



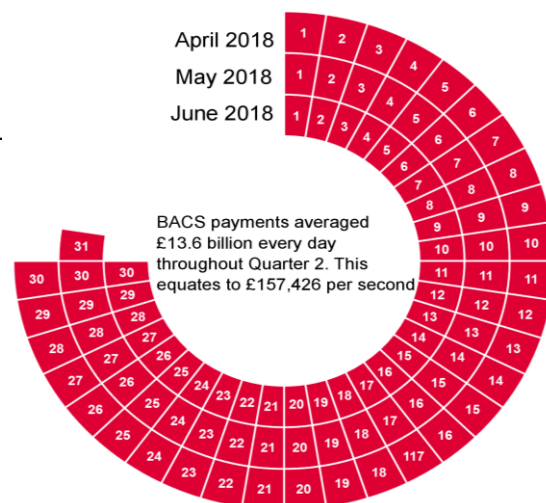
## A Bacs Direct Credits and Direct Debits



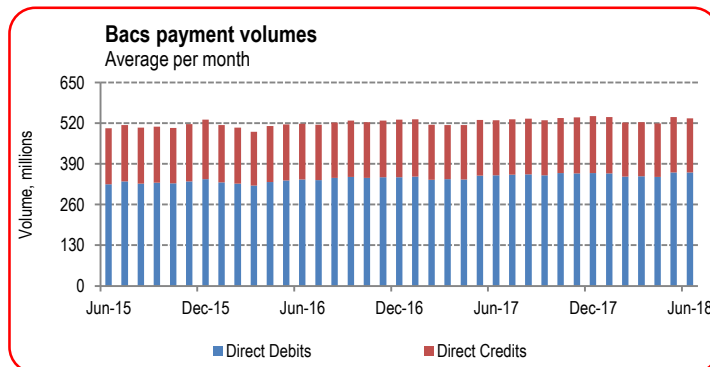
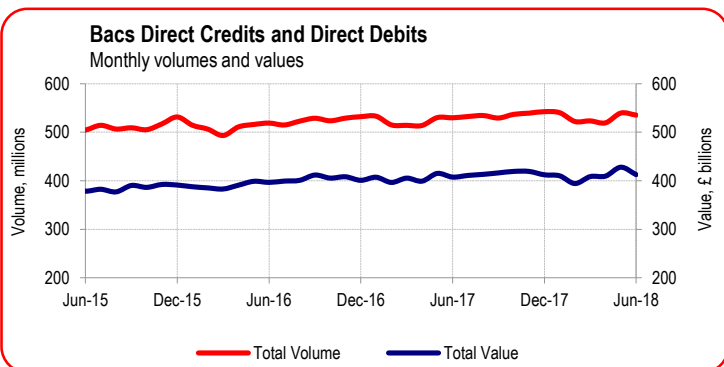
• Bacs volumes grew by 1.0% when compared to the same quarter a year ago to reach 1,606 million in Q2 2018. This corresponded to a 1.2% increase in the value. The average Bacs transaction stood at £771, £2 up on a year ago.

• The number of Direct Debit payments equated to 1,090 million payments in Q2 2018 after growing 2.8% on Q2 2017, while the corresponding value grew by 2.5% to reach £333 billion. Around nine in ten UK consumers use Direct Debits to pay some or all of their regular bills<sup>2</sup>. Comparing Q2 2018 with Q2 2017, there was a marginal decline in the average payment value for Direct Debits to £305. Direct Debits made up 68% of total Bacs payments by volume and 27% by value in Q2 2018, similar proportions to a year earlier.

• The volume of Direct Credits declined by 2.4% to 516 million payments in Q2 2018, compared to the same quarter a year ago. By contrast, values rose by 0.8%, to £905 billion. Around eight in ten employees are paid via Bacs Direct Credit<sup>2</sup>. The government uses Bacs Direct Credit to pay nearly all state benefits and pensions in the UK. The average payment value rose by almost £56 to £1,754 in Q2 2018 compared to £1,698 in Q2 2017.



		Total				of which			
		Volume		Value		Bacs Direct Credits	Bacs Direct Credits	Direct Debits	
		000s	% growth <sup>1</sup>	£ mn	% growth <sup>1</sup>	Volume 000s	Value £ mn	Volume 000s	Value £ mn
2015	Q1	1,444,845	3.1%	1,110,686	4.3%	524,051	823,941	920,794	286,745
	Q2	1,513,449	3.4%	1,135,535	4.4%	537,920	832,365	975,529	303,171
	Q3	1,527,500	3.6%	1,170,662	4.1%	538,190	861,475	989,310	309,187
	Q4	1,594,249	4.1%	1,173,328	3.8%	571,536	857,035	1,022,713	316,293
2016	Q1	1,479,710	3.8%	1,148,920	3.8%	518,473	849,626	961,237	299,294
	Q2	1,556,533	3.4%	1,189,898	4.0%	535,129	873,828	1,021,404	316,070
	Q3	1,586,365	3.5%	1,235,233	4.4%	540,738	912,695	1,045,627	322,538
	Q4	1,596,138	2.3%	1,202,498	4.1%	552,495	878,164	1,043,643	324,333
2017	Q1	1,542,648	2.7%	1,216,336	4.7%	519,264	897,292	1,023,384	319,044
	Q2	1,589,367	2.5%	1,222,543	4.1%	528,945	898,127	1,060,421	324,416
	Apr	503,497	2.0%	389,187	4.1%	167,910	285,085	335,587	104,102
	May	534,225	2.5%	412,088	4.3%	176,503	302,939	357,722	109,149
	Jun	551,645	2.5%	421,269	4.1%	184,533	310,103	367,113	111,166
	Q3	1,587,889	1.6%	1,248,525	3.0%	526,151	919,311	1,061,738	329,214
	Q4	1,627,276	2.1%	1,236,626	3.1%	546,158	904,652	1,081,117	331,973
	2018	Q1	1,570,062	1.5%	1,225,723	1.8%	518,199	903,192	1,051,863
	Q2	1,605,809	1.2%	1,237,748	1.5%	516,120	905,098	1,089,689	332,650
	Apr	515,443	2.1%	405,434	2.4%	164,102	296,293	351,341	109,141
	May	553,599	1.8%	425,733	2.1%	180,171	311,399	373,428	114,334
	Jun	536,767	1.2%	406,580	1.5%	171,847	297,405	364,920	109,175



<sup>1</sup> Per cent growth rates relate to rolling 12 months.

<sup>2</sup> Source: UK Finance - UK Payment Markets 2018.

## B Cleared cheques and paper credits

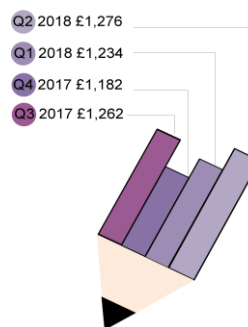
- 63 million cheques cleared for a value of £80 billion during the quarter. In the year to Q2 2018 volumes declined at a rate of 15% while values fell by 11%. These annual rates of change remain unchanged since Q1 2016. The peak number of cheques cleared in a day stood at 1.6 million during Q2 2018, similar to a year earlier.

- Despite the decline in usage, cheques still remain valued by those who choose to use them as they provide a convenient and secure method of payment when the recipient's bank account details are unknown.

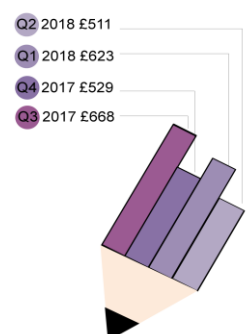
- The Cheque and Credit Clearing Company introduced cheque imaging in October 2017. Aside from facilitating a faster cheque clearing process, cheque imaging also opens the potential for new ways of depositing cheques to be introduced, such as via a mobile phone with a camera. The rollout of the new image clearing system is expected to be completed in the second half of 2018<sup>1</sup>.

- 3.4 million paper credits were cleared for a total of £1.7 billion in Q2 2018. On an annual basis, the volume and value of paper credits declined by 23% and 38%, compared with declines of 20% and 13% in Q2 2017.

Average Cheque Value

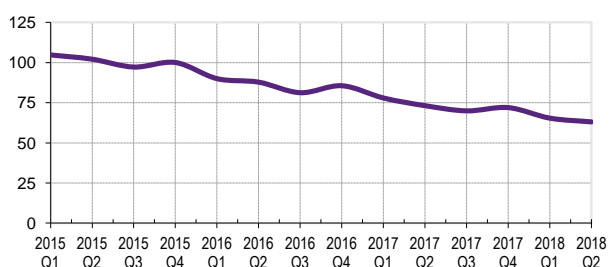


Average Credit Value

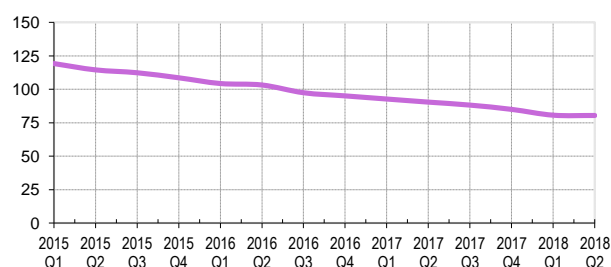


		Cheques <sup>2</sup>				Credits			
		Volume		Value		Volume		Value	
		000s	% growth <sup>3</sup>	£ mn	% growth <sup>3</sup>	000s	% growth <sup>3</sup>	£ mn	% growth <sup>3</sup>
2015	Q1	104,762	-12%	119,257	-7%	7,734	-15%	4,726	-10%
	Q2	102,102	-13%	114,547	-7%	7,154	-17%	4,029	-10%
	Q3	97,227	-13%	112,404	-9%	6,863	-18%	4,462	-9%
	Q4	100,042	-13%	108,629	-9%	6,298	-20%	3,999	-12%
2016	Q1	89,999	-13%	104,345	-11%	5,881	-21%	4,259	-11%
	Q2	87,813	-14%	103,240	-11%	5,545	-23%	3,516	-12%
	Q3	81,240	-14%	97,470	-11%	5,377	-23%	3,750	-14%
	Q4	85,569	-15%	95,104	-12%	5,054	-22%	3,499	-13%
2017	Q1	77,939	-15%	92,760	-12%	4,883	-20%	3,886	-13%
	Q2	73,152	-15%	90,444	-12%	4,385	-20%	3,036	-13%
	Apr	22,438	-16%	28,660	-13%	1,368	-21%	971	-13%
	May	26,243	-15%	31,927	-12%	1,567	-20%	1,059	-13%
	Jun	24,470	-15%	29,858	-12%	1,449	-20%	1,007	-13%
	Q3	69,923	-15%	88,216	-11%	4,183	-20%	2,796	-15%
	Q4	71,947	-15%	85,018	-11%	3,809	-21%	2,015	-22%
	2018	Q1	65,384	-16%	80,671	-11%	3,703	-23%	2,306
	Q2	63,039	-15%	80,461	-11%	3,405	-23%	1,739	-38%
	Apr	21,217	-14%	27,816	-10%	1,139	-22%	584	-32%
	May	21,776	-15%	27,088	-11%	1,197	-23%	589	-35%
	Jun	20,046	-15%	25,556	-11%	1,068	-23%	567	-38%

Cheque volumes Millions per quarter



Cheque values £ Billions per quarter



<sup>1</sup> Source: UK Finance - UK Payment Markets 2018.

<sup>2</sup> Inter-bank payments only.

<sup>3</sup> Per cent growth rates relate to 12 rolling months.

## C Real-time payments: Faster Payments



- There were 0.5 billion Faster Payments processed for £419 billion in Q2 2018. Both volumes and values grew by 25% when compared to Q2 2017. The continued increase in Faster Payment transactions is being driven by the popularity of mobile (via an app on their smartphone or tablet) and online banking (via a web browser accessible through a smartphone, tablet or computer). Growth is also driven by more businesses taking advantage of the near real time functionality and universal reach of the service.

- The vast majority of Faster Payments are accounted for by Single Immediate Payments (SIPs), which accounted for around two thirds of volumes and 61% of values in Q2 2018. Following growth rates of 29% and 20% on Q2 2017, SIP volumes and values reached 0.3 billion and £254 billion respectively.

- Forward-dated payments (FDPs) are one-off payments sent and received on a pre-arranged date, set-up by the customer in advance. They are typically used to pay bills and rent etc. In Q2 2018, there were 64 million FDP transactions with a value of £132 billion following increases of 37% and 39% from a year ago. FDPs accounted for 13% of faster payments by volume and 31% by value in the current quarter.

- Standing orders (SOPs) tend to be used in circumstances where a regular payment of a fixed amount must be made, for example, for paying memberships or making regular transfer payments from current accounts to savings accounts. SOPs, including scheme returns, accounted for 20% of Faster Payments by volume and 7.9% by value. Following growth rates of 7.4% and 10.1% on Q2 2017, SOP volumes and values reached 99 million and £33 billion respectively.

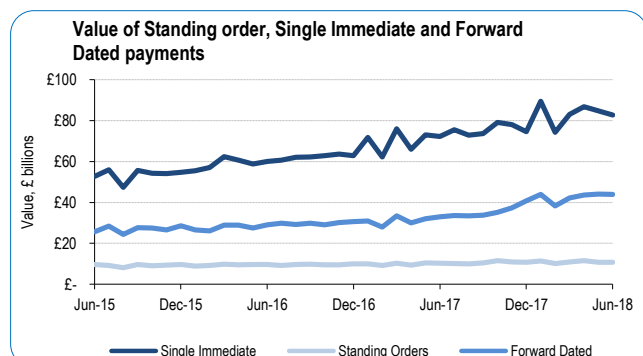
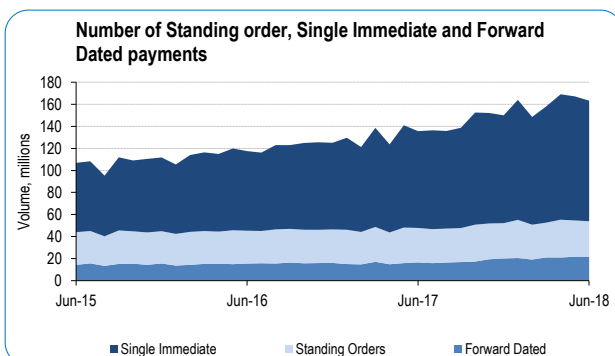
Fastest  
FIFA WORLD CUP GOAL  
RUSSIA 2018



Around 3,322 Faster Payments were sent within this time.



		Payment volumes					Payment values				
		<i>of which</i>					<i>of which</i>				
		Total <sup>1</sup> 000s	% growth <sup>2</sup>	Standing orders (inc Returns & Scheme Returns) 000s	Forward Dated (inc Corporate Bulk)	Single Immediate 000s	Total <sup>1</sup> £ mn	% growth <sup>2</sup>	Standing orders (inc Returns & Scheme Returns) £ mn	Forward Dated (inc Corporate Bulk)	Single Immediate
2015	Q1	293,837	13%	85,086	39,374	169,377	245,311	16%	25,630	74,171	145,510
	Q2	306,304	13%	86,091	41,881	178,333	255,296	15%	27,520	75,975	151,801
	Q3	315,529	13%	86,676	44,022	184,830	266,377	15%	27,102	80,382	158,893
	Q4	331,364	13%	88,167	45,062	198,135	273,734	15%	28,065	82,572	163,097
2016	Q1	335,820	14%	88,500	43,010	204,311	284,332	15%	27,905	81,534	174,893
	Q2	352,440	14%	89,691	45,642	217,107	293,808	15%	28,918	85,383	179,507
	Q3	362,189	15%	90,901	47,484	223,803	302,639	15%	28,808	88,930	184,902
	Q4	375,644	14%	91,099	47,540	237,005	308,228	14%	29,105	89,783	189,340
2017	Q1	389,603	15%	92,284	46,639	250,680	331,611	14%	29,518	92,216	209,877
	Q2	400,386	14%	92,497	47,083	260,806	336,264	14%	30,053	94,985	211,226
	Apr	123,666	14%	28,897	14,771	79,998	105,296	14%	9,316	29,981	65,999
	May	141,021	14%	32,305	15,831	92,886	115,475	14%	10,393	32,053	73,029
2018	Q1	410,989	14%	92,540	48,967	269,482	353,552	15%	30,732	100,845	221,975
	Q2	454,829	16%	98,076	56,626	300,127	378,264	18%	33,228	113,429	231,606
	Q1	470,954	17%	97,978	60,449	312,527	403,546	19%	32,440	124,375	246,730
	Q2	499,770	20%	99,380	64,270	336,120	418,814	22%	33,086	131,652	254,076
2018	Apr	169,163	20%	34,328	20,908	113,927	141,989	21%	11,589	43,664	86,735
	May	167,259	20%	32,912	21,669	112,678	139,567	21%	10,719	44,138	84,710
	Jun	163,348	20%	32,140	21,694	109,515	137,258	22%	10,778	43,850	82,631



<sup>1</sup> Scheme limit increased from £100,000 to £250,000 in November 2015.

<sup>2</sup> Per cent growth rates relate to 12 rolling months.

# D Same-day payments: CHAPS

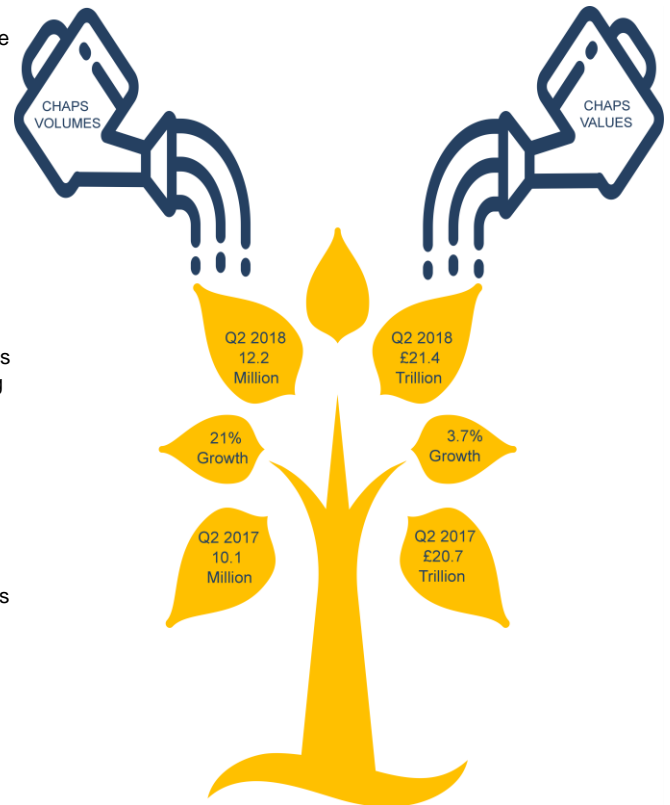


• Growth of CHAPS transactions continued into the second quarter of 2018. CHAPS volumes and values grew by 21% and 3.7% when compared to the same period a year ago.

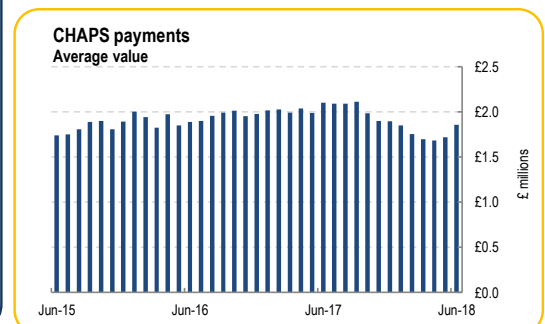
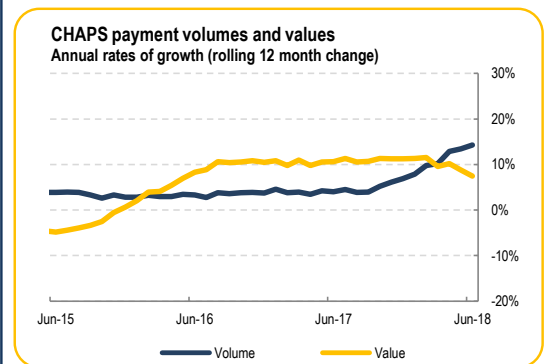
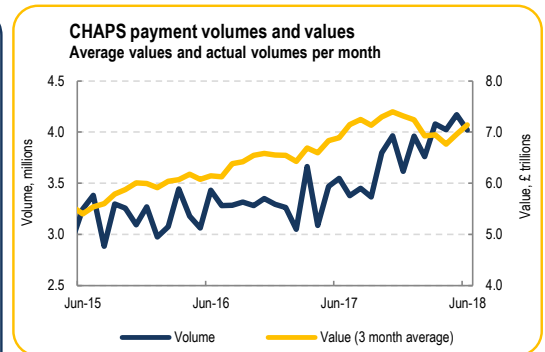
• Daily volumes for Q2 2018 averaged 197,043 payments, a record high representing a 19% increase on a year ago. In Q2 2018 daily values averaged £346 billion, a rise of 2.0% on Q2 2017. The value of sterling processed in CHAPS increased significantly from mid-2015 to late 2017, but has since stabilised. The 3 month rolling average peaked at £7.4 trillion per month in September - November 2017.

• Structural reform was one cause of the high increase in volumes. This is the ring-fencing of the largest banks, to protect the retail services they provide from wholesale and risk taking activities elsewhere in their banking group. Some of this increase in volumes is temporary and started to fall away month on month during Q2 2018 as expected. However, some of this increase is expected to be permanent.

• When compared to Q2 2017, an average CHAPS payment declined by 14% to £1.8 million. This is because most of the new payments now settling in CHAPS as a result of structural reform are lower-value transfers between corporate customers of the non-ring fenced bank and retail customers of the ring-fenced bank within the same banking group. Prior to structural reform, these transactions would have been internalised within the same bank rather than being made through CHAPS. In contrast, the higher-value payments between corporate customers remain internalised within the non-ring fenced entity.



		Volumes		Values		Working Days per Period
		000s	% growth <sup>1</sup>	£ mn	% growth <sup>1</sup>	
2015	Q1	9,082	4%	16,857,471	-5%	63
	Q2	9,285	4%	16,206,916	-5%	61
	Q3	9,561	3%	17,368,637	-3%	65
	Q4	9,620	3%	17,978,153	1%	64
2016	Q1	9,492	3%	18,213,474	4%	62
	Q2	9,669	3%	18,427,735	8%	63
	Q3	9,878	4%	19,269,756	10%	65
	Q4	9,925	4%	19,662,662	10%	63
2017	Q1	9,975	4%	20,064,979	11%	64
	Q2	10,104	4%	20,662,901	11%	61
	Apr	3,087	3%	6,298,351	10%	18
	May	3,471	4%	6,907,831	11%	21
	Jun	3,547	4%	7,456,719	11%	22
	Q3	10,194	4%	21,403,494	11%	64
	Q4	11,379	7%	21,951,103	11%	63
	2018	Q1	11,803	10%	20,843,232	10%
	Q2	12,217	14%	21,423,574	7%	62
	Apr	4,025	13%	6,773,453	10%	20
	May	4,172	13%	7,179,250	9%	21
	Jun	4,020	14%	7,470,870	7%	21



<sup>1</sup> Growth rates are based on 12 rolling months.



# E Cash machines withdrawals <sup>1</sup>

Please note that the data in this table show the total number and value of ALL withdrawals processed at UK cash machines, including those not handled by LINK, i.e, withdrawals where the card issuer and ATM owner is the same institution, known as on-us. Those handled by LINK are known as not-on-us.

- Cash machine numbers fell by 2,040; the fourth consecutive quarter of decline.

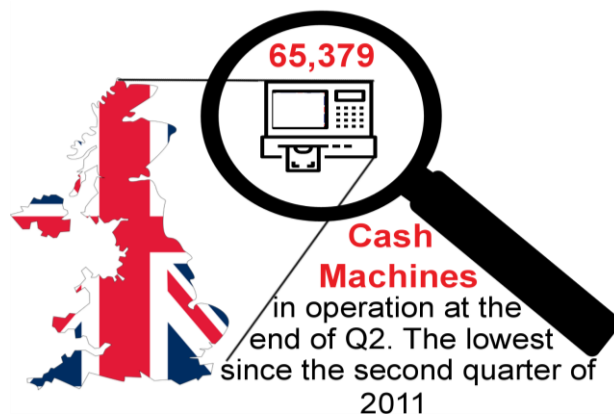
- The number of BBS machines fell by 629 to 27,567; the lowest total in the decade so far and accounting for 42% of the total cash machine estate. However, BBS machines still make up the vast majority of withdrawals. In the year to Q2 2018, they made up 63% of withdrawals by volume and 70% by value, down from respective figures of 68% and 75% a year ago.

- The number of on-site cash machines declined by 645 to 16,788; this is one of the largest ever quarterly reductions and is linked to declining branch numbers.

- The retail sector accounted for 69% of off-site cash machines at the end of the quarter, up from 64% a year earlier. Excluding retail, all sectors showed a decline apart from public transport where the number of cash machines remained at 1,199.

- The number of free-to-use machines fell for the second consecutive quarter, by 1,326 to 53,465; the largest quarterly decline on record.

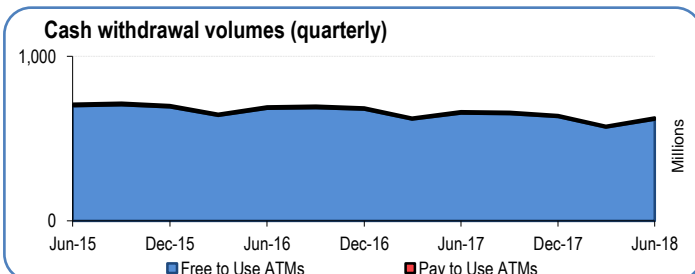
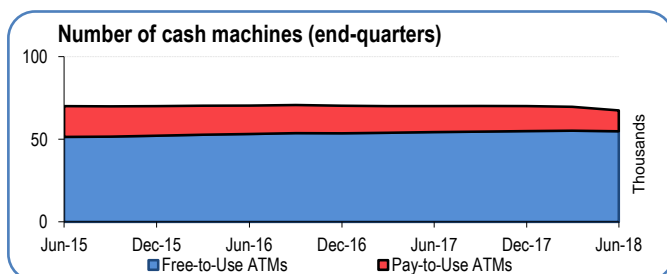
- There were 628 million withdrawals in Q2 2018 corresponding with £44.2 billion withdrawn, down 5.7% and 7.2% respectively on the same point a year ago. In Q2 2018, the average withdrawal stood at £70, £2 less than in Q2 2017.



Three quarters of off-site machines are free-to-use, up from 71% a year ago



	Number of cash machines at period end	Cash withdrawals						
		Volume (inc 'on-us' transactions)			Value (inc 'on-us' transactions)			Number of withdrawals where a fee is charged to the cardholder
		mn	% growth increase <sup>2</sup>	£ mn	% growth increase <sup>2</sup>	Average value £	%	
<b>2015</b>	Q1	70,006	666	-3.1%	44,598	-0.8%	67	1.9%
	Q2	69,876	711	-2.6%	47,975	-0.2%	67	2.0%
	Q3	70,018	717	-2.3%	50,940	1.0%	71	2.1%
	Q4	70,270	703	-1.2%	50,800	2.6%	72	1.9%
<b>2016</b>	Q1	70,330	650	-1.2%	44,945	2.5%	69	1.9%
	Q2	70,682	695	-1.3%	48,983	2.9%	70	2.0%
	Q3	70,254	699	-1.7%	49,984	1.5%	71	2.1%
	Q4	70,020	689	-2.3%	50,168	-0.1%	73	1.9%
<b>2017</b>	Q1	70,045	627	-2.6%	44,305	-0.6%	71	1.8%
	Q2	70,114	666	-3.1%	47,656	-1.8%	72	2.1%
	Q3	70,045	662	-3.8%	48,188	-2.3%	73	2.0%
	Q4	69,603	643	-5.0%	47,315	-3.4%	74	1.8%
<b>2018</b>	Q1	67,419	577	-6.0%	41,080	-4.8%	71	1.8%
	Q2	65,379	628	-6.4%	44,240	-5.9%	70	2.1%



<sup>1</sup> On-us transactions amounted to some 16% of the total volume and 21% of the total value at the end of Q2 2018.

<sup>2</sup> Per cent growth rates relate to 12 rolling months.