



Cheque &
Credit
Clearing
Company

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



CHEQUES WRITTEN BY BUSINESSES



- **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



CHEQUES RECEIVED BY BUSINESSES

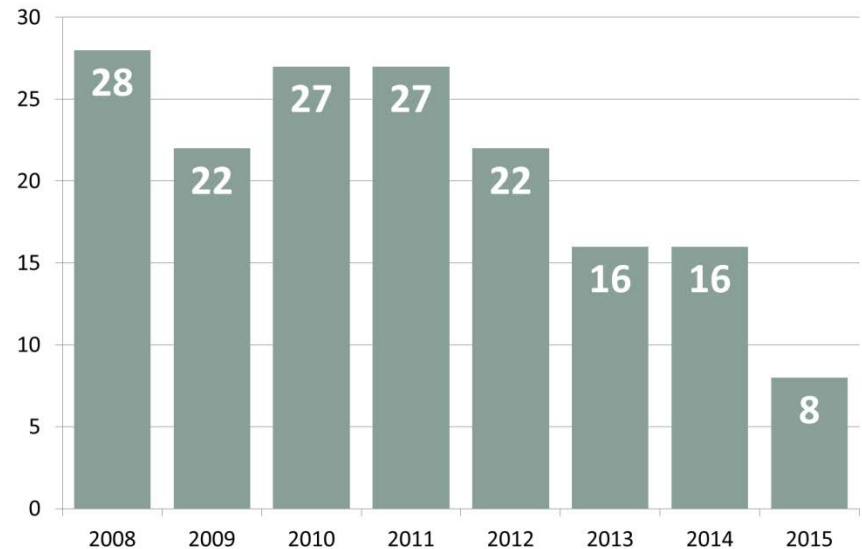


- 57% of UK businesses said that they had received payments by cheque in the past month, down from 69% in 2014



Average number of cheques received per month by businesses

8

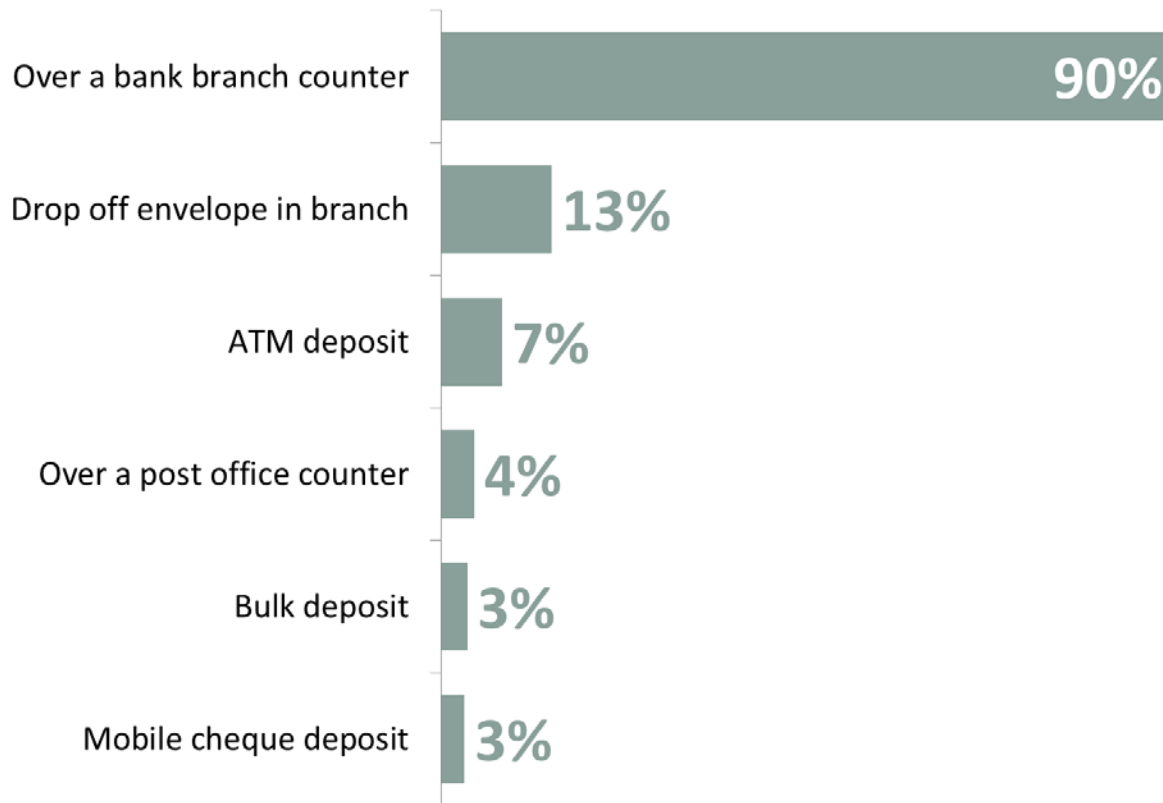


- 30% of UK businesses said that they had neither made nor received any payments by cheque in the past month, up from 17% in 2014

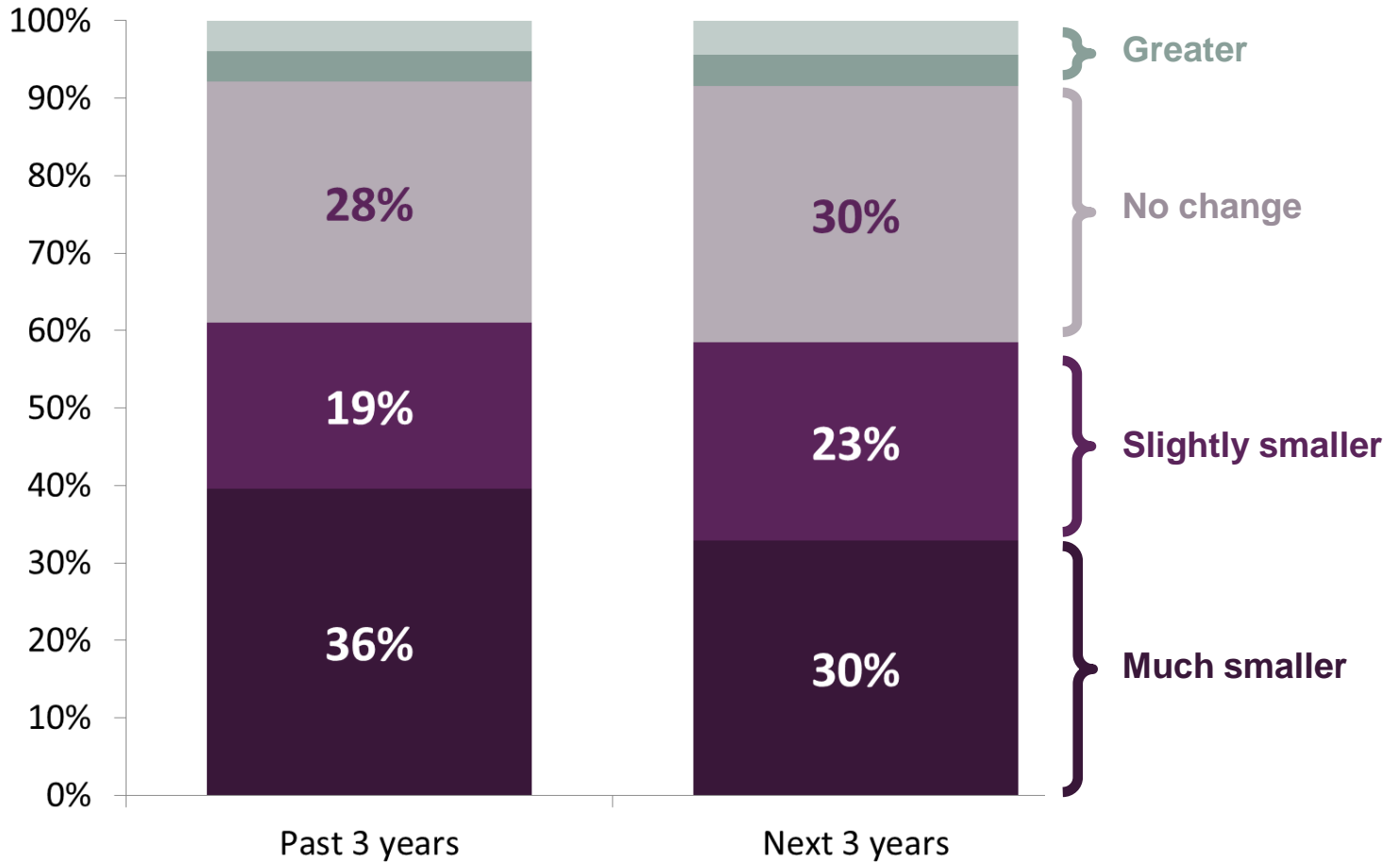
CHEQUES RECEIVED BY BUSINESSES



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 **64%**



Other ad-hoc payments to businesses **40%**



Regular business commitment **38%**



Wages & salaries **15%**



Refunds to customers **10%**



Employee expenses **8%**

CONVENIENT ALTERNATIVES



REASONS WHY BUSINESSES USE CHEQUES



Always have used cheques **30%**



Cheaper than other methods **11%**



Manage cash flow **29%**



No payee account details **9%**



Payee request **25%**



Must send by post **7%**



Money leaves account slowly **21%**

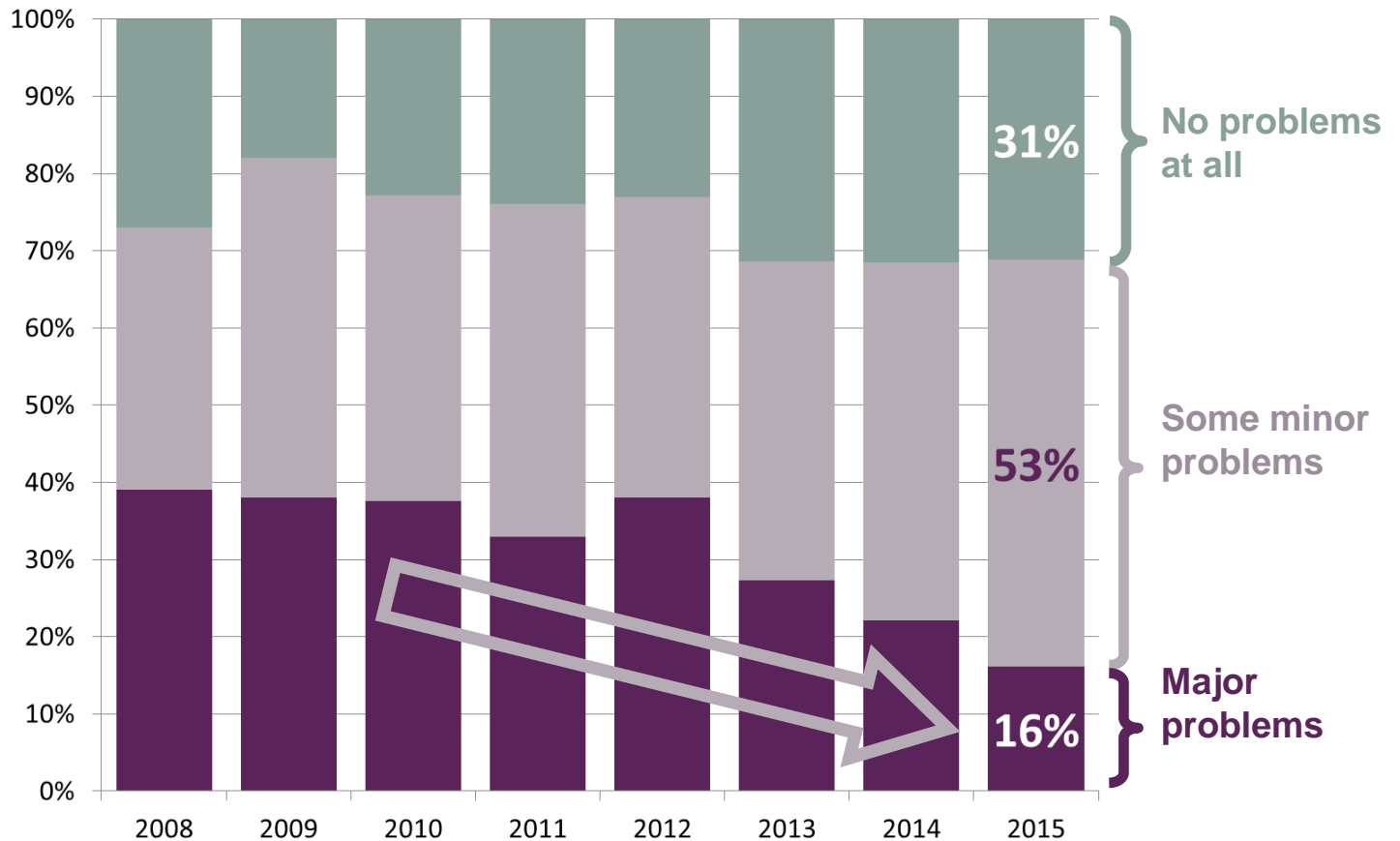


Payee may not cash cheque **2%**



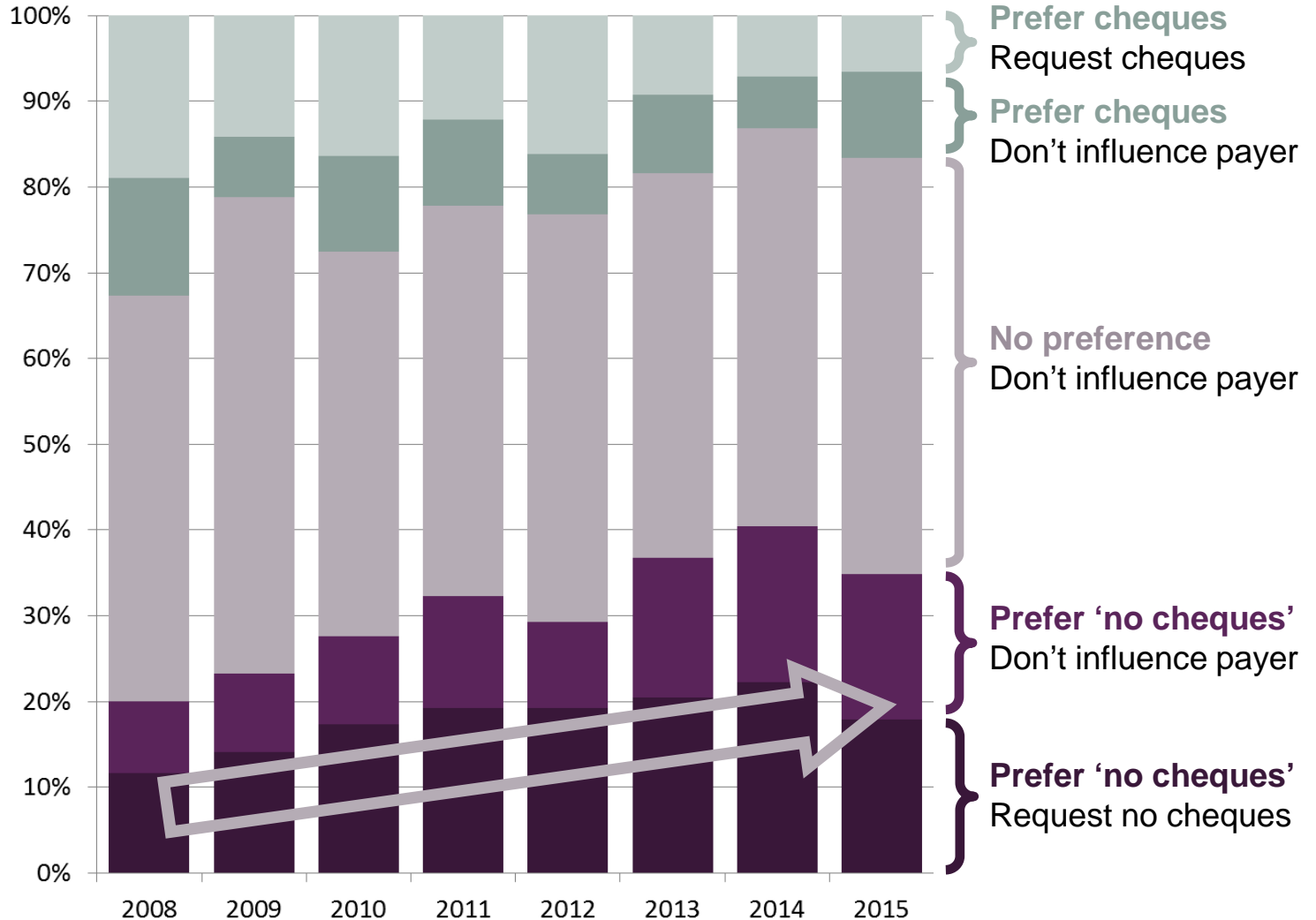
Control who can pay **18%**

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



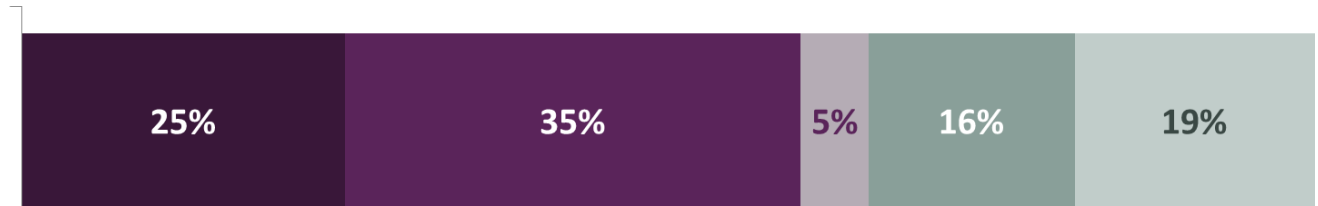
More now prefer 'no cheques'

% of businesses that received cheques in the past month

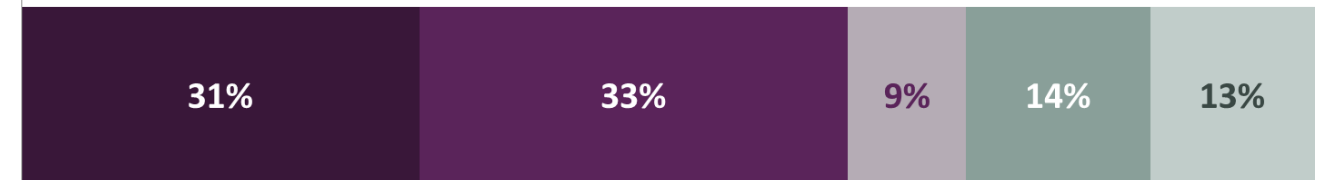
WIDER ATTITUDES TOWARDS CHEQUES



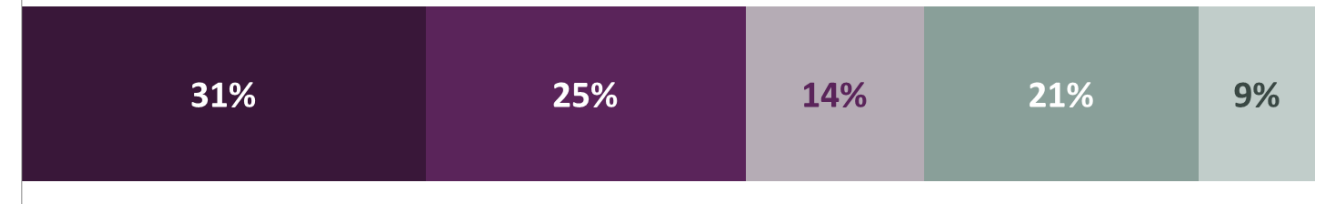
When receiving cheques, it is irritating that we have to take them to the bank



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

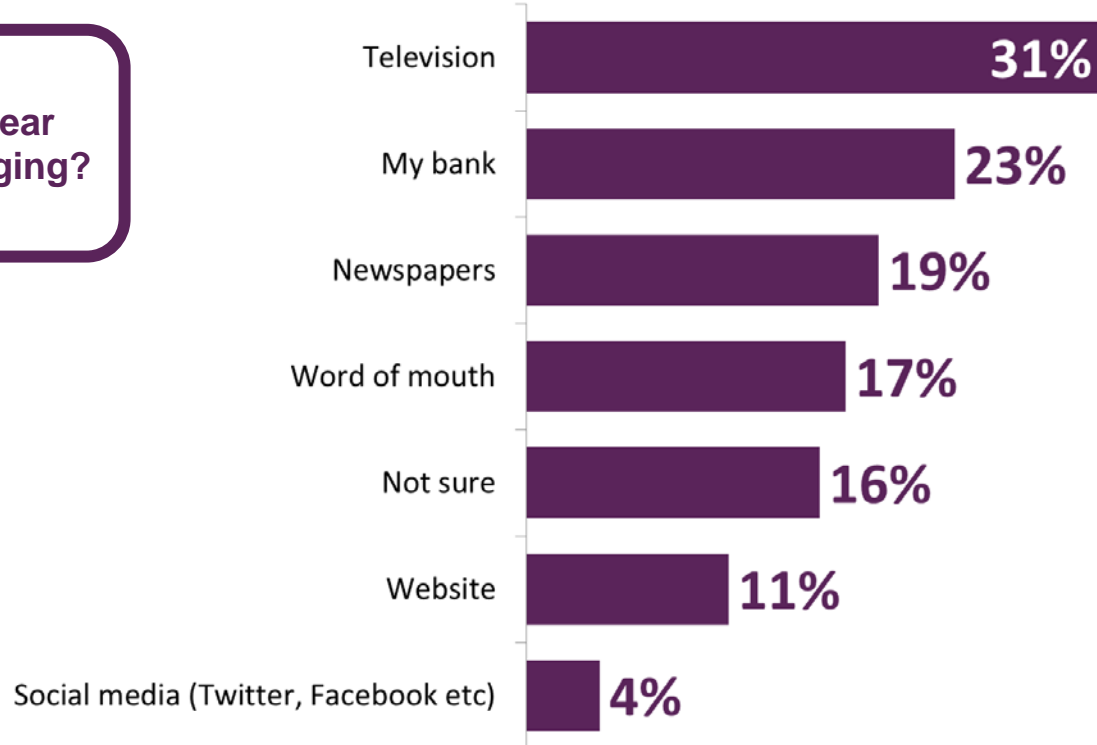
Disagree strongly

CHEQUE IMAGING



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?



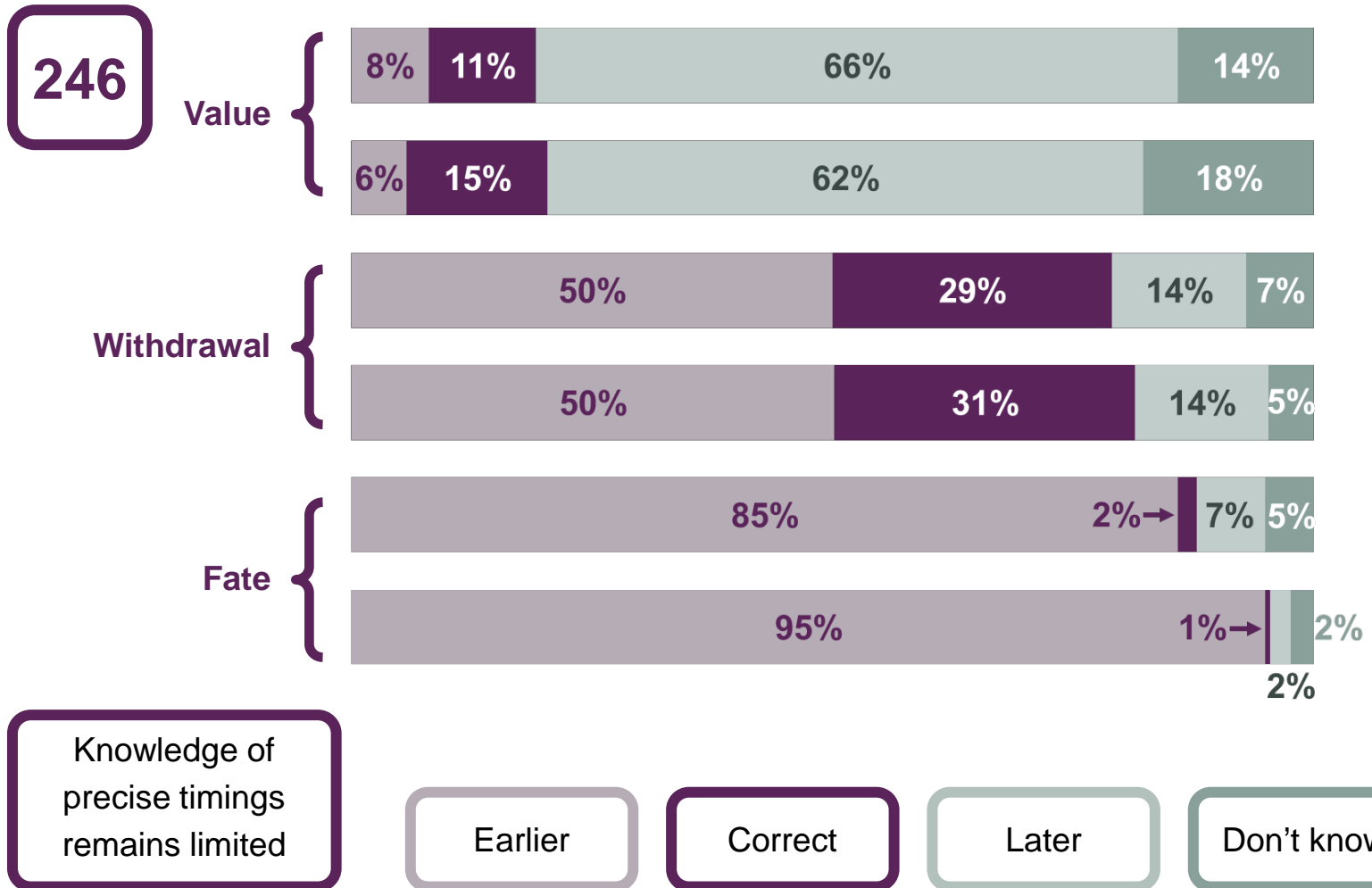
Knowledge of 246 proposition

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





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%)

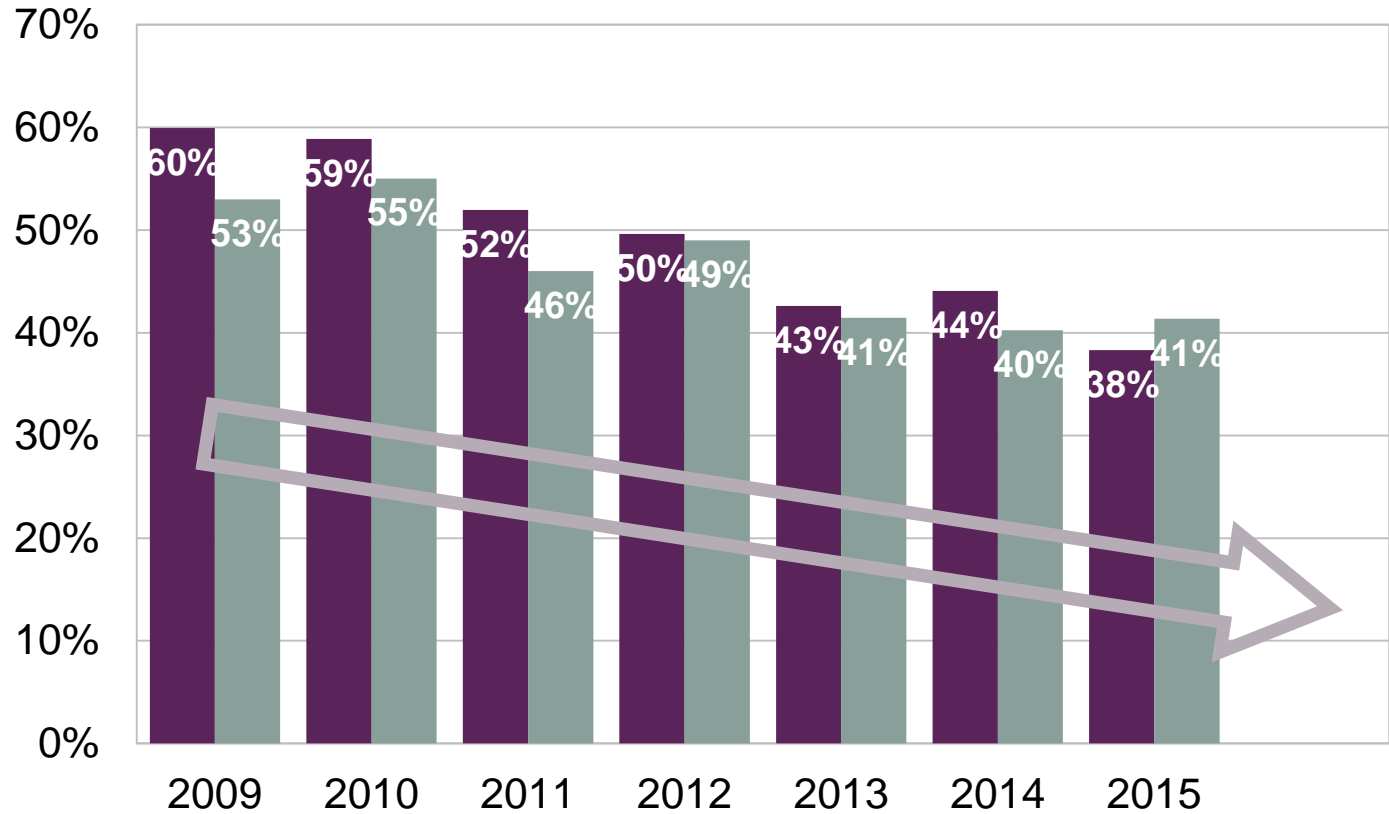


- **41%** of UK account holders received payments by cheque
- Similar to results in 2014 (40%)



- **46%** of UK account holders said that they had neither made nor received a payment by cheque in the past year

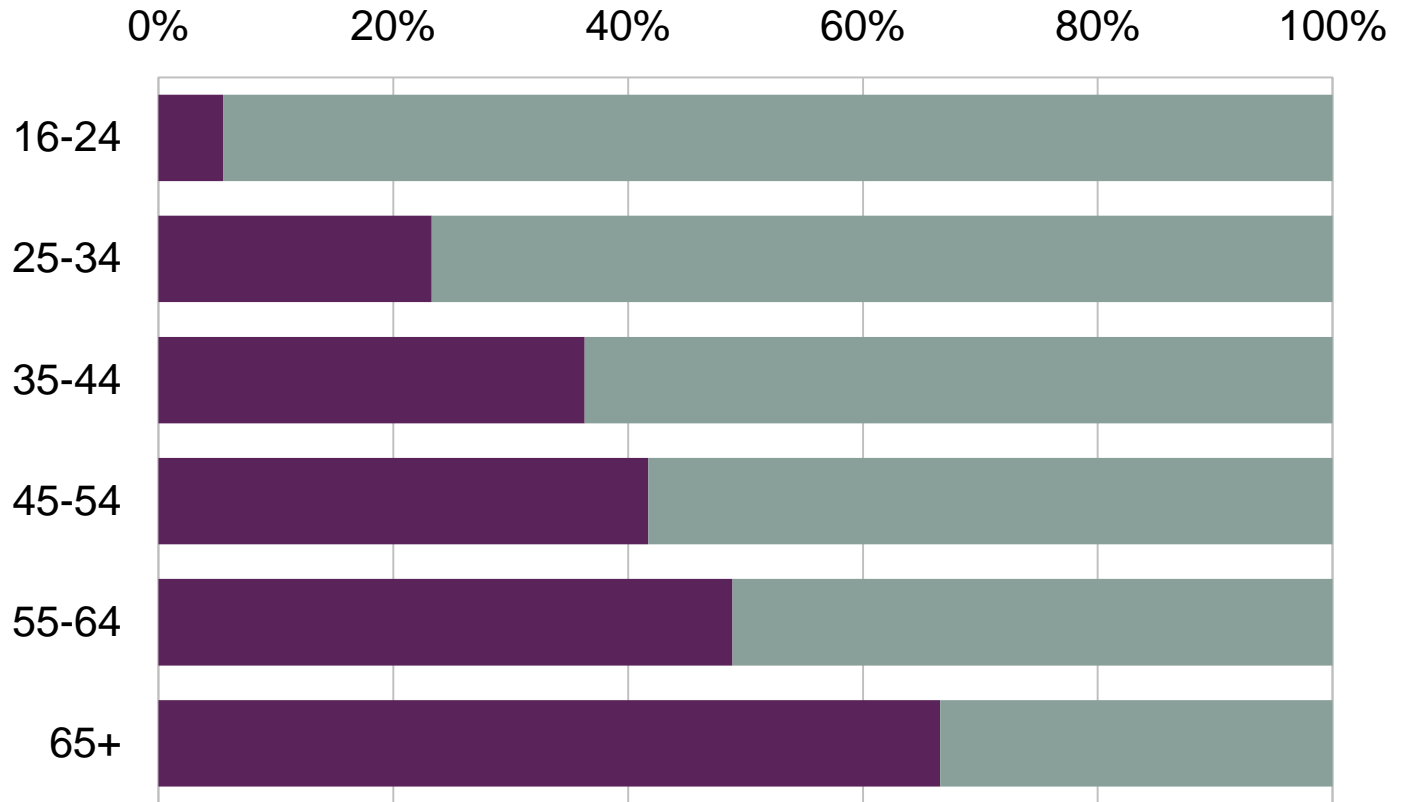
CONSUMER CHEQUE USE FALLING



Proportion of people **writing** cheques falling

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

PROPORTIONS WRITING AND NOT WRITING CHEQUES, BY AGE



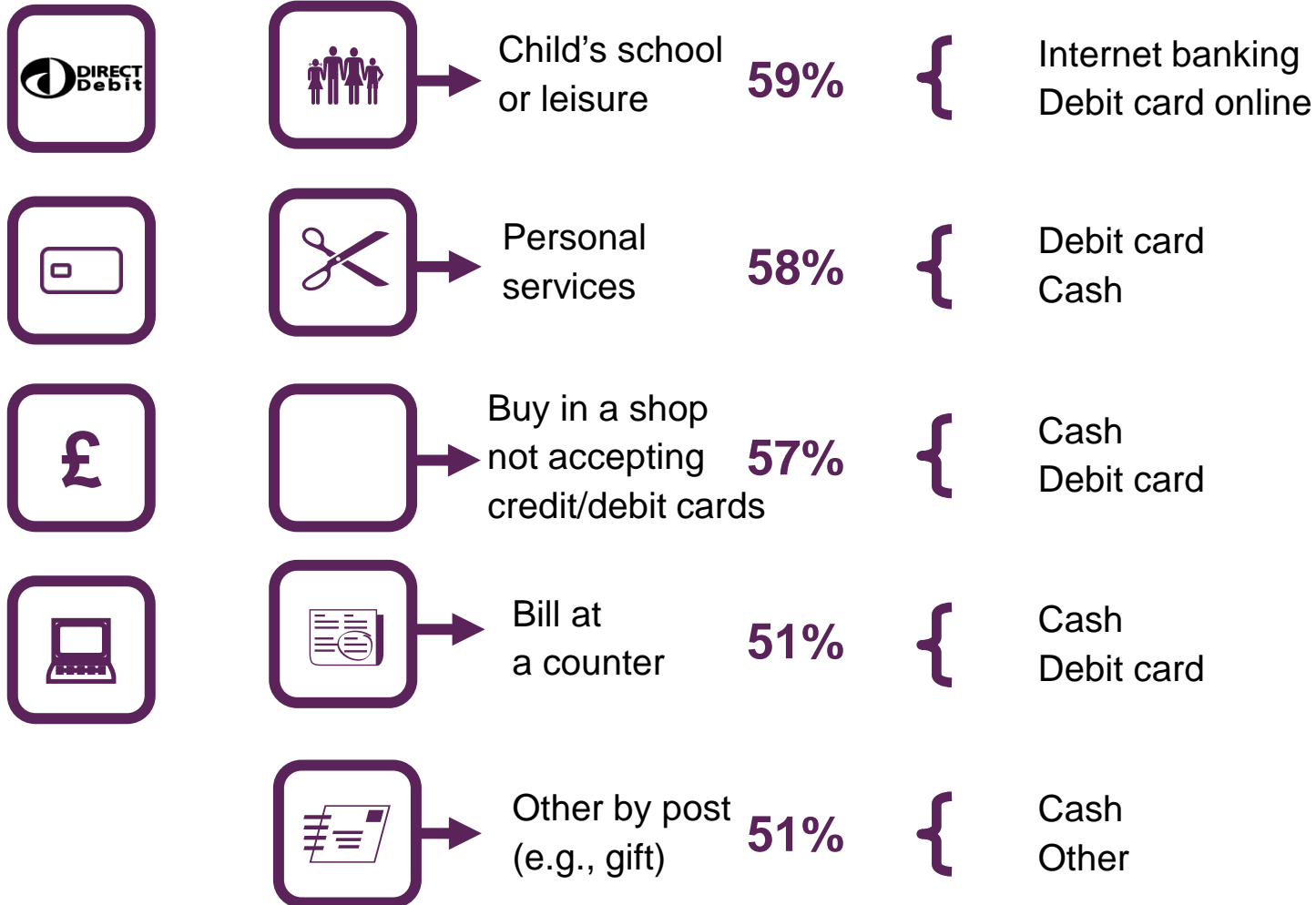
Older people most likely to **write** cheques

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

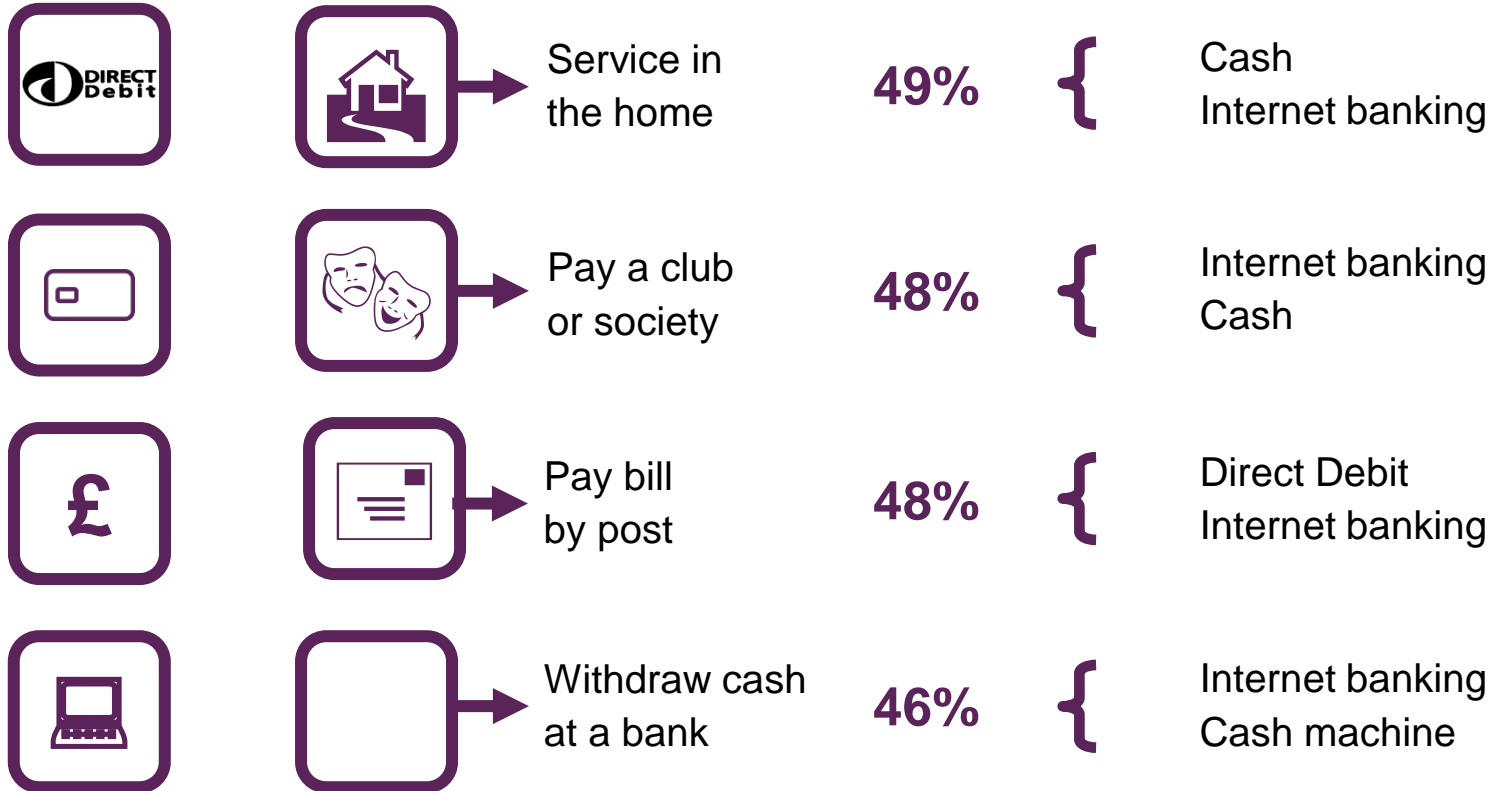
WHAT ARE CHEQUES WRITTEN FOR?



CONVENIENT ALTERNATIVES TO CHEQUES

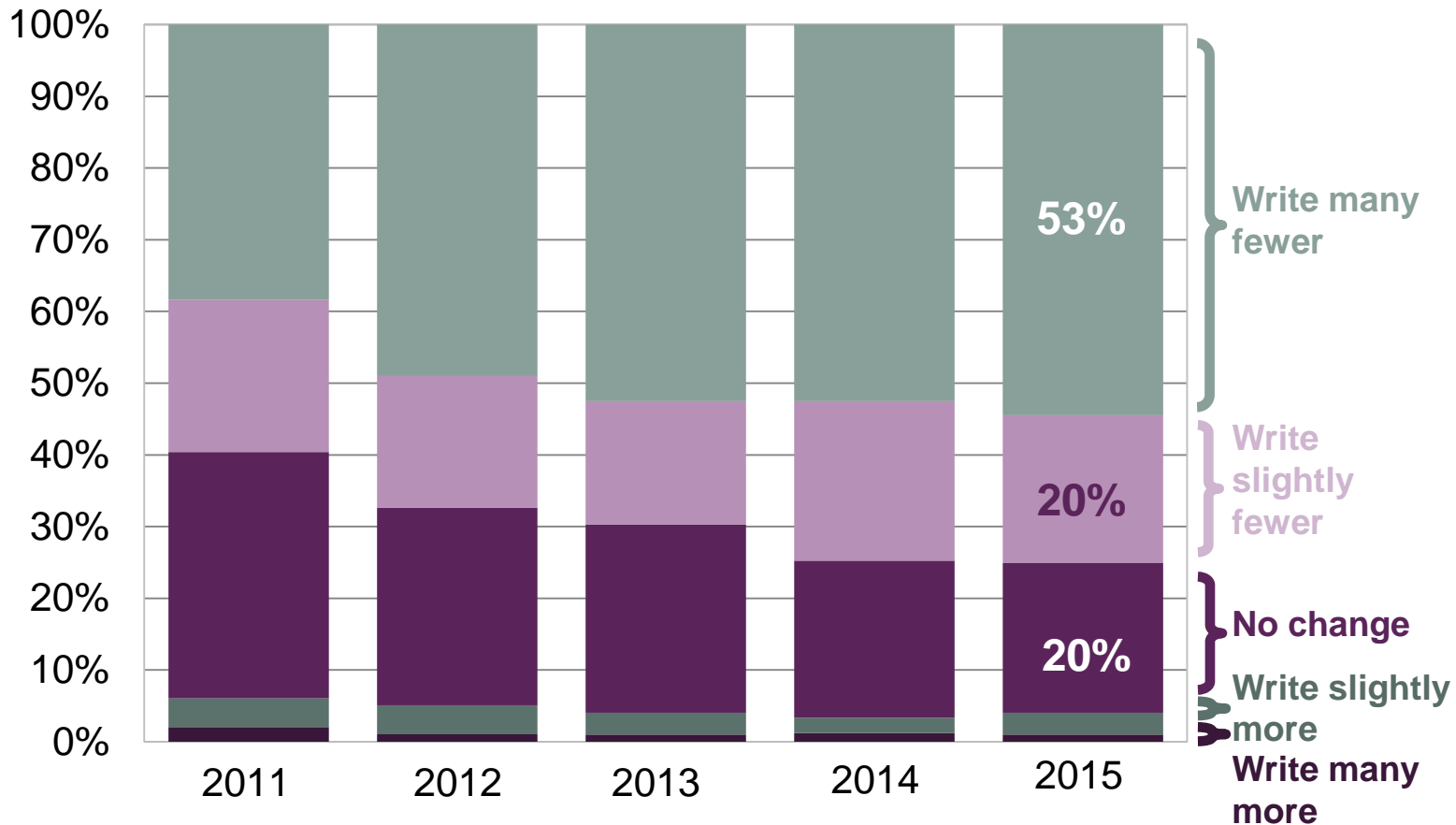


CONVENIENT ALTERNATIVES TO CHEQUES



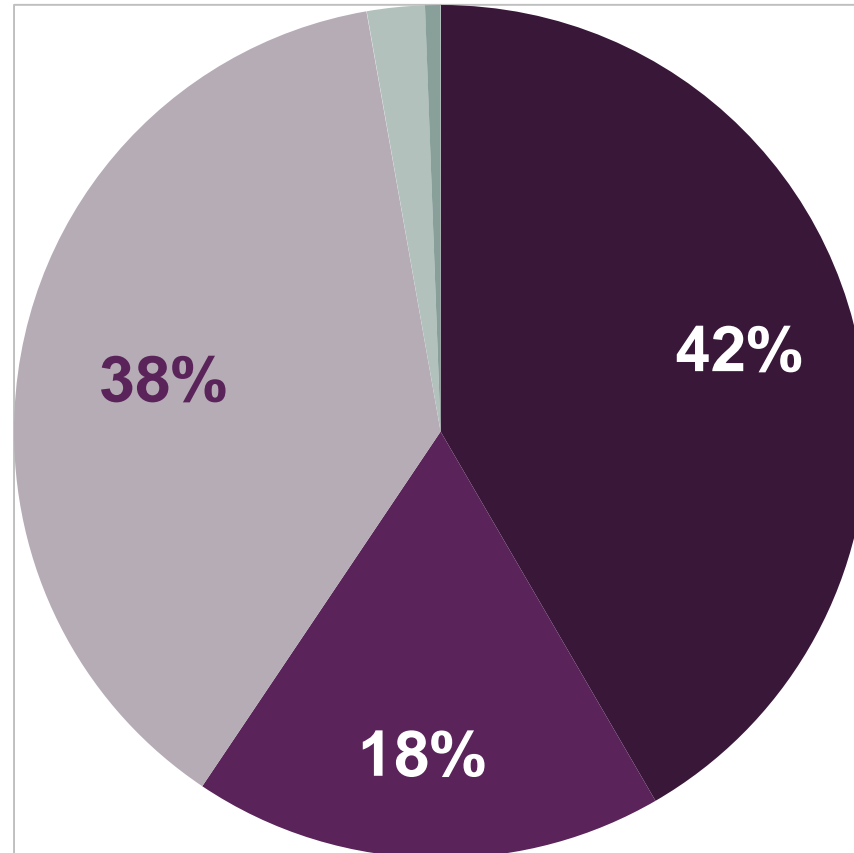
Cards often named as convenient alternative. Cash and internet banking also popular.

CHANGES IN CHEQUE WRITING OVER THE LAST FEW YEARS



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

CHANGES IN CHEQUE WRITING OVER THE NEXT FEW YEARS



Write many fewer

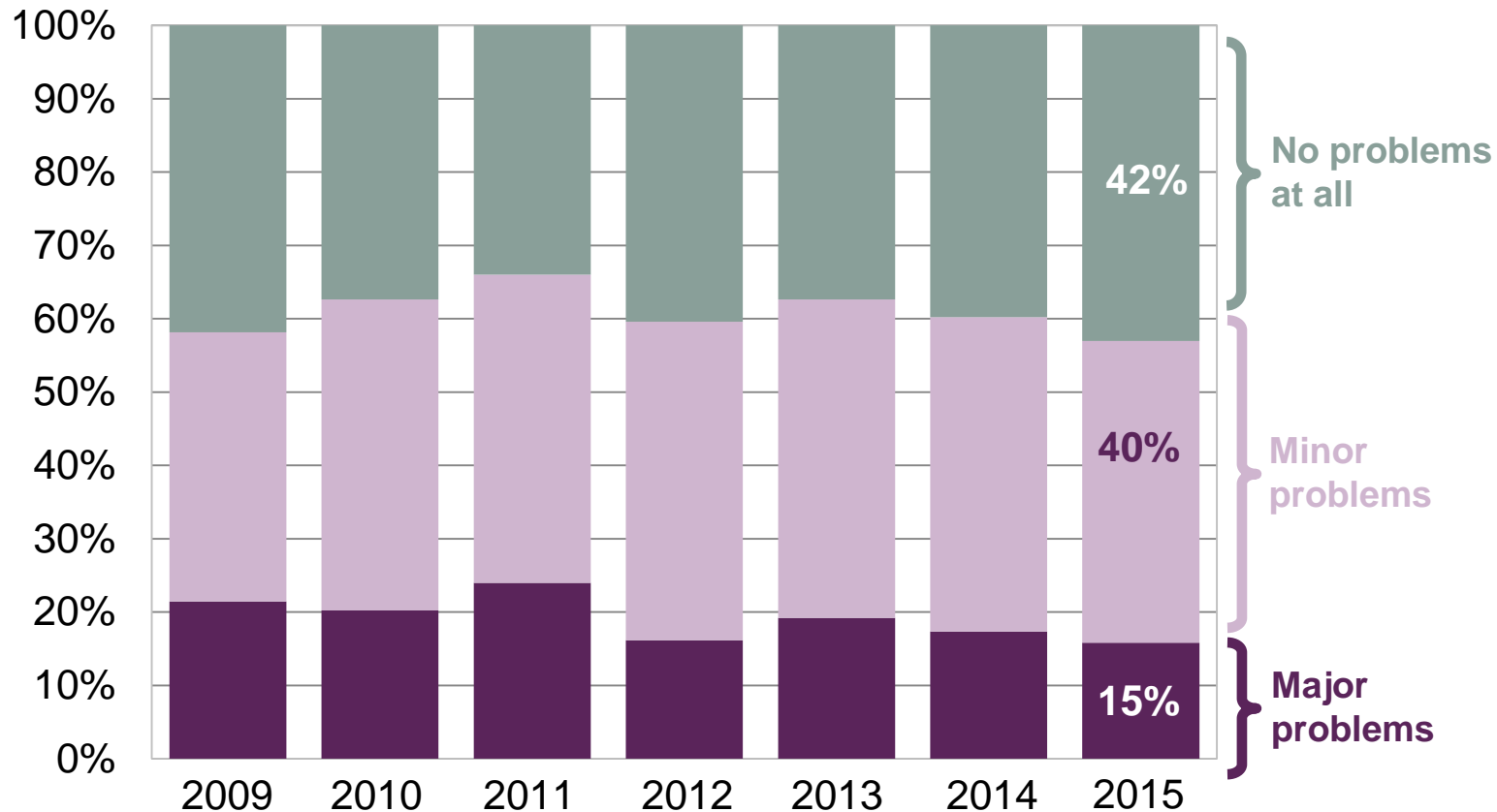
Write slightly fewer

No change

Write slightly more

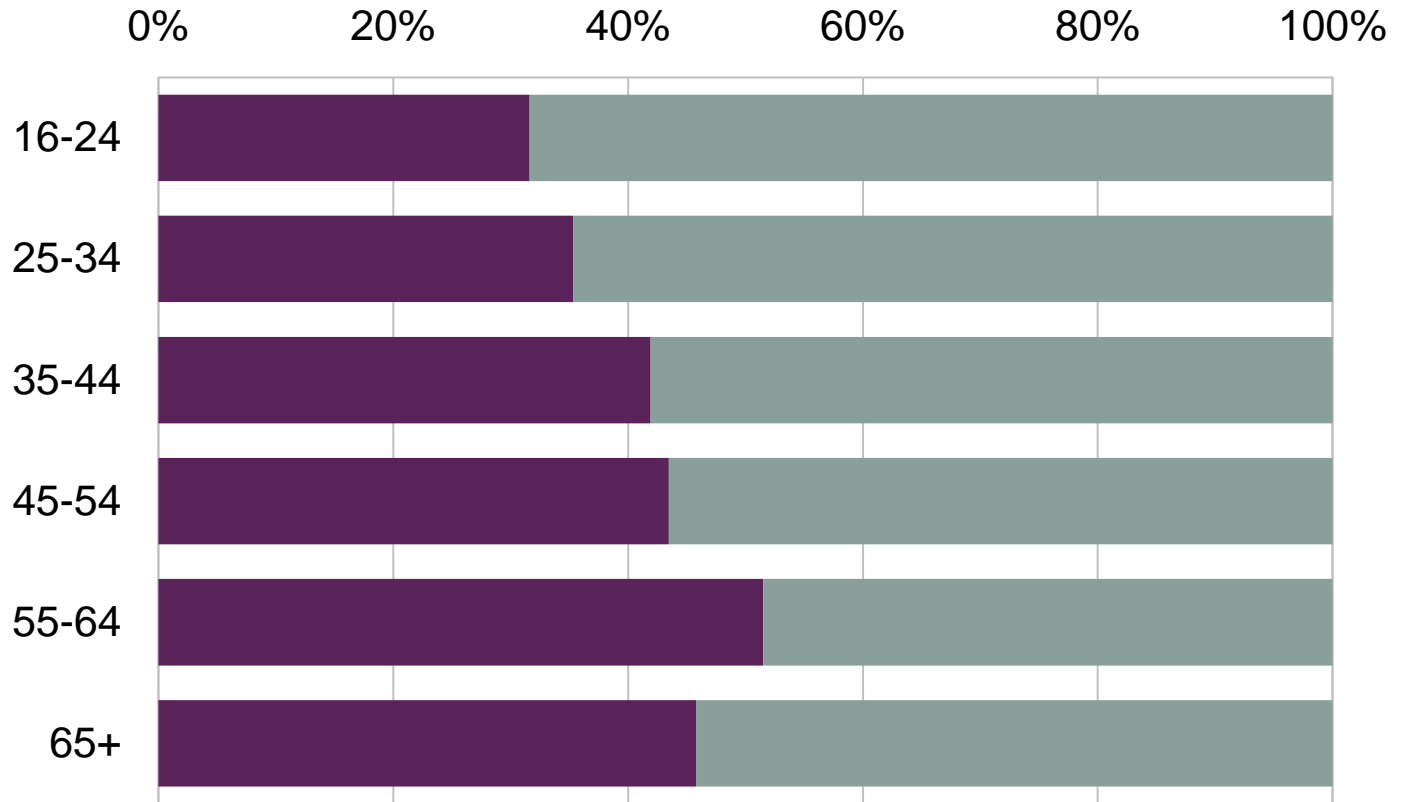
Write many more

PROBLEMS IF UNABLE TO WRITE CHEQUES



Fewer worried users – 56% 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 to **not to receive**

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'

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



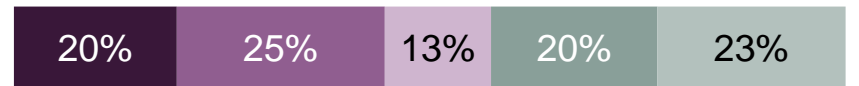
When receiving cheques, it's irritating that I have to take them to the bank



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

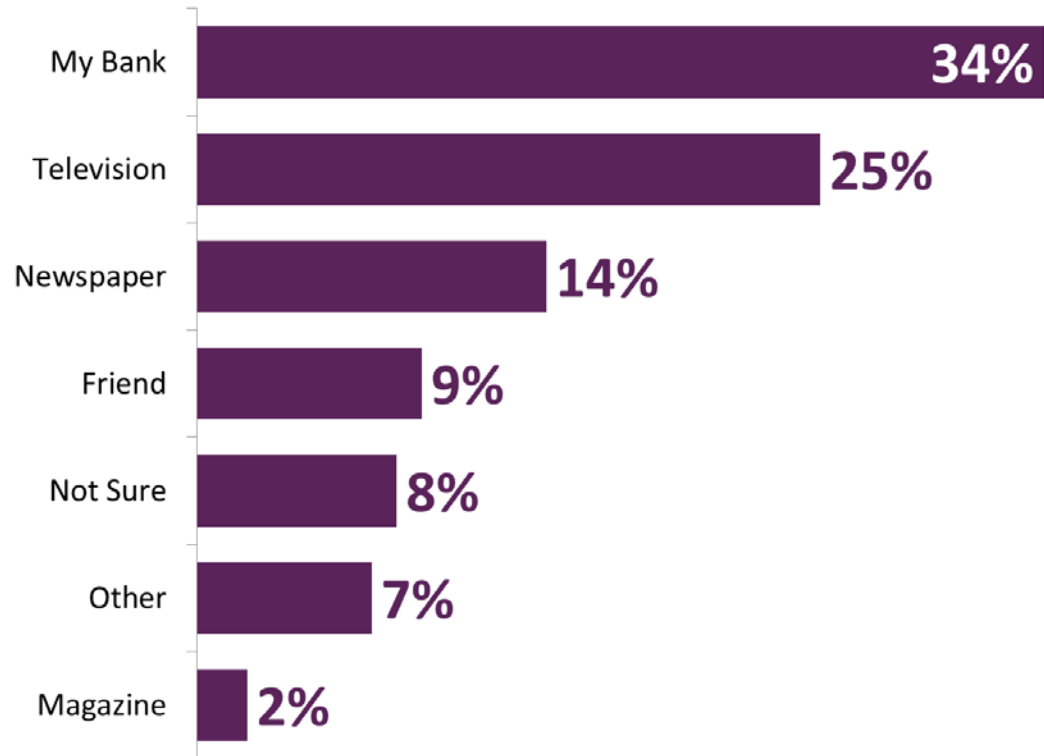
Disagree strongly

CHEQUE IMAGING



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?

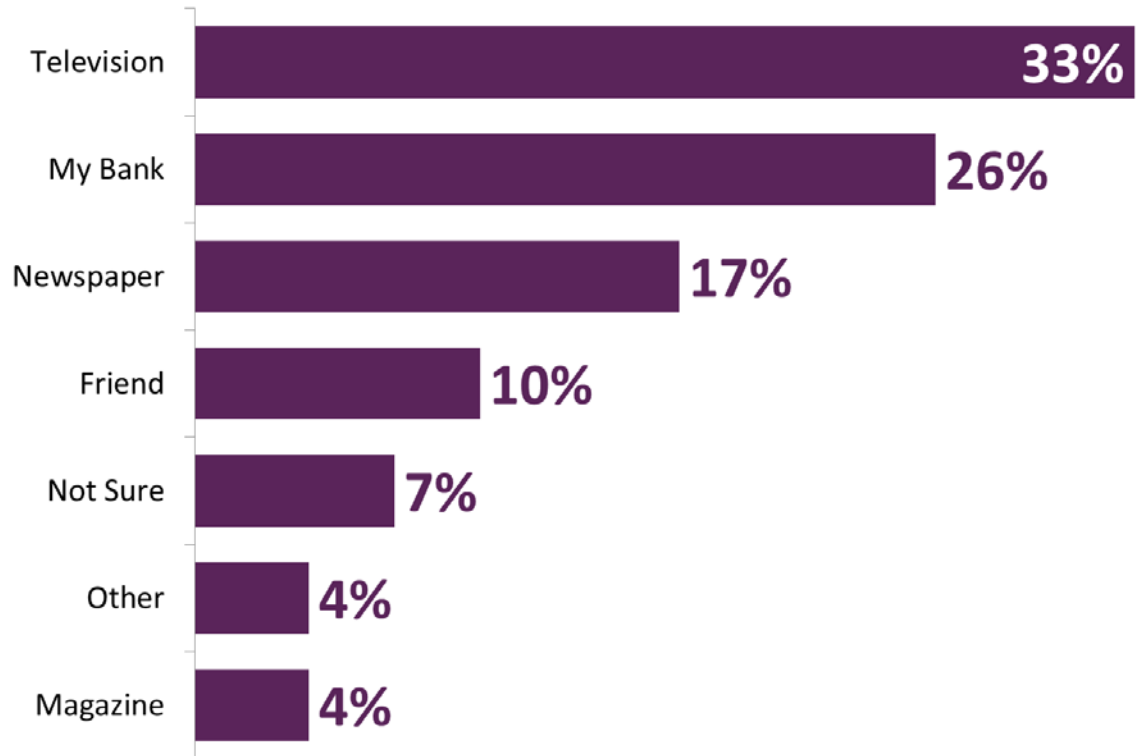


CHEQUE IMAGING



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?



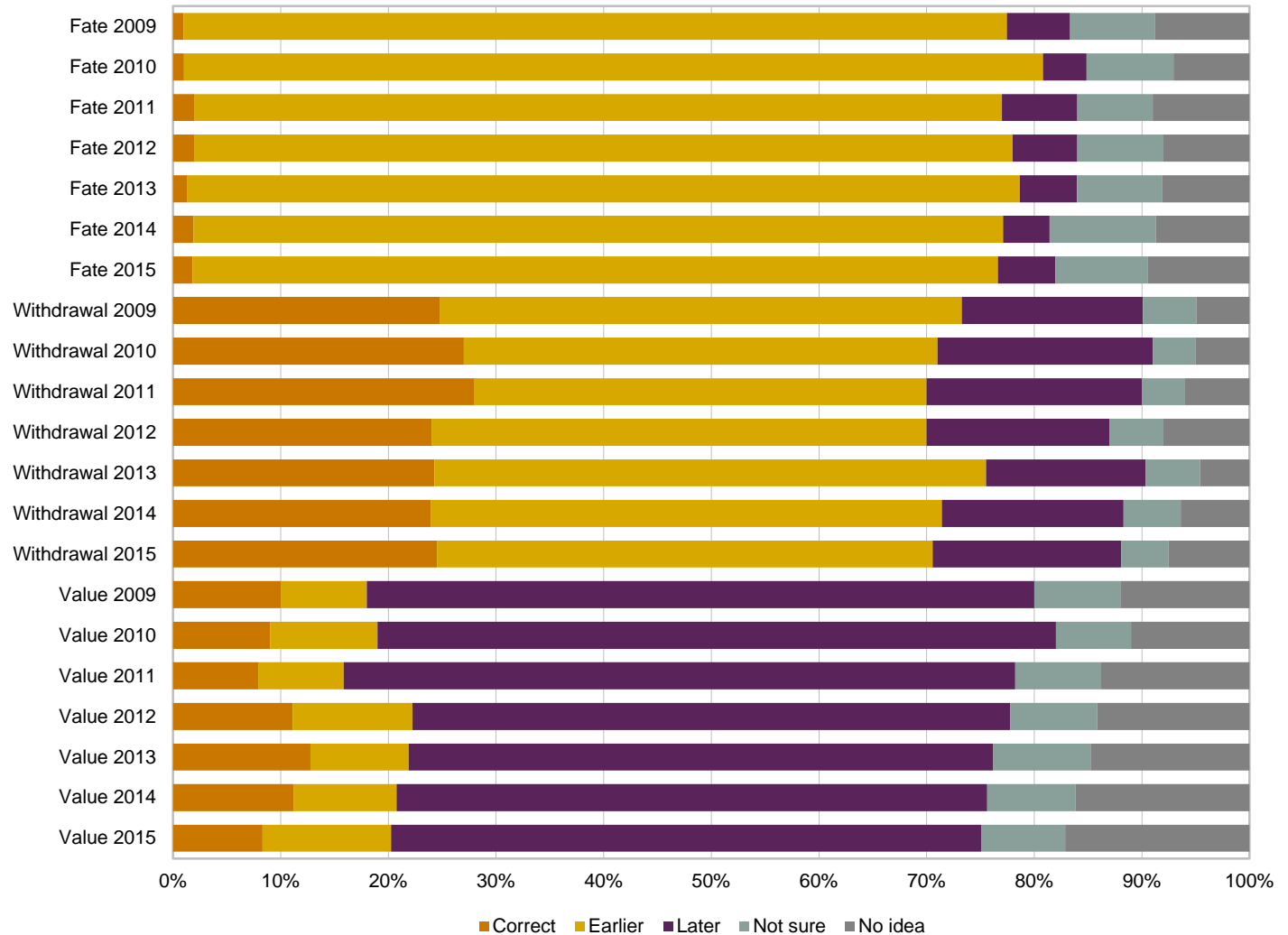
KNOWLEDGE OF 2-4-6 CHEQUE PROPOSITION AMONG CHEQUE RECIPIENTS

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 2014 25% of cheque recipients think withdrawal happens on T+4
- Fate 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

2-4-6



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