

Retail-BCG Briefing

Cheque Imaging

November 2017

BN056





Table of Contents

1 Cheque Imaging: phased roll-out begins..... 3

 Very low volumes to begin with 3

 Two clearing systems running in parallel 3

 Cheques will clear faster 4

 Nobody has to do anything differently if they don't want to 4

 More choice 4

 Money arrives/leaves your account sooner..... 4



1 Cheque Imaging: phased roll-out begins

The start of the phased roll-out of a new, image-based cheque clearing system that will speed up cheque processing significantly for customers across the UK begins on 30th October 2017.

Very low volumes to begin with

Initially, the volume of cheques going through the new system will be small and the vast majority of customers will not notice any change to how quickly their cheques clear. However, over time, increasing numbers of cheques will be cleared using the new system and more and more customers will benefit from the faster timescale. Then, at some stage in the summer of 2018, all of the UK's banks and building societies will clear all cheques via the Image Clearing System to the faster timescale.

Two clearing systems running in parallel

Until then, two clearing systems will operate in parallel, which means that some cheques that customers write or pay in will be cleared more quickly via the Image Clearing System, and some will clear to the existing, six weekday timescale through the current, paper-based system. Banks and building societies will be advising their customers of their individual roll-out plans as appropriate.

Cheques will clear faster

One of the main benefits of an image-based system is that the cheque clearing process will be speeded up. It means that if a customer pays in a cheque on a weekday (Monday to Friday) and it is cleared via the new system, then they will be able to withdraw the funds by 23.59 on the next weekday (excluding bank holidays) at the latest.

Nobody has to do anything differently if they don't want to

Customers will still write cheques as they do today and give or post them to recipients in exactly the same way as they always have. Cheque recipients will still be able to pay in cheques in the normal variety of ways, such as at a bank or building society, by post or at an ATM.

More choice

Cheque imaging is also about providing more choice, and it means that some banks and building societies may offer their personal customers the additional option of paying-in an image of the cheque - by using a secure mobile banking app on their smartphone or tablet - rather than having to go to a bank to pay it in. For business and charity customers banks may provide desktop scanners linked to their online bank account, allowing them to pay in, as digital images, large numbers of cheques that they receive.

Money arrives/leaves your account sooner

Introduction of the new process means that when a cheque is cleared via the image-based system, not only will the recipient receive the money in their account more quickly; the money will leave the account of the person, business or charity that wrote the cheque to the faster timescale too, especially if the cheque recipient pays it in to their account via a smartphone, tablet or scanner.

The New Cheque Clearing Process



IMAGE CLEARING SYSTEM

Someone writes you a cheque and gives or posts it to you in the usual way.

01



02

You pay it into your bank account as you normally do.

Your bank carries out security checks and then creates an image of the cheque.

03



04

Some banks may allow you to create the image of the cheque, using a mobile banking app, saving a trip to your branch.

And if you are a **business or charity**, your bank may enable you to use a cheque scanner linked to your online banking.

05



06

Your bank sends the image securely through the new image clearing system, for sorting and checking; then on to the bank of the person who wrote the cheque, for payment.

This bank **also** carries out security checks and ensures that the cheque has not been paid in before. Finally it checks that there is enough money in the account to pay it.

07



08

If all is OK, it sends the money to your bank, which puts it into your bank account.

You will be able to use this money on the next weekday after you paid the cheque in, by 23.59 at the latest. Bank holidays excluded.

09



Pay-in Day

Next weekday

Pay-in Day: The cheque is paid into your bank account on a weekday for processing.

Next weekday...by 23.59 on the next weekday (bank holidays excluded) the money is yours and the cheque can't bounce.

30th October 2017

