

Tuesday 12 July 2011

PAYMENTS COUNCIL TO KEEP CHEQUES AND CANCELS 2018 TARGET

The Payments Council is today (12 July 2011) announcing that cheques will continue for as long as customers need them and the target for possible closure of the cheque clearing in 2018 has been cancelled. The Payments Council Board will continue to focus on security, efficiency and encouraging innovation in all types of payments to ensure customers have options best suited to the 21st century.

Richard North, the Chairman of the Payments Council said:

"It's in the DNA of the Payments Council to consult and listen to all those people who actually make payments and use cheques. Listening to over 600 stakeholder groups, working with the banks and following our appearance before the Treasury Select Committee, we have concluded we should reassure customers that the cheque is staying.

"Over the last two years we have learnt a great deal about what is important to our many stakeholders and we are really grateful to all of those groups and individuals who took the time to talk to us and help us reach this decision. We will use what we've learnt to keep improving existing systems, as well as introducing innovation, so that customers benefit from 21st century ways to pay. Innovation must be at the heart of what we do."

ENDS

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NOTES TO EDITOR

Payments Council

The Payments Council is the organisation that sets strategy for UK payments. It has been established to ensure that UK payment systems and services meet the need of users, payment service providers and the wider economy. The Payments Council has three core objectives: to have a strategic vision for payments and lead the future development of co-operative payment services in the UK; to ensure payment systems are open, accountable and transparent; and to ensure the operational efficiency, effectiveness and integrity of payment services in the UK.

The Payments Council is a membership organisation funded by its members, with an independent chairman. It was set up in March 2007 as a membership organisation funded by its members and currently there are 29 members; the Board has 11 banking representatives, four independent Directors and an independent Chairman. The principal UK payment schemes – Bacs, CHAPS and Cheque & Credit Clearing Companies, LINK Scheme as well as the Belfast Bankers' Clearing Company Limited – have entered into a contract with the Payments Council to set out their respective rights and duties towards each other. Under the contract, schemes are required to report regularly to the Payments Council Board: the Board is able to make decisions that are binding on scheme members in order to implement its strategy. Payments Council also has 21 associate members.

The Payments Council set a target date to close the central cheque processing system in 2018, but only if stringent criteria were met. A decision would only have been taken in 2016 to proceed with closure if alternatives to cheques had been in place, these proved acceptable to customers and had been widely adopted by all. We had specifically prioritised the needs of older people, small businesses and the charitable and voluntary sector in our work to develop alternatives. A key criteria was to have a robust social cost benefit analysis allowing the Payments Council to base the decision on the future of cheques on the most robust possible analysis. All Payments Council members had committed to these criteria.

Early in our work, we identified that a paper-based option would be a necessary alternative to cheques and recently stated at the Treasury Select Committee that “until we have in place a paper-based solution that has the flexibility and ease of use of cheques ... we should not be abolishing cheques”. Work developing this began in 2010 with the aim of identifying the best option by September 2011, with a fully-costed proposal being considered this December. We have, however, concluded early that this is no longer the best option and retaining the cheque is a better approach.