

Cheque imaging explained



The Cheque and Credit Clearing Company (C&CCC) is currently managing a programme to introduce a new, easier and quicker way of clearing cheques across the UK. Called the Image Clearing System, it will enable images of cheques to be exchanged between the banks and building societies concerned instead of moving the paper around the country. This will allow money from cheques paid in to be available for withdrawal much sooner than currently.



What is cheque imaging?

Cheque imaging is the process that enables digital images of cheques to be exchanged between banks and building societies, through the Image Clearing System, for clearing and payment. This will significantly speed up the clearing process.



Why is this being introduced?

477 million cheques were used for payments and to acquire cash across the UK in 2016, showing that cheques are still an important part of the payments landscape. So to improve the efficiency and speed of the clearing process the C&CCC has chosen a method of clearing cheques that uses 21st century technology. This will help protect the future of cheques so that customers can use them for as long as they want.



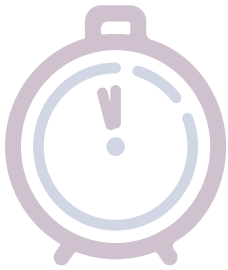
How will cheque imaging work?

You will still write paper cheques as you do now, but if you receive cheques you may be offered new ways of paying them into your bank or building society account.

You will still be able to pay cheques in at a branch counter just as you do now. An image of the cheque will be created by the bank or building society when the cheque is paid in and it will be this image that will be exchanged electronically through the new system between the relevant banks and building societies.

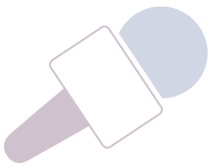
In addition, if your bank or building society offers this service, as a personal or small business customer you will be able to image cheques you receive using a secure imaging tool on your mobile banking app and then upload the images for paying in and processing by your bank or building society.

If you are a corporate or charity customer you may be offered a scanning facility by your bank so that you can scan large numbers of cheques yourself to create images, which you will then be able to upload to your online bank for processing.



What will the clearing timescales be using the new Image Clearing System?

Cheques processed through the new system will clear more quickly. It will mean that if you pay in a cheque on a weekday (before your bank's advertised cut-off time) you will be able to withdraw the funds by 23.59 on the next weekday (provided that the cheque has not bounced). However, 23.59 will be the latest timescale that banks and building societies will be working to and many are likely to allow their customers to access their funds earlier than this.



When will the new Image Clearing System be introduced?

The new system will go live with certain banks and building societies from 30th October 2017. Then, at some stage in the second half of 2018, all of the UK's banks and building societies will clear all cheques via the image-based system to the faster timescale. The precise date as to when this will happen will be announced by the industry in due course. Banks and building societies will also advise their customers at the appropriate time regarding their individual roll-out plans.



Why aren't all banks and building societies on board from day 1 (30th October 2017)?

The introduction of faster cheque clearing involves the creation of a completely new payments system – it is not a simple overhaul of the existing clearing process. The complexity of the project, coupled with there being many financial organisations that need to come together to deliver this technological leap-forward for the cheque, means that there will be a phased introduction rather than an industry-wide launch from day one.



Will the new Image Clearing System be UK-wide?

Yes, the new system will be UK-wide. The C&CCC is working with the Belfast Bankers' Clearing Company to ensure that banks and building societies in Northern Ireland clear their cheques through the new system along with all the banks and building societies in Great Britain.

What are the benefits to me as a customer?



Cheques will be processed more quickly - the funds from a paid-in cheque will be available to you more quickly than at the moment. The new system will speed up the time it takes a cheque to clear from six weekdays to the next weekday (bank holidays excluded).



The future of the cheque is secured - the move to image processing will help protect the cheque so that you can continue to use them for as long as you want.



Some banks and building societies may offer additional ways to pay-in cheques - introduction of the new system will mean that some banks and building societies will give their 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 branch to pay it in.



You don't have to do anything differently if you don't want to - you will still write cheques and give them or post them to recipients just as you do now. If you want to carry on paying in cheques as you do at the moment, you will still be able to do so.



More competition and more choice - the new system will make it easier for new challenger banks to enter the market with cheque products, which could increase competition within the sector. More competition means more choice, and this should lead to better products for you.



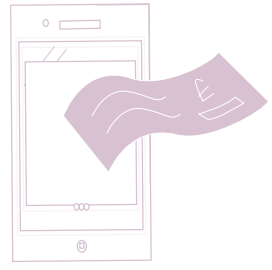
If I pay my cheque in via a mobile app, do I need to keep the original paper cheque?

The terms and conditions of your bank account will explain how long it is advisable to retain the paper cheque for and at what point you will be able to dispose of it, preferably by ripping it up or shredding it.



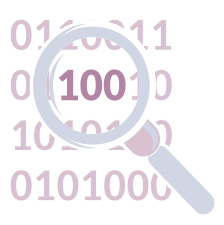
Will I be able to stop a cheque when the faster clearing timescales are introduced?

Yes. You have a legal right to stop a cheque before the cheque has been paid (Bills of Exchange Act 1882) so this won't change once the new system is introduced. However, there will be less time to do this as the clearing timescales will be much quicker. There are also limited circumstances in which this is permissible, as has always been the case. You should talk to your bank first.



What happens if a cheque that I have paid in 'bounces' - how will I be notified?

If a cheque is returned 'unpaid' then you will receive notification more quickly than at present. You will receive a copy of the image of the cheque rather than the actual paper cheque itself. The cheque image will be the legal instrument. This will provide you with all the information you will need either to represent the cheque (if your bank offers this service), or take other appropriate action.



How will the new system protect me against fraud?

In-built security techniques and checks will be deployed to help prevent fraud, so provided you have kept to the terms and conditions of your account you will be protected if you are an innocent victim of fraud, just as you are now.



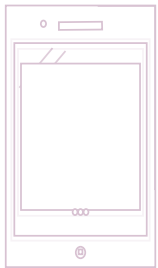
Will I need to do anything differently?

No, not if you don't want to. The new system will allow banks and building societies to offer image tools on their mobile banking apps if they wish, so that you will be able to use your smartphone or tablet to pay in cheques for processing, rather than visiting a branch. However, if you do want to carry on paying in cheques as you do at the moment, you will be able to do so.



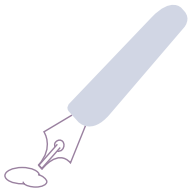
Will mobile banking apps just naturally get upgraded to take images of cheques? Will imaging be easy to do?

Where banks and building societies offer a cheque imaging app they will make sure it will be very easy for you to use. Cheque imaging might be part of a mobile banking service, there might be a special app or the bank might not offer the service at all. You will need to speak to your bank or building society to find out if they will be offering a cheque imaging app as part of their cheque clearing service.



Will I be able to make images of cheques I have written and send them to recipients via my mobile phone?

No. You will still write cheques and give or post them to recipients just as you do now, but your bank or building society may offer you new ways to pay in cheques that you receive. It is at this point that the paper cheque will be imaged.



Will I still be able to use my existing chequebook?

Yes, you will still be able to use your existing chequebook.



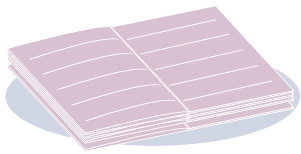
Will the new Image Clearing System impact the way items such as postal orders, sterling travellers' cheques, bankers' drafts, dividend cheques, government payable orders and warrants are cleared and paid?

Yes. The new system will process all of these as well as cheques.



Will the new Image Clearing System process cheques in foreign currencies as well?

No. The new system will process sterling cheques, postal orders, travellers' cheques, bankers' drafts and dividend cheques drawn on UK banks and paid into a UK bank account in the UK, but not foreign currency cheques.



How is it possible that some banks are already able to accept cheque image deposits from their customers via a mobile banking app?

Banks that are currently piloting cheque image deposit using secure mobile banking apps are only allowing customers to pay cheques drawn on the same bank, so the physical cheque does not have to be moved to another bank.



How are cheques currently cleared?

Cheques are physically transported from bank or building society branches to central clearing centres where they are processed before being exchanged with the relevant banks and building societies for payment. It has always been done this way because the law required it.



How long does it currently take to clear a cheque?

Currently it takes six weekdays before you can be absolutely certain that your cheque won't bounce (bank holidays excluded).



What is the Cheque and Credit Clearing Company?

The C&CCC is a non-profit making industry body funded by its member banks and building societies that is responsible for managing the cheque clearing system in Great Britain. As well as clearing cheques, the system processes bankers' drafts, postal orders, dividend cheques, warrants, government payable orders and sterling travellers' cheques.

The clearing of cheques in Northern Ireland is managed by the Belfast Bankers' Clearing Company.

Where can I find out more?

You can find out more at www.chequeandcredit.co.uk, by contacting us on questions@chequeandcredit.co.uk or by asking your own bank or building society for more details.



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