

Welcome >>

The Payments Council sets strategy for UK payments. Set up in 2007, it ensures that UK payment systems and services meet the needs of users, payment service providers and the wider economy. This newsletter provides an update on our work. **This edition includes:**

Payments Council to keep cheques

The Payments Council will no longer work towards closing cheque clearing in 2018, and has pledged to keep cheques as long as customers need them. >> **p2**

Taking the stress out of switching accounts

In July, we started a project to make switching to a new bank quicker and easier for everyone. >> **p3**

Farewell to cheque guarantee

The Cheque Guarantee Card Scheme closed on 30 June. *Communiqué* looks at what this really means for you. >> **p4**

Payments Council launches mobile payments project

Read more about our new industry initiative to make transferring money by mobile phone possible within two years. >> **p5**

Payments Council steps up work with over 55s

20 May was Silver Surfers' Day, and the Payments Council teamed up with Esther Rantzen to help over 55s find out what they can do with their money online. >> **p6**

Payments conference drives innovation

The Payments Council hosted a conference in May, bringing together the finance and technology industries to talk about new ways to pay. >> **p7**

Focus on payments: Cash machines

Graham Mott, from the LINK cash machine network, explains the full range of services you can take advantage of when you use one. >> **p8**



Payments Council **to keep cheques** >>

- 2018 potential target for closing cheque clearing cancelled
- Cheques will stay as long as customers need them

The Payments Council announced on 12 July that cheques will continue for as long as customers need them. As a result, the target we had, of possibly closing the cheque clearing system in 2018, has been cancelled.

The decision to keep cheques in place was taken as a result of the broad consultation we have undertaken over the last 18 months. The Payments Council has met with over 600 organisations, representing consumers, businesses and charities all over the UK, and we have been in contact with thousands more by post, telephone and email.

Through talking to the people who use cheques, we have been able to build up a clear picture of just how many customers still rely on them. Thanks to all the people who talked to us about their uses for cheques, we now know that aiming to close cheque clearing is not the best option.

Richard North, our independent chairman, said it was “in the DNA of the Payments Council” to listen to what customers want from payments. “Over the last two years we have learnt a great deal about what is important to our many stakeholders,” he said, “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.”

While we will no longer work towards migrating customers away from cheques, it is still part of the Payments Council’s job to work on improving the choice and efficiency of payments available to people. Some of our projects, working on new and convenient options, are detailed inside this edition of *Communiqué*.



We had been looking at developing a new kind of paper-based payment to replace the cheque. Instead, we will now look at ensuring the familiar cheque is fit for purpose. In fact, the Payments Council will focus on the efficiency and security of all types of payments, including cheques, to ensure that all customers have a range of options that work well for them. “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”, said Richard North.

Andrew Tyrie MP, chair of the Treasury Select Committee, has welcomed the Payments Council’s announcement. “At last the Payments Council is concentrating on the right thing: making the existing cheque system faster and cheaper to operate. This will benefit both banks and customers,” he said. The Payments Council had given evidence on cheques at the Treasury Select Committee in June, before we took the decision to keep cheques.

Campaign groups Saga and Which? called the Payments Council’s announcement “a

victory for common sense.” The Institute of Fundraising said keeping cheques would “make a world of difference” to many charities.

The Consumer Council of Northern Ireland, which met the Payments Council in Belfast this spring, said it was “delighted” at the news. Maeve Holly, the Consumer Council’s Senior Consumer Affairs Officer, said “the Payments Council listened to what consumers here

thought about the phasing out of cheques, the difficulties that may be involved and their fears about reverting to using cash only. This announcement will be welcome news for the many consumers here who still use cheques on a regular basis to pay bills by post, pay a tradesman, make a donation to charity or pay school fees. In particular older people and those who are housebound rely on cheques to manage their finances.”

Payments Council to deliver **easy account switching by 2013** >>

This July, the Payments Council launched an industry-wide project that will make switching bank accounts much easier for customers and small businesses. The new initiative will deliver extra customer benefits by the end of 2013.

When a customer chooses to change banks, currently only their regular outgoing payments, like Direct Debits and standing orders, will be moved automatically to their new bank. It is still the customer’s responsibility to notify anyone paying money into their account – such as their employer – of their new account details. The Payments Council wants to make account switching trouble-free for customers, by also ensuring any incoming payments are automatically switched to the customer’s new account.

The Payments Council will also reduce how long it takes to switch accounts. Currently, the whole process can take around eighteen days. This project will ensure that the switch can be made in a guaranteed maximum of seven working days. As well as clarifying this timetable, we will make sure that whichever bank your current account is with, the experience of switching to a new provider

will be the same. And to lower the risk of inconvenience even further, the Payments Council will ensure that organisations who collect Direct Debits, or who make regular payments into people’s accounts, update their own records promptly if a customer changes their account details.

Gary Hocking, Acting Chief Executive of the Payments Council, said the project was aimed at giving customers “total peace of mind” when it comes to switching accounts. “We want a comprehensive switching system that makes life easy for the customer”, he said.

Underpinning all these important changes, the Payments Council will develop a guarantee that customers can rely on, ensuring they get the service they should expect. All customers will benefit from the changes by September 2013, but they will start to see improvements earlier, as changes are phased in over the next two years.



Farewell to the **cheque guarantee card** >>

After months of preparatory work by banks, building societies and the Payments Council, the Cheque Guarantee Card Scheme came to an end on 30 June. Of course, you can continue to use cheques as before – but you can't use your card to guarantee a cheque when you're paying money to a business.

As the Cheque Guarantee Card Scheme was closed, the Payments Council released new research revealing that most people, including older customers, have few concerns about the closure of the scheme. In fact, people largely misunderstood how the cards worked, and how little additional certainty they actually provided. The Payments Council research showed that 86% of people aged 65 and over had 'little or no concerns' about the closure of the Cheque Guarantee Card Scheme.

First introduced in 1969, use of the Cheque Guarantee Card Scheme rapidly decreased over the past 20 years as alternatives like cards, electronic transfers and online payments became more popular. Use of guaranteed cheques had dropped by 65% in the past five years, and the Payments Council's research shows that many

consumers weren't aware of how the Scheme worked or whether they could take advantage of it. More than eight out of ten people of all ages misunderstood key aspects of the scheme, and four out of ten also thought that they did not possess a Cheque Guarantee Card at all.

The Payments Council's Director of Communications, Sandra Quinn, said the way we pay had changed beyond recognition since the Cheque Guarantee Card Scheme was launched over forty years ago. "This research, coupled with the dramatic decline we've seen in the use of guaranteed cheques over the past twenty years, shows that the Scheme became less and less relevant to the typical UK consumer," she said. "You can still write and use cheques in the same way that you always have done – just not guaranteed by a card."

New Payments Council project could make our mobile the one thing we won't leave home without >>

Over 45 million of us already use a mobile phone, so it's not surprising that only our wallets or purses are more important to us when we leave home.

Last month, the Payments Council announced an industry-wide project to make payments by mobile phone as easy, efficient and secure as any other way to pay. Within as little as two years, customers will be able to send money using only their mobile. This could be done by sending a text, by using a smartphone 'app', or by using an internet browser on your mobile.

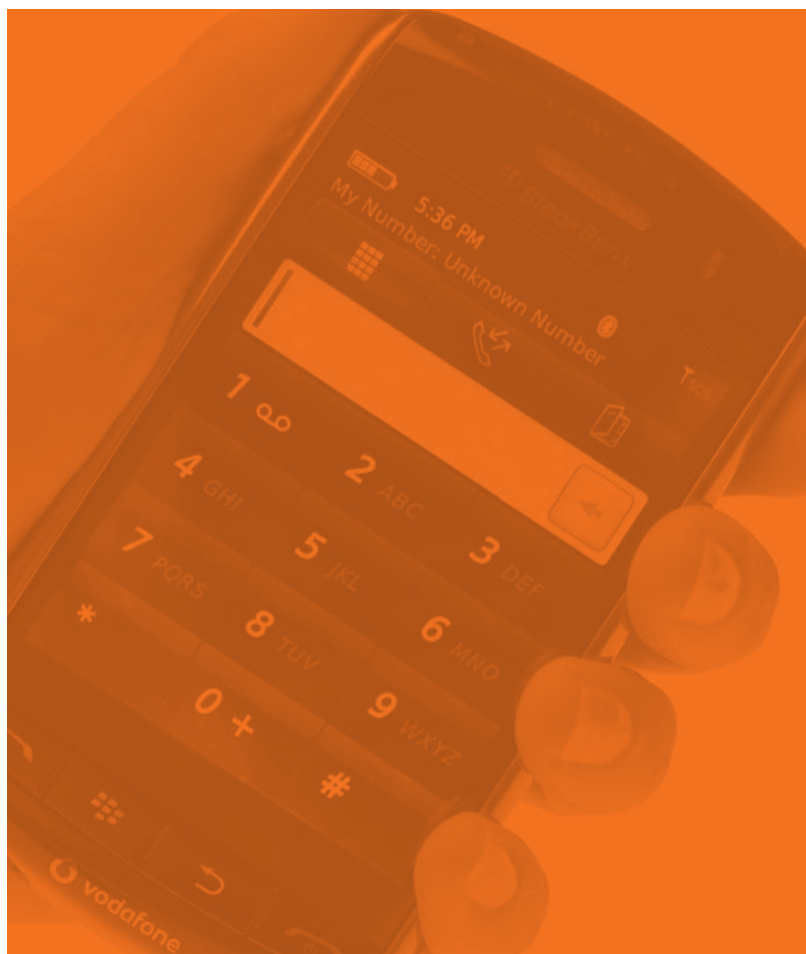
The project is part of the Payments Council's commitment to leading innovation in the payments industry, widening the options available to customers of all banks and building societies. The industry-wide initiative aims to give all customers a convenient new option when it comes to paying another person or business directly, or moving money between their own accounts. The Payments Council's role will also ensure safety and security for customers.

Using mobile phones to make payments will build on the many ways we are already using them. Nine out of ten mobile phone owners use text messaging, while one in three use their phone to browse the internet.

The Payments Council's Acting Chief Executive, Gary Hocking, thinks our mobile phones have become something many of us cannot do without. "The introduction of mobile payments will offer more choice to customers", he said, "simplifying how we can make a financial transaction and increasing

flexibility in our everyday lives. This industry-wide project will help deliver a way of sending money that is safe and easy for consumers."

The Payments Council will give the final green light to the project after considering the business case later this year. And while it is still early days, initial research commissioned by the Payments Council suggests that almost one in four customers are likely to want to use a new mobile payments service.



Over 55s urged to not miss out on life by ignoring online banking >>

The Payments Council used this year's Silver Surfers' Day, May 20, to encourage over 55s to find out more about telephone and internet banking.

Newer ways of banking can often help older people avoid getting bogged down with everyday money matters. But new research shows that, despite increasing numbers of people in their 50s and beyond getting online, many still spend valuable hours heading into their bank branches to tackle the most straightforward transactions.

Only a third of over 55s use either telephone or internet banking, and only a quarter of over 65s, compared to nearly 70% of 35-44 year olds and 57% of 45-54 year olds.

Silver Surfers' Day was part of Spring Online Week, which saw thousands of people around the country take part in internet taster sessions, to boost their confidence online. The Payments Council is encouraging people to make the most of their new internet know-how by contacting their banks to find out how to get started with internet and telephone banking.

Esther Rantzen CBE, who is supporting the Payments Council's drive to encourage more people over 55 to try telephone and internet banking, said modern technology had benefits for everyone. "We are very lucky to be living in an increasingly digital age", she said, "which means we can speak to loved ones on the other side of the world, do our shopping without venturing out of the house and learn all kinds of fascinating information from the internet. But that means it is really important that everyone of every age feels comfortable with the internet so that we can all make the most of these opportunities."

Esther also said that internet banking has become invaluable in her own life. "It means that I can pay my bills, transfer money and deal with all my affairs quickly, easily and securely, with a permanent record of every transaction, and that of course gives me much more time to spend with my family and friends and to enjoy life", she said.

If you are interested in learning more about different banking options, include online banking, you can use the Payments Council's website www.PayYOURway.org.uk. The website offers simple advice on all the options available. Alternatively, contact your bank to find out how to get started with telephone and internet banking.





Payments conference **drives innovation** >>

More than 150 delegates discussed new ways to pay at the inaugural Driving Change in Payments conference, hosted by the Payments Council in London in May. The event, held in partnership with Intellect, the trade body for IT companies, brought together speakers from across the technology and finance industries.

Government officials and consumer and business groups, including the Financial Services Authority, Consumer Focus, and the Forum of Private Business, addressed the conference. Each speaker gave a unique insight into what kind of change customers will want to see in the way we make payments in the next decade. The event also gave some of the developers of new payment methods a chance to talk about their own innovations, and how they hope to offer customers more choice in future. The conference delegates were from a wide

range of organisations, including members of Intellect and the Payments Council, technology companies, payment schemes, and government and consumer bodies. The conference was sponsored by VocaLink, the company which processes the salary payments of most British workers; Monitise, one of the world's leading mobile payments technology companies; and Consult Hyperion, an independent IT consultancy.

A detailed review of the conference is available on request. Please contact us if you would like to receive one.

Focus on payments: Cash machines >>

Graham Mott, Head of Development and External Relations at LINK, the UK's cash machine network, tells *Communiqué* about the many ways to use one

Cash machines have become a part of our day-to-day lives. Many of us take them for granted, but we'd certainly miss them if they weren't around. Most people take out cash two to three times a week, and the size of the LINK network – with over 63,000 ATMs – means that most of us are always close to one. So we tend to work on a 'just-in-time' basis, getting cash as and when we need it. This is reflected in the huge volume and value of cash which passes across the LINK network. In recent months, LINK processed on average up to 260 million transactions, with up to £10 billion withdrawn from our machines.

Although we all tend to use ATMs to get cash or check our account balance, other services are usually available. But many of us are often unaware that these other options exist. Almost all machines offer mobile phone top-ups: a simple, fast transaction that gives real-time mobile top-ups for all major mobile networks with no need to pre-register. The option to change your PIN to a number you'll find easier to remember is another service that is widely available across the LINK network.

When customers use their own bank or building society's machines, an even wider range of transactions are on offer. You can often deposit cash or a cheque at the machine, for example. More modern ATMs at bank branches often have a so called 'intelligent deposit' facility, that will take a picture of the cheque you are paying in, and give you a copy of the cheque on your receipt. Cash can also be paid directly into some ATMs rather than relying on an envelope. This gives customers more reassurance and makes the



service more user-friendly. Mini-statements are another very popular service. They offer a summary of your last ten transactions, which can help you manage your money, especially towards the end of the month.

In the near future, the most exciting development will be the launch of charity giving at cash machines. This pioneering new service will be going live in 2012. It will allow all 100 million LINK cards to make charitable donations at selected ATMs. The choice of charities will be down to each ATM operator. LINK is encouraging all our members to offer a range of several charities, and many operators are looking particularly at local charities. We know that customers like the idea of being able to donate to a local charity at the push of a button. LINK has been working closely with the Government on this, and more details will be announced very soon.



Contact details >>

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DRIVING CHANGE IN UK PAYMENTS

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