

**Welcome to edition number 23 of *Cheque Matters***, the publication designed to keep stakeholders up-to-date on what is happening at the Cheque and Credit Clearing Company (C&CCC).

The issue includes:

- Image Clearing System – new participant joins
- Market Research results published
- Cheques in the news
- Gordon Madgwick retires
- Updated History of the Cheque published
- New blog published

## Updated History of the Cheque published



century and the establishment of the Cheque and Credit Clearing Company in 1985.

Now, with the introduction of cheque imaging underway and in recognition of the consolidation of the C&CCC into Pay.UK, this publication has been enriched with greater historical detail and updated with relevant developments from the past nine years.

The revised publication, titled *Cheques & Cheque Clearing: an Historical Perspective*, is available to download from our website at: [www.chequeandcredit.co.uk/sites/default/files/ccccc\\_history-web.pdf](http://www.chequeandcredit.co.uk/sites/default/files/ccccc_history-web.pdf).

Back in 2009, the C&CCC published an authoritative history of the cheque, detailing its origins in 13th century Italy through to the formation of a formal cheque clearing operation in the 19th

## C&CCC merger into Pay.UK



The planned consolidation of the Cheque and Credit Clearing Company (C&CCC) into the UK's leading retail payments authority (now known as Pay.UK, see below) took place on 1st July 2018.

Handing over operational responsibility for running and managing the paper cheque and cheque imaging clearing systems was part of a move that saw the UK's three retail payment schemes (Bacs Payment Schemes Limited, Faster Payments Scheme Limited, the Cheque & Credit Clearing Company Limited) become

wholly-owned subsidiaries of the organisation that was then known as the New Payment System Operator (NPSO), but which has subsequently rebranded to a new name: Pay.UK.

At the time of the consolidation, Paul Horlock, Chief Executive of Pay.UK (formerly the NPSO) said: *"The Cheque and Credit Clearing Company has developed a tremendous amount of trust in payments through the robust and secure exchange of cheques and credits for over 30 years and is now revolutionising the way cheques are cleared through the ICS. This is our opportunity to create the future of retail payments in the UK, with best in class payment*

*infrastructure and standards for the benefit of people everywhere."*

The move by the UK's leading retail payments authority to a new identity - Pay.UK - better promotes its core purpose, which is to transform the country's payment infrastructure to enable a vibrant economy.

Every day, individuals and businesses use the services that Pay.UK provides to get their salaries, pay their bills and make online and mobile banking payments. In 2017, Pay.UK processed more than 8 billion transactions worth £6.7 trillion, through Bacs Direct Credit, Direct Debit, Faster Payments, cheques and Paym.

## New market research results published

The C&CCC carries out market research on an annual basis to gauge consumer, business and charity sentiment towards the use of cheques, as well as assessing views about cheques as a payment method. This year marked the twelfth consecutive year of research with the public and the eleventh among businesses. It's the third year that charities have been included.

The latest research drew some interesting findings, and overall it can be seen that cheques are still an important method of payment for many groups - especially charities, sole traders and certain segments of the general public.

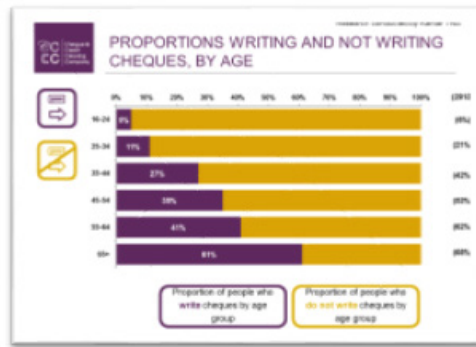
Some of the key findings were:

- 93% of charities had either made or received a payment by cheque in the past year
- 86% of UK businesses had either made or received a payment by cheque in the past year
- 52% of UK consumers had either made or received a payment by cheque in the past year
- The two most popular reasons for consumers to write cheques are 'to pay a bill by post' (20%) or 'to pay a tradesman in the home' (18%)
- Paying a trade supplier was cited as the top reason for writing a cheque for both businesses (63%) and charities (62%)

We also sought to find out the possible impact on cheque use that imaging would bring. The research showed:

Nearly a quarter (23%) of businesses said they were likely to accept more cheque payments because of the quicker clearing timescales - only 6% said they were unlikely to do so. More than half (55%) of charities would be likely to pay in a cheque via a mobile banking app, if their bank offered them the facility to do so.

You can find more information about our ongoing market research programme on our website at: [www.chequeandcredit.co.uk/information-hub/market-research](http://www.chequeandcredit.co.uk/information-hub/market-research)



## Cheques in the news



Cheque usage was in the news recently when potential strike action raised, in the media's opinion, the possibility of a shortage of cheques. It prompted the BBC to ask: 'would it matter if chequebooks ran out?'.

Although some respondents said they no longer used cheques, we know from our research (and usage volumes) that the cheque remains popular, and many people wrote in to the BBC to explain why this payment method was still essential for them.

Here's what some of them said: "My local council will not accept cash for Blue Badge payments." (Payments must be made either by card, postal order, or cheque, but the council doesn't specify when card payments will be collected, and a charge is made for postal orders.) "Those on low incomes cannot afford to guess when a payment is going out of their account. They cannot afford to pay for postal orders and of course cheques are free. Cheques are still being used, I assure you!"

"In common with many parents, I pay for school trips and outings by cheque. It's how many schools prefer it as it is safer."

"We still pay all our suppliers by cheque. The reason for this is I have total control of the payments and avoid any computer error or more importantly fraudulent activity."

"Many of my clients will hand over a cheque to make contributions into pensions/investment accounts/ ISAs as it can be done in a single transaction, whereas daily limits on payments via internet banking mean they have to log in and make a series of payments. You are able to go into the bank and get a large payment made in a single transaction. However, why would you go out of your way to enter a branch if you are able to write out a cheque?"

## Cheques in the press

A story in a September issue of The Sunday Times raised the prospect of a "revival" for cheques once the Image Clearing System is being used to clear all cheques and customers start to benefit from getting access to their funds more quickly. The article also looked at recent levels of cheque volumes and explained how the new system processes images of cheques, instead of the actual pieces of paper, which has resulted in the faster clearing timescale.

One-day clearing means cheques may soon be bouncing back

## New blog published

Since April 2017, the C&CCC has been publishing blogs on a section of its website called 'Reality Cheque'. It brings together stories about the role cheques play in people's lives, the latest research and information on UK cheque use and the benefits of the new Image Clearing System.

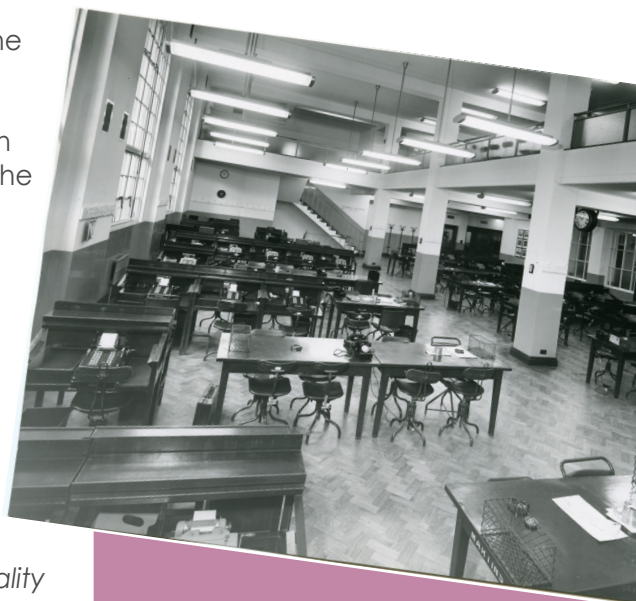
Contributions published to date have included submissions from the Charity Finance Group, the TALL Group of Companies and the Canal and River Trust.

Our latest blog has been written by Peter Sparkes of the C&CCC. It features an in-depth look at the

story behind settlement and the work of the Chief Inspector of the Clearings – a key figure in the cheque clearing operation from 1821 up until 2004 when the last Chief Inspector retired. An extract from the blog can be read below.

The full blog and all previous postings can be read at: [www.chequeandcredit.co.uk/information-hub/news-and-events/blog](http://www.chequeandcredit.co.uk/information-hub/news-and-events/blog).

If you would like to contribute a blog about cheques for 'Reality Cheque' please get in touch with us at: [info@chequeandcredit.co.uk](mailto:info@chequeandcredit.co.uk).



*"Before automation, cheques were lodged at the central clearing house and they were sorted into bundles according to the paying banks. At the end of each day, each bank compiled a settlement sheet showing on one side the balance to be*

*received from other banks whilst on the other side were listed the balances due to be paid to other banks. An important part of the process was then to check that the figures matched those of each counterparty bank, known as 'calling out'."*

*"Once agreed, the two sides were totalled and a 'net' balance calculated. It was the role of the Chief Inspector to oversee this balancing or reconciliation process – a role which could become very stressful due to manual errors particularly when you consider that at the peak of cheque usage over 10 million cheques each day were being cleared."*

## Image Clearing System update – new participant joins



On 30th July, The Access Bank UK Limited became a full participant of the Cheque and Credit Clearing Company's Image Clearing System (ICS), bringing the total number of participants in the ICS to 18. The Access Bank UK Limited is a wholly-owned subsidiary of Access Bank Plc, a Nigerian Stock Exchange-listed company, and the UK plays a key role in the group's vision to be the world's most respected African bank.

Sangeeta Arora, Participant Relationship Manager at the C&CCC, welcomes The Access Bank UK to the ICS.





Gordon Madgwick (middle) and colleagues at the C&CCC

After a 45-year career in the banking industry, Gordon Madgwick has retired from the Cheque and Credit Clearing Company.

Gordon's career started in August 1972 when he joined NatWest bank in Haslemere in Surrey and his first job was calling back the cheques the bank had received to ensure that the amounts debited actually matched the list received.

After 12 years working in different branches of NatWest, Gordon joined the bank's Internal Audit Department where he spent the next four years. As part of his role Gordon travelled overseas as well as auditing the bank's print department, the staff training college in Oxford and the main NatWest bank in Jersey.

Gordon now takes up the story: *"I enjoyed life so much travelling*

*that at my annual appraisal that year I asked my bosses if I could be posted to Jersey and, lo and behold, the bank posted me to work in one of their subsidiaries in St. Helier. So for four glorious years the Madgwick family enjoyed the daily life and sunshine of Jersey - it was brilliant!*

*"However all good things must come to an end and, at the conclusion of my posting to Jersey, I was offered a role in the NatWest clearings in London during what was the real golden era for cheque usage. I made many good friends during my stint as Head of Clearing Operations - not only from within the bank, but also in APACS and the C&CCC where I attended numerous industry working groups.*

*"Little did I know but these external contacts soon became my new*

*colleagues as, in 2001, I joined Cheque and Credit as Assistant Operations Manager.*

*"I was made Operations Manager at the C&CCC in 2006 and that marked a really exciting time for the cheque industry. Work was interesting and hugely varied as the industry introduced such developments as: the 2-4-6 promise (something which customers still don't understand!); changes to the settlement system; and we relocated both the Exchange Centres.*

*"The continuous need for processing efficiency meant that my job was never dull – and in 2010 I was heavily involved in designing, researching and introducing what was to become the new Image Clearing System. It is very apt that my career has ended on a project that has brought cheque processing firmly into the 21st century. I never imagined when I started work counting and balancing cheques back in 1972 that I would end my career working on a project which is changing the cheque industry forever."*

On his last day in the office, Gordon was joined by colleagues past and present as they presented him with various gifts and wished him good luck. Everyone at Cheque and Credit wishes Gordon and his family well for the future.



# CHEQUE Matters

**C&C** Cheque &  
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Clearing  
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