
<td>51%</td>
</tr>
<tr>
<td></td>
<td>Debit card</td>
<td></td>
</tr>
<tr>
<td>Other by post (e.g., gift)</td>
<td>Cash</td>
<td>51%</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

*% of account holders writing cheques for each purpose who think there is a convenient alternative to a cheque*
CONVENIENT ALTERNATIVES TO CHEQUES

- Service in the home: 49%
  - Cash
  - Internet banking

- Pay a club or society: 48%
  - Internet banking
  - Cash

- Pay bill by post: 48%
  - Direct Debit
  - Internet banking

- Withdraw cash at a bank: 46%
  - Internet banking
  - Cash machine

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

% of account holders writing cheques for each purpose who think there is a convenient alternative to a cheque
CHANGES IN CHEQUE WRITING OVER THE LAST FEW YEARS

Increasing numbers saying they write many fewer cheques now than they used to

% of account holders writing cheques
CHANGES IN CHEQUE WRITING OVER THE NEXT FEW YEARS

- Write many fewer: 42%
- Write slightly fewer: 38%
- No change: 18%
- Write slightly more: 18%
- Write many more: 42%
PROBLEMS IF UNABLE TO WRITE CHEQUES

Fewer worried users – 56% would have problems if unable to write cheques

% of account holders writing cheques
PROPORTIONS RECEIVING AND NOT RECEIVING CHEQUES, BY AGE

Youngest age groups most likely to not to receive

55-64 only group with majority of receivers

Proportions writing and receiving cheques by age group; excludes don't knows
WHAT ARE CHEQUES RECEIVED FOR?

- Gifts: 34%
- Expenses: 7%
- Refunds: 30%
- Insurance settlement: 5%
- Wages or salary: 10%
- Selling something: 5%
- Dividends: 8%

16% collectively also said ‘something else’

% of account holders who received a cheque in the past year
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
16% of consumers 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?

- My Bank: 34%
- Television: 25%
- Newspaper: 14%
- Friend: 9%
- Not Sure: 8%
- Other: 7%
- Magazine: 2%
12% 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.

Where did you hear about cheque imaging on your mobile?

- Television: 33%
- My Bank: 26%
- Newspaper: 17%
- Friend: 10%
- Not Sure: 7%
- Other: 4%
- Magazine: 4%
C&CCC has surveyed knowledge of the 2-4-6 cheque proposition among cheque recipients since 2007.

- Withdrawal is the best understood proposition – in 2014, 25% of cheque recipients think withdrawal happens on T+4.

- Fate is the least well understood. 2% of cheque recipients correctly identify T+6 in 2014.

- 8% of cheque recipients in 2014 correctly identify T+2 as when value is received.
KNOWLEDGE OF THE 2-4-6 CHEQUE PROPOSITION AMONG CHEQUE RECIPIENTS

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