



13 September 2016

Payment Strategy Forum Secretariat  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

Dear Ruth Evans,

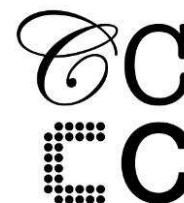
**PAYMENTS STRATEGY FORUM: BEING RESPONSIVE TO USER NEEDS - DRAFT STRATEGY FOR CONSULTATION**

The Cheque and Credit Clearing Company (C&CCC) welcomes the opportunity to respond to the “Payment Strategy Forum: Being responsive to user needs - Draft strategy for consultation”.

The Cheque and Credit Clearing Company (C&CCC) was established in 1985 and from that time until the present day, is proud of its record in providing members with the central payment system services for the exchange and settlement of cheques and credits.

Our objective is to ensure that cheques and credits remain a viable, secure and efficient choice of payment for all users. To achieve this we promote innovation and competition choice by driving improvements in processing, service and efficiency; and provide a trusted centre of excellence for anyone with an interest in cheques or credits.

In the evolving payments landscape, cheques and credits remain a preferred and trusted payment option among certain groups and for certain types of payment. For example, cheques remain a convenient way for businesses to pay a trade supplier and manage cash flow, and amongst consumers, are a popular way to pay utility bills, tradespeople and clubs or societies. In the past year, nearly three-quarters of UK charities and three-quarters of UK businesses both received and made payments by cheque over a monthly period. Cheques are an inclusive product, used by anyone who prefers a more traditional payment method whether it be individuals, businesses or charities (and new deposit channels should make



them attractive to more). In total, 558 million cheques were written in 2015 with a total value of £624 billion.

In line with the Payment Strategy Forum's commitment to unlock competition and innovation in payments, C&CCC is working to deliver the Image Clearing System (ICS), which will bring the cheque into the digital age via the implementation of an image-based cheque clearing process in the UK.

ICS presents a multitude of benefits for the consumer, including a quicker clearing time, more competition and choice (by making it easier for new participants to enter the market with cheque products) and ensuring consumers that use cheques have the ability to do so for as long as they want to. It will continue to handle all items currently processed via the paper clearings, such as cash, warrants, and Postal Orders. It is predicated on a participation model which gives many of the advantages of the new payments architecture and possible transitional solutions: it is being built to be ISO20222 compliant, will offer a debit request to pay function and support open access (non-PSPs can be direct participants and have the same rights as other direct participants). It will be capable of delivering more than the cheque clearing by use of image: ICS will have the capability of delivering Assurance Data and transferring Enhanced Data and more (with further development) such as business invoicing and image exchange between participants and end users.

ICS will revolutionise not only the end user experience of using a cheque (without forcing people to change the way they write cheques or the way they pay them into their bank accounts), but also the paper clearing process by delivering many components of the new payments architecture outlined in the draft strategy for consultation. ICS is the future of cheques and an important part of the future of the payments landscape. That being the case, I was surprised by the limited mentions of cheque clearing and ICS throughout the strategy. As the Payment Systems Regulator and HM Treasury are both aware, we will deliver ICS before the delivery of the Forum's proposed solutions. With this in mind, I would be happy to meet with the Forum to discuss how ICS can be incorporated into the strategy's proposed solutions.

With regards to the solutions, I hope our response is helpful and aids the Forum in shaping the final strategy expected later this year. As you will see, we have submitted a detailed response to Q15a. It is essential that if there is a move to a single entity, this must not interfere with the delivery of the Image Clearing System, which is vital for the cheque industry and its users. Furthermore, we are concerned that the cost benefit analysis of the proposed solutions has not yet been completed. The Forum must also be confident that it has consulted all available research and fully understands the needs of all end users.



As we have demonstrated through our commitment to delivering ICS, C&CCC is a promoter of innovation and competition. We support the Forum in its aims to deliver a responsive, resilient, trustworthy and accessible payment system that is fit for the 21<sup>st</sup> century.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'S Grigg'.

Steve Grigg  
CEO