

# Speeding up cheque payments: legislating for cheque imaging

Ref: 0214

April 2014

All rights reserved. Third parties may only reproduce this paper or parts of it for academic, educational or research purposes or where the prior consent of Age UK has been obtained for influencing or developing policy and practice.

Lucy Malenczuk  
lucy.malenczuk@ageuk.org.uk

Age UK  
Tavis House  
1-6 Tavistock Square  
London WC1H 9NA  
T 0800 169 80 80 F 020 3033 1000  
E [policy@ageuk.org.uk](mailto:policy@ageuk.org.uk)  
[www.ageuk.org.uk](http://www.ageuk.org.uk)

Age UK is a charitable company limited by guarantee and registered in England (registered charity number 1128267 and registered company number 6825798). The registered address is Tavis House 1-6 Tavistock Square, London WC1H 9NA.

---

## **About this consultation**

The Government is consulting on proposals to change legislation to allow cheques to be processed differently. The changes will require investment in systems which should allow cheques to be processed more quickly, facilitate innovation such as using mobile phones to send cheques to the bank and make it cheaper for banks to process cheques therefore making them more sustainable. This consultation follows Government intervention to require banks to end the cheque replacement programme and 2013 legislation to introduce a new Payment Systems Regulator.

## **About Age UK**

Age UK is a charity and a social enterprise driven by the needs and aspirations of people in late life. Our vision is a world in which older people flourish. Our mission is to improve the lives of older people, wherever they live.

We are a registered charity in the United Kingdom, formed in April 2010 as the new force combining Help the Aged and Age Concern. We have almost 120 years of combined history to draw on, bringing together talents, services and solutions to enrich the lives of people in later life.

Age UK provides information and advice to over 5 million people each year, runs public and parliamentary campaigns, provides training, and funds research exclusively focused on later life. We support and assist a network of around 170 local Age UKs throughout England; the Age UK family also includes Age Scotland, Age Cymru and Age NI. We run just over 450 Age UK charity shops throughout the UK and also offer a range of commercial products tailored to older people.

Age UK also advocates for older consumers. Particular areas of focus in financial services in the recent past have been payment systems (including work on the future of cheques); access to banking more generally (for example accessibility of telephone and online options, treatment of powers of attorney); equalities (for example calling for blanket age limits in lending to be replaced with appropriate use of underwriting).

---

## Key points and recommendations

- We welcome the Government's decision to ensure sustainability of the essential service currently provided by cheques
- To ensure sustainability of the most valued characteristics of cheques, the Government must legislate to ensure consumers will continue to be able to pay paper cheques in at their bank branch
- The new Payment Systems Regulator could be given a role in ensuring that this legislation does not create a barrier to new entrants to payment service provision

### 1. Introduction

We are pleased to respond to this consultation on cheque imaging. We recognize it offers exciting potential for innovation, however our response focuses on completing the work started to save the cheque - ensuring that all older people have access to safe, convenient and affordable payment services that meet their needs.

### 2. Responses

**Q3: Do you agree that the government should legislate to protect the choice of customers to deposit paper cheques in branch, even where there is the option of paying in via smartphone?**

Yes. The cheque is especially valued by some older people and other groups who find it is the only way they can safely make some types of payments. We support innovation which may increase the businesses and traders willing to accept cheques, however this must not be at the expense of what makes the cheque so important. Given the recent history of the cheque replacement programme we believe that **it is important that the Government takes a strong stand to ensure that vulnerable consumers are protected and legislates to require institutions with a branch network to continue to accept cheques at branches and via the post.**

We are aware of arguments that legislating for payment at branches is: (i) too inflexible; and (ii) could restrict competition from new entrants. We consider that there are ways to mitigate these concerns whilst giving consumers the protection they need.

Given the changing nature of bank branches we could envisage alternative pay-in points, for example the post office or other trusted networks. We would also encourage consideration of new approaches, such as shared bank branches. If the Government considers these arguments to be strong, we would suggest allowing the new Payment Systems Regulator to review this requirement and to specify alternative paying-in points if appropriate locations are identified in the future. So the legislation would require that payment service providers with a branch network continue to permit payment in of cheques at branches or any alternative location as may be specified by the Payment Systems Regulator. Given the recent history of the cheque replacement programme we consider it appropriate that the Government starts from a place of strong consumer

---

protection with scope for industry to demonstrate acceptable alternatives, rather than an assumption that appropriate alternatives will become available.

## **2. Other comments**

We note that the debate over ability to pay in cheques at a branch must be considered in the context of current trends in the branch network, especially shrinking numbers of branches, reduction in services offered in branch and increased automation of branches. Innovation in the changing nature of branch access must take into account the needs of all consumers and we hope that the Payment Systems Regulator will help to drive innovation in the interests of consumers in this area.