

PAYMENTS COUNCIL - NATIONAL PAYMENTS PLAN
“CONSULTING ON CHANGE IN UK PAYMENTS”

Response of



The Money Shop

Introduction

The Money Shop brand is part of the Dollar Financial Group Inc, a public listed company in the USA, and is the UK's number one instant cash provider. The Money Shop mission is, to provide convenient financial solutions for people wanting quick access to cash. We do this through a network of 250 high-street stores nationwide.

For reasons of convenience and accessibility, our customers choose to purchase some or all of their financial services – such as cheque cashing and short term loans such as Cash 'til Payday - from the Money Shop rather than from banks and other financial institutions. Indeed, we provide a competitive alternative to an unauthorised bank overdraft.

Money Shop customers demand service and convenience – with many utilising our services outside banking hours, including Bank Holidays – and the growth of the cheque cashing industry demonstrates the fulfilment of that need.

We recognise that, like any other financial institution, our products and services aren't right for everyone, but the cheque cashing industry has provided the safety net for those that find alternative choices too difficult or inconvenient.

The Money Shop brand is respected by its customers for our efficiency, speed, and professionalism when providing a much-needed service.

In this response to the Payment Councils Consultation paper we have elected to respond on questions 1 – 10 as this area will have a direct impact on our business.

Question 1: The Payments Council is minded to develop a proactive industry plan to manage what it sees as the irreversible decline in cheques. Do you agree that a plan for cheques should be developed?

The Money Shop do not believe that a plan should be developed. Although a decline in cheques has been noted it is seen as predominantly volumes and not values. Person to Person cheques do not make up any major part of the cheques that we

handle with business to person cheques making up the largest proportion, examples being insurance payments where the customer is uneasy about providing their bank details for one off transactions, or wages cheques where the employer does not have the facility to pay by any other means than cheque. SME's are also users of our services, whilst having bank accounts themselves (more than 80% of our customers have a bank account) they do not have the sophistication to accept payments in electronic format and indeed many would not want to, preferring the certainty a cheque provides rather than a promise to pay by electronic format. We further believe that many SME's and Individuals use the cheque as a means of short term financial planning knowing that it will take 3-5 days before the cheque reaches their account, it is simply not the case that every individual in every case wants their payments to clear immediately. Our customers are examples of this type of individual who will plan their spending particularly well and may rely on those extra few days.

A recent study conducted by the Money Shop in Newcastle found that two fifths of small business found dealing in cheques made doing business easier, and two thirds (66%) didn't have the Chip & Pin facility and of those only 13% were planning to have it installed

Question 2: For which types of payment currently made by cheque do new alternatives need to be introduced?

It is difficult to imagine any other type of payment than cheque or indeed cash for some establishments e.g small businesses or self employed, schools or clubs. It must not be ignored that there are a large number of individuals who simply do not want to provide their bank details and have a very low level of trust of establishments who request their bank details. It could also be argued that individuals use the cheque where they have little knowledge of the drawee, knowing that their exposure to risk is limited to the value of the cheque and there is no risk that their card details are being misused.

Question 3: Would it be acceptable for the National Payments Plan to include a target date of 2018 for the closure of the cheque clearing (on the assumption that acceptable alternatives to cheques have been developed)?

We believe that if there are alternatives available which work for all, then the decline of cheques will be accelerated and that this should be the preferred option as opposed to the forced removal of cheques and therefore the closure of cheque clearing.

Question 4: What sort of education of users is needed to support the migration away from cheques?

Education should not be necessary where the introduction of new payment methods is effective. If education is provided for products that do not meet the needs of all users then a negative reaction could be experienced turning the public away from the banks, those currently with mistrust may feel no better once their preferred option of payment has been removed.

Question 5: Do you agree that, as part of the National Payments Plan, there should be an objective review of the future of the Cheque Guarantee Card Scheme?

It is clear that there has been a decline in the issue of the Cheque Guarantee Cards and that this will obviously affect the number of guaranteed cheques being issued. In our experience there seems to be no reason for the decline in the issuing of the guarantee cards other than policy decisions made by the banks, it certainly does not appear to have been at the request of the customer. As the Cheque Guarantee Card Scheme was implemented some time ago, it would seem prudent to carry out an independent review of the scheme, examining the needs of the individuals in favour of the needs of banks.

Question 6: What other actions, if any, should there be in the National Payments Plan in relation to cheques?

There should be a thorough review of the cheque and the cheque clearing process taking consideration of the needs of the customer first, business to business customers do not have use of a cheque guarantee card but there are a large number of individuals who still prefer to issue a cheque in certain circumstances.

Question 7: Do you agree that, as part of the National Payments Plan, there should be an objective review of the future of the paper credit clearing?

Yes, however the review must be as objective as possible without influence from the banking sector.

Question 8: The Payments Council believes that the National Payments Plan should be developed on the assumption that cash will remain a major payment method for the foreseeable future. Do you agree?

Yes.

Question 9: Should the issues of the supply and quality of notes and coin in circulation be within the scope of the National Payments Plan? If so, how should they be addressed?

No Comment

Question 10: What other actions, if any, should there be in the National Payments Plan in regard to cash?

We do not feel that the Payments Plan should contain any actions with regard to cash.