

Welcome to edition number 6 of *Cheque In*, the publication designed to keep Agency Banks up to date on what is happening at the Cheque and Credit Clearing Company (C&CCC) and in particular, developments relating to the introduction of the new Image Clearing System (ICS).

This issue includes:

- Important changes to our Direct Participation proposal
- ICS update - industry testing starts
- Annual Review published
- Annual market research report
- ICS advertising agency appointed
- Regional cheque forums – update
- Update on proposed merger with Bacs and Faster Payments schemes

Update on Direct Participation in ICS

The C&CCC has worked hard to design and deliver a scheme that opens access to organisations of all sizes to become a Direct Participant in the new Image Clearing System (ICS). This commitment to open access has been a long-held ambition of the C&CCC, and over the past two years we have held various forums, meetings and working groups to keep potential participants up to date on progress.

As is sometimes the case with long-term projects, external developments and announcements have meant that initial proposals for Direct Participants have had to be modified to reflect the direction of the ICS Programme and the changing regulatory environment. One of the biggest changes to impact the ICS has been the planned merger between the C&CCC, Bacs and Faster Payments Schemes, to form a totally new Payment System Operator (PSO). It is planned that the new PSO will launch by the end of 2017.

You may recall that in February 2016 we issued a booklet for Agency Banks titled “Image Clearing System Direct Participant Proposition”, which had the aim of helping Agency Banks make an informed choice about their future participation in the ICS. An updated version of this booklet (v3.0) was subsequently issued in March 2016.

However, as a result of the changes to the participation approach, the “Image Clearing

System Direct Participation Proposition” has been withdrawn and should no longer be used as a C&CCC source of information. For further information on the ICS and how it operates please visit our [website](#). More updates on future participation options will be announced in due course.

Welcome to new ICS Participant Manager

Our key objective has always been to design a scheme that is fair to all C&CCC participants. To support this objective and to help with enrolment of new Direct Participants to the ICS, we have recruited Sangeeta Arora as ICS Participant Manager.

Organisations that are interested in participating in the ICS after the service has gone live can register their interest and request information from Sangeeta at info@chequeandcredit.co.uk.

Update on cheque imaging

In May, industry testing for the new Image Clearing System began. The new system will speed up cheque processing significantly for customers across the UK as cheque clearing times will be reduced from the current ‘six weekdays’ to the ‘end of the next weekday’.

A number of banks and building societies will start to roll out the new Image Clearing System at the end of October this year, with all financial organisations coming on board by the second half of next year. ...cont'd



Update on cheque imaging – continued

During the roll out period, two clearing systems will operate in parallel, which means that some cheques that customers write or pay-in will be cleared 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 advise their customers in due course regarding their own individual roll-out plans.

For customers, the new system will mean that if they pay in a cheque on a weekday they will be able to withdraw the funds by 23.59 on the next weekday (excluding bank holidays) at the very latest. A number of organisations are likely to allow their customers to access their funds even earlier than this.

Customers will still write cheques as they do today and give them or post them to recipients in exactly the same way that they always have. Cheque recipients will also still be able to pay in cheques in the normal variety of ways, and some banks and building societies may offer 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 their bank to pay the cheque in. Additionally, banks might provide their business and charity customers with desktop scanners linked to their online bank account, allowing them to pay in any cheques that they receive as digital images.

Image awareness levels increase

As the launch of the new image-based clearing system approaches, just under a third of charities (30%) know about the introduction of cheque imaging, which is an increase from 23% last year. Awareness of the new system amongst consumers (15%)

is at a similar level to last year, as is business awareness at 20%.

More details can be found in our market research reports on the C&CCC website at www.chequeandcredit.co.uk/information-hub/market-research.

Annual Review published

The C&CCC's Annual Review of 2016 has been published, highlighting the key events from last year. The publication shows that 2016 was a very busy year for the organisation with work continuing to pave the way for the introduction of cheque imaging.

Other sections in the Annual Review include:

- Highlights from our annual market research
- Contributions from our Chair, CEO and one of our Independent Directors
- A look at our annual clearing statistics

- Progress regarding the introduction of the new Image Clearing System.



A copy of the Annual Review is available to view on the C&CCC website at www.chequeandcredit.co.uk/information-hub/publications.



Annual Market Research report

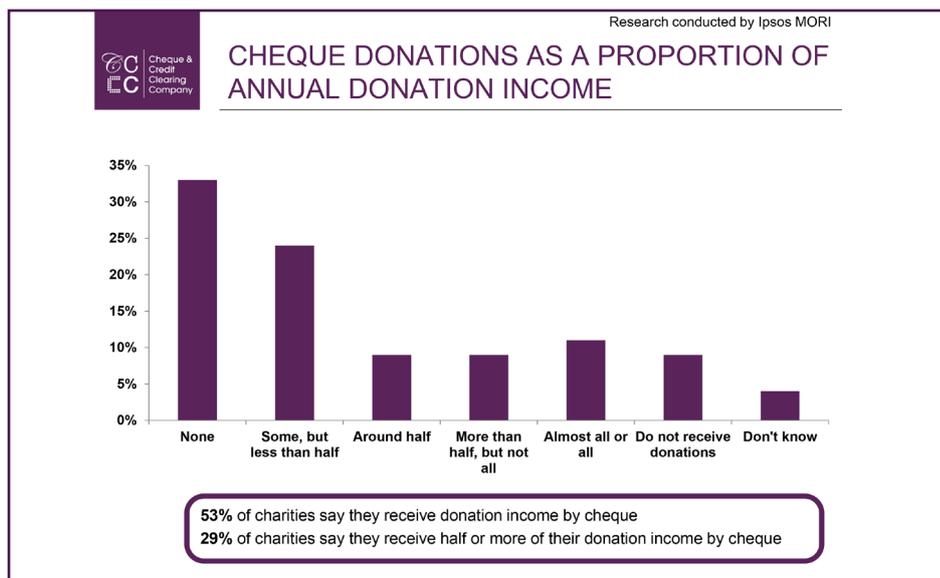
The C&CCC carries out market research on an annual basis to gauge consumer, business and charity use of cheques, as well as assessing sentiment about cheques as a payment method.

This year marked the eleventh consecutive year of research among the general public and the tenth among businesses. It was the second year that charities have been included. Overall, it can be seen that cheques are still a critical method of payment for many groups – particularly charities and certain segments of the general public.

Interesting findings from the 2017 annual market research are as follows:

Consumers:

- The two most popular reasons that consumers write cheques are 'to pay a bill' (23%) or 'to pay a tradesman' (20%).
- The two most common purposes which consumers receive cheques were for gifts (38%) and refunds (25%).
- Nearly three quarters (71%) of consumers deposit cheques over a bank branch counter.



Businesses:

- The average number of cheques written by businesses each month is five, whilst the average number of cheques received per month is nine.
- The most common use of cheques by businesses is for making trade payments, with 72% doing so.
- 75% of UK businesses had either made or received a payment by cheque in the past month.

Charities:

- The three most popular reasons why charities write cheques are 'because the payee has requested a cheque' (50%), 'to control who in the charity can pay' (50%) and 'to maintain a clear paper audit trail' (46%).
- 75% of charities had received a cheque in the past month.
- 65% of charities had made a payment by cheque in the past month.

Advertising agency appointed

SNAP LDN

Following an extensive pitch process, the C&CCC has appointed SNAP to work on a publicity campaign that will begin in earnest next year, and is aimed at raising customer awareness of the new, faster, image-based cheque clearing timescales. SNAP is part of the Chime group and has a growing list of clients including Purplebricks, Betsafe and Vitality.

Commenting upon the appointment of SNAP, Fiona Gledhill, Stakeholder & Communications Manager at the C&CCC, said:

"We were blown away by the advertising idea that SNAP put forward. It is edgy, unique

and memorable and should help us get real cut-through with our awareness-raising work amongst consumers, businesses and charities alike. We are very much looking forward to working with SNAP over the coming months."

Commenting, Louisa Tapper, Managing Partner at SNAP, said:

"We're really excited to be working with the C&CCC. The cheque is a very important payment method for millions of consumers, businesses and charities in the UK – and it's getting a super charge in the form of the ICS Programme. It's brilliant to be able to talk to so many people about something that matters to them. We love coming up with ideas that are distinctive, impactful and based on a simple truth, so we can't wait to share the campaign with everyone."

More details of the advertising campaign will appear in due course.

Regional Cheque User Forums – dates announced



As part of its ongoing stakeholder engagement programme, the C&CCC is holding a series of Cheque User Forums during September and October in a number of major cities up and down the UK.

The events are aimed at consumer bodies, charities, businesses, councils, public sector and trade bodies so that they can hear first-hand what the proposed changes to the clearing process will mean to them.

The events are free to attend and are as follows:

- Leeds – Friday 8th September
- Edinburgh – Wednesday 20th September
- Birmingham – Friday 29th September
- Belfast – Thursday 19th October

If you are interested in attending any of the events, or simply require more information about the new cheque clearing process, please contact the C&CCC for more details at: mark.hemingway@chequeandcredit.co.uk.

The historic Merchant Taylors' Hall in London was the venue for the Cheque User Forum that took place in early June. The event, attended by over 30 representatives from businesses, charities and regulators, was an opportunity for those present to comment on a range of issues ahead of the introduction of cheque imaging.

A video of the event is now available on our website at www.chequeandcredit.co.uk/information-hub/news-and-events/events and on our YouTube page at www.youtube.com/user/chequeandcredit.

Payment scheme merger update

In 2016, the Payments Strategy Forum proposed the merger of the C&CCC (via ICS), Bacs and Faster Payments Scheme into one new, consolidated PSO. The proposed merger was approved by the Competition and Markets Authority on 12th July 2017. Up until now, work to take this project forward has been undertaken by the PSO Delivery Group.

On 7th August, it was announced that Melanie Johnson (pictured) will take up the post of independent, non-executive Chair of the new PSO.

Melanie has had a long and distinguished career with extensive experience at a senior level in both public and private sectors, including as City Minister in the Treasury. She has also worked as Competition and Consumers Minister, holding responsibility for legislation to enhance competition and protect consumers' interests and rights

to redress. She has worked in the private sector since 2005 and has been chairing the industry association representing the issuers and merchant acquirers of debit and credit cards for the last eight years.



Melanie took up her position on 1st September 2017, with the appointment made for a three-year term.

More details regarding the new PSO will appear in future issues of this newsletter as and when they are announced.

CHEQUE IN

Issue 6 | September 2017



Cheque &
Credit
Clearing
Company

Want to know more? Ways to stay updated

- General enquiries: info@chequeandcredit.co.uk
- Email media enquiries: press@chequeandcredit.co.uk
- Web: www.chequeandcredit.co.uk
- Twitter: [@chequeandcredit](https://twitter.com/chequeandcredit)
- LinkedIn: www.linkedin.com/company/cheque-and-credit-clearing-company