The Cheque and Credit Clearing Company is a non-profit making industry body funded by its members. It has managed the cheque clearing system in England and Wales since 1985 and in Scotland since 1996. As well as clearing cheques, the system processes bankers’ drafts, postal orders, warrants, government payable orders and travellers’ cheques. The Cheque and Credit Clearing Company also manages the systems for the clearing of paper bank giro credits, eurocheques (drawn on GB banks) and US dollar cheques (drawn on GB banks).

Our objective

The company’s objective is to ensure that cheques and credits remain a viable, secure and efficient choice of payment for all users, so we will:

• promote innovation and competition in payment 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.

What we do

The company provides a range of professional services to members including:

• Operational management;
• Technical advice;
• Project management;
• Risk and compliance management; and
• Secretariat and regulatory consultation.

In addition the company communicates with stakeholders through a programme of seminars, forums and newsletters, as well as via our website.

Who we are

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Our role

Our role is to:

• provide consumers, via financial institutions, with the central payment system services for the exchange and settlement of cheques and credits and manage the operational processes of those services;
• deliver innovation, such as the current Image Clearing System (ICS) programme, which will bring the cheque into the digital age via the implementation of an image-based cheque clearing process in the UK;
• determine the rules, standards, and procedures required to maintain the integrity of the clearings, including the criteria for participating in the clearings and ensuring compliance with those rules;
• engage with the full range of stakeholders which includes consumers, charities, businesses and public sector bodies that use cheques, financial institutions that offer cheque clearing services, cheque processors, cheque printers and other suppliers, as well as regulators, trade associations and other payment schemes; and
• manage the cheque printer accreditation scheme (CPAS).
What are cheques?

Cheques are written orders from account holders instructing their banks to pay specified sums of money to named beneficiaries. They are not legal tender but are legal documents and their use is governed by the Bills of Exchange Act 1882, and the Cheques Acts of 1957 and 1992.

History

The cheque evolved over many years, with the earliest handwritten cheque known to be in existence dated 16 February 1659. Fully-printed cheques were introduced in the early 1700s, with the first personalised printed cheques produced in 1810. The daily cheque clearings began around 1770 when bank clerks met at the Five Bells (a tavern in Lombard Street in the City of London) to exchange all their cheques in one place and settle the balances in cash. The renting of a room for this purpose first occurred in 1773.

Following the formation of a permanent committee of bankers in 1821 to regulate the clearings (later known as the Committee of London Clearing Bankers), the first clearing house building, initially owned by a group of private bankers, was built in Lombard Street in 1833. Although there were various changes in membership, and settlement in cash was replaced by settlement across accounts held at the Bank of England, this arrangement continued for 150 years until the Cheque and Credit Clearing Company was established in 1985.

The Lombard Street clearing house closed in 1994 and the English exchange centre moved to Alie Street in east London and eventually moved outside London at the end of 2003. The Scottish clearing became part of the Cheque and Credit Clearing Company in 1996 bringing with it a Scottish exchange centre. The same year, in addition to exchanging cheques, banks started transmitting codeline data on the cheques across a secure network to the other banks. Sterling cheque settlement still takes place at the Bank of England.

In the evolving payments landscape, cheques and credits play an important role in the UK payments market and remain preferred and trusted payment options among certain groups and for certain types of payment. For example, cheques are a convenient way to pay tradespeople, manage cash flow, and are a popular way to pay utility bills, clubs and societies. In 2015, the Cheque and Credit Clearing Company facilitated the deployment of over £455 billion to the British economy through the paper clearing process.

A change in the law in 2015 (via the Small Business, Enterprise and Employment Act) will allow banks to create and send digital images of cheques to other banks thus eliminating the need to transport cheques physically around the country. There is much work to be done before cheque imaging can become a reality. The Government is now working on the regulations to underpin the new legislation whilst the C&CCC is working with the banking industry to build the new infrastructure required before the Image Clearing System can be introduced. Timescales for its implementation will be announced in due course. History will be made again once the new Image Clearing System is up and running.

Facts and research

Nearly half of all people holding a UK bank or building society account either wrote or received a cheque in 2015.

Consumers use cheques to pay bills by post, a service in the home, a club or society and an individual or friend.

Around 90% of UK charities believe they would encounter problems if they were unable to write cheques; 46% of those would see it as a major problem.

Businesses use cheques to make trade payments, pay other businesses and meet regular business commitments.

Refunds and gifts are the most common purposes for consumers to receive cheques.

62% of UK businesses receive payments by cheque.