The Cheque and Credit Clearing Company (C&CCC) is introducing a new, easier and quicker way of clearing cheques across the UK. Called the Image Clearing System, it enables images of cheques to be exchanged between the banks and building societies concerned instead of moving the paper around the country – allowing cheques to clear more quickly than they have done previously.

What is cheque imaging?

Cheque imaging is the process that enables images of cheques to be exchanged between banks and building societies, through the Image Clearing System, for clearing and payment. This significantly speeds up the clearing process.

How will cheque imaging work?

You will still write paper cheques as you do now, but if you receive cheques you may be offered new ways of paying them into your bank or building society account. You will still be able to pay cheques in at a branch counter just as you do now. An image of the cheque will be created by the bank or building society when the cheque is paid in and it will be this image that will be exchanged electronically through the new system between the relevant banks and building societies.

In addition, if your bank or building society offers this service, as a personal or small business customer you will be able to image cheques you receive using a secure imaging tool on your mobile banking app and then upload the images for paying in and processing by your bank or building society.

If you are a corporate or charity customer you may be offered a scanning facility by your bank so that you can scan large numbers of cheques yourself to create images, which you will then be able to upload to your online bank for processing.

What are the clearing timescales with cheque imaging?

Cheques processed through the new system clear more quickly. It means that if you pay in a cheque on a weekday (before your bank’s advertised cut-off time) you will be able to withdraw the funds by 23:59 on the next weekday (bank holidays excluded and provided that the cheque has not bounced). However, 23:59 will be the latest timescale that banks and building societies will be working to and many are likely to allow their customers to access their funds earlier than this.

How long does it take to clear a cheque via the paper clearing system?

It takes six weekdays (bank holidays excluded) before you can be absolutely certain that your cheque won’t bounce when it clears via the paper system.
Will all cheques clear more quickly from 30th October 2017?

No. Initially, the volume of cheques going through the new system will be small and the vast majority of customers will not notice any change to how quickly their cheques clear. However, over time, increasing numbers of cheques will be cleared using the new system and more and more customers will benefit from the faster timescale. Then, at some stage in the second half of 2018, all of the UK’s banks and building societies will clear all cheques via the image-based system to the faster timescale. The precise date as to when this will happen will be announced by the industry in due course.

Until then, two clearing systems will operate in parallel, which means that some cheques that customers write or pay in will clear more quickly via the image system, and some will clear to the existing, six weekday timescale through the current, paper-based system. Banks and building societies will be advising their customers of their individual roll-out plans as appropriate.

Which banks and building societies will be clearing their cheques via image from day 1 on 30th October 2017?

The launch of cheque imaging will involve a phased roll-out, with all banks and building societies deciding on an individual basis when they are going live. However, at this stage, even if a bank is ‘live’, only a small number of cheques it receives are likely to be processed through the new system. A variety of factors might decide which cheques will be cleared more quickly, such as:

- How the cheque is paid in (e.g. over the counter, by post, at an ATM, via a mobile banking app)
- Where it is paid in (some banks may decide that certain branches are involved from launch, but the vast majority of cheques paid in at branch counters are unlikely to clear through the new system until some stage in the second half of 2018)
- Whether the person paying in the cheque belongs to the same bank as the person or business who wrote the cheque.

For more information on whether a cheque that you pay in will clear through the new image-based system or the existing paper-based system contact your bank or building society.

Why aren’t all cheques being cleared through the new system from day 1 (30th October 2017)?

The introduction of faster cheque clearing has involved the creation of a completely new payments system – it is not a simple overhaul of the existing clearing process. The complexity of the project, coupled with there being many financial organisations that need to come together to deliver this technological leap-forward for the cheque, means that there will be a phased introduction rather than an industry-wide launch from day one.
During the phased roll-out, how will I know if my cheque will be cleared by the end of the next weekday or after six weekdays?

Your bank or building society will be able to provide you with more information regarding how quickly your cheques will be cleared.

Can I choose if my cheque clears via the new system or the old system?

No. During the phased roll-out customers will not be able to choose which system is used to clear their cheques. However, at some stage in the second half of 2018, all cheques will be cleared through the image-based system and the paper clearing system will stop operating.

How many cheques will clear through the new system from launch?

Very few cheques will be processed through the new system to begin with. The vast majority of cheque users won’t experience any of their cheques being processed through the new system for a number of months.

Will the new image-based system be UK-wide?

Yes, the new system will be UK-wide. The C&CCC has worked with the Belfast Bankers’ Clearing Company to ensure that banks and building societies in Northern Ireland can clear their cheques through the new system along with all the banks and building societies in Great Britain.

When will cheques stop being cleared via the paper clearing mechanism?

The paper clearing system will stop operating when all banks and building societies are clearing all cheques via the image-based system. This will be at some stage in the second half of 2018. The precise date as to when this will happen will be announced by the industry in due course.

Why is cheque imaging being introduced?

477 million cheques were used for payments and to acquire cash across the UK in 2016, showing that cheques are still an important part of the payments landscape. To improve the efficiency and speed of the clearing process, the C&CCC has chosen a method of clearing cheques that uses 21st century technology. This will help protect the future of cheques so that customers can use them for as long as they want.
What are the benefits to me as a customer?

*Cheque clearing timescales will be faster* - the funds from a paid in cheque will be available to you more quickly. The new system speeds up the time it takes a cheque to clear from six weekdays to the end of the next weekday (bank holidays excluded).

*The future of the cheque is secured* - the move to image processing will help protect the cheque so that you can continue to use them for as long as you want.

*Some banks and building societies may offer additional ways to pay in cheques* - some banks and building societies will give their customers the additional option of paying in an image of the cheque – by using a secure mobile banking app on their smartphone or tablet – rather than having to go to a branch to pay it in.

*You don’t have to do anything differently if you don’t want to* - you will still write cheques and give them or post them to recipients just as you do now. If you want to carry on paying in cheques as you do at the moment, you will still be able to do so.

*More competition and more choice* - the new system will make it easier for new challenger banks to connect to the new system and enter the market with cheque products, which could increase competition within the sector. More competition means more choice, and this should lead to better products for you.
If I pay my cheque in via a mobile banking app, do I need to keep the original paper cheque?

The terms and conditions of your bank account will explain for how long it is advisable to retain the paper cheque and at what point you will be able to dispose of it, preferably by ripping it up or shredding it.

Will I still be able to stop a cheque if it is cleared via the image-based system?

Yes. You have a legal right to stop a cheque before the cheque has been paid (Bills of Exchange Act 1882). However, there will be significantly less time to do this with cheque imaging as the clearing timescales are much quicker and the recipient might pay in the cheque via a mobile banking app, which means that the clearing process will begin sooner than if the cheque recipient has to visit a bank branch to pay it in. There are also limited circumstances in which stopping a cheque is permissible, as has always been the case. You should talk to your bank or building society first.

What happens if a cheque I have paid in 'bounces' - how will I be notified?

If a cheque cleared via the new system is returned 'not paid' you will receive notification more quickly than at present. Your bank will agree with you how it will notify you and will tell you the reason why the cheque has not been paid. Your bank will have the cheque image, which will be the legal instrument. This will provide the bank with all the information it will need if you ask it to re-present the cheque (if it offers this service).

Will I still be able to pay my cheque into my bank account at a Post Office and will I get the faster clearing timescales?

Most banks enable their customers to pay cheques into their bank accounts at a Post Office – you should check with your bank to make sure. It is likely to take an additional weekday (maybe two) to clear the cheque under cheque imaging, as is the case with the paper clearing. This is because the cheque clearing timescale only starts once the cheque or cheque image has reached your bank. You will need to check your bank account’s terms and conditions for more information on this.

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How does the new system protect me against fraud?

In-built security and checks will help prevent fraud throughout the clearing process so, provided you have kept to the terms and conditions of your account and you have not been negligent (for example, signing and handing someone a blank cheque), you will be protected if you are an innocent victim of fraud, just as you are now.

Will I need to do anything differently?

No, not if you don’t want to. The new system enables banks and building societies to offer image tools on their mobile banking apps if they wish, so that you might be able to use your smartphone or tablet to pay in cheques for processing, rather than visiting a branch. However, if you want to carry on paying in cheques as you do at the moment, you will still be able to do so.
**Will mobile banking apps just naturally get upgraded to take images of cheques?**

You will need to speak with your bank or building society to find out if it will be offering its customers the option of paying in a cheque via a mobile banking app. If it does offer this option, then it will provide more information about how and when the upgrade to the app will happen.

**Will I be able to make images of cheques I have written and send them to recipients via my mobile phone?**

No, it will be at the point that you pay it into your bank account that a paper cheque will be imaged – you will still write cheques and give or post them to recipients just as you do now.

**Will I still be able to use my existing chequebook?**

Yes, you will still be able to use your existing chequebook.

**Will the new system clear items such as postal orders, sterling travellers’ cheques, bankers’ drafts, dividend cheques, government payable orders and warrants?**

Yes. The new imaging system will process all of these as well as cheques.

**What will happen to bill payments made by cash or cheque, accompanied by a Giroslip/Bank Giro Credit? Will the new Image Clearing System process these?**

Yes, the new system will also process bill payments accompanied by cash or cheque. So, when you pay a utility or credit card bill at the branch counter by cash or cheque, the accompanying bank giro credit will be turned into an electronic message that passes through the Image Clearing System, to the bank of the utility or credit card company concerned, to pay your bill. This will be to the new timescales too.

**Will the new Image Clearing System process cheques in foreign currencies as well?**

No. The system will process sterling cheques, postal orders, travellers’ cheques, bankers’ drafts, dividend cheques and bill payments drawn on UK banks and paid into a UK account in the UK, but not foreign currency items.

**Where can I find out more about cheque imaging?**

You can find out more at [www.chequeandcredit.co.uk](http://www.chequeandcredit.co.uk), by contacting us at ‘questions@chequeandcredit.co.uk’ or by asking your own bank or building society for more details.