



CHANGING PAYMENTS UPDATE

February 2017

from the TALL Group of Companies

“With so much change on the horizon, we have a great opportunity to continue to deliver world class payments across the board”

Maurice Cleaves, Chief Executive, Payments UK (Jan 2017)

Cheque volumes in the UK may have dropped from four billion in 1990 to 558 million in 2015, however the introduction of the **Cheque Image Clearing System (ICS)**, formerly known as the Future Clearing Model, will modernise the payment method, with banks using digital images of the cheques to process all payments. Martin Ruda, Managing Director of the TALL Group of Companies, explains how this innovation will benefit the payments industry, businesses and consumers alike.

There were **345 million** cheques written in 2016 in the UK to a value of **£400 billion***

(* Source: Cheque & Credit Clearing Company. Figures show inter-bank payments only)



“I recently had the pleasure of listening to a presentation from Jane Bevis, the Independent Chair at the Cheque & Credit Clearing Company, who was discussing the Cheque Image Clearing System (ICS).

During her speech she said that, “the *good old dependable cheque* is set to become the **innovative, new, dependable cheque**”. I applaud Jane’s comment, and I believe that businesses, consumers and the payments industry as a whole will benefit from a modernised process for clearing cheques.

The key benefit of the Cheque Image Clearing System will be the ease and the speed with which funds are paid from one account into another. Rather than waiting for the best part of a week, the new system will guarantee that funds will clear by the end of the next working day. However, under the new model, some financial institutions could choose to make the funds available even quicker than that, depending on the customer, their appetite for customer service and the amount being transferred. The clearing process could even be reduced to just a couple of hours and eventually be in near real-time.”

So what is driving change?

The introduction of the new **ICS** will improve the efficiency and speed of the cheque clearing process by using the latest 21st century imaging technology, either through a mobile phone or dedicated cheque scanner, whilst at the same time protect the continuing use of the paper cheque for those who feel more comfortable using this traditional payment method.



Even the **cheque document** itself, that has been around since the 1600’s, is having a makeover. The need to keep one step ahead of fraudsters who could take advantage of the reduced clearing cycle is being addressed, and measures taken to highlight potentially fraudulent items from entering the shortened clearing process.

The addition of Image Survivable Features (ISF’s) onto the face of the cheque can help with fraud prevention. Image survivable security features are currently very topical within the cheque printing and clearing industry. The process refers to the application of secure content on an original cheque document to ensure the validation of the item when the electronic image is scanned, which then forms the basis of the clearing process. The focus of image survivable technology is the ability to automatically differentiate between a potentially fraudulently issued, or counterfeit document, and the original cheque item, once the paper cheque has been deposited. In the ICS environment only the digital image remains available for inspection during the clearing process.

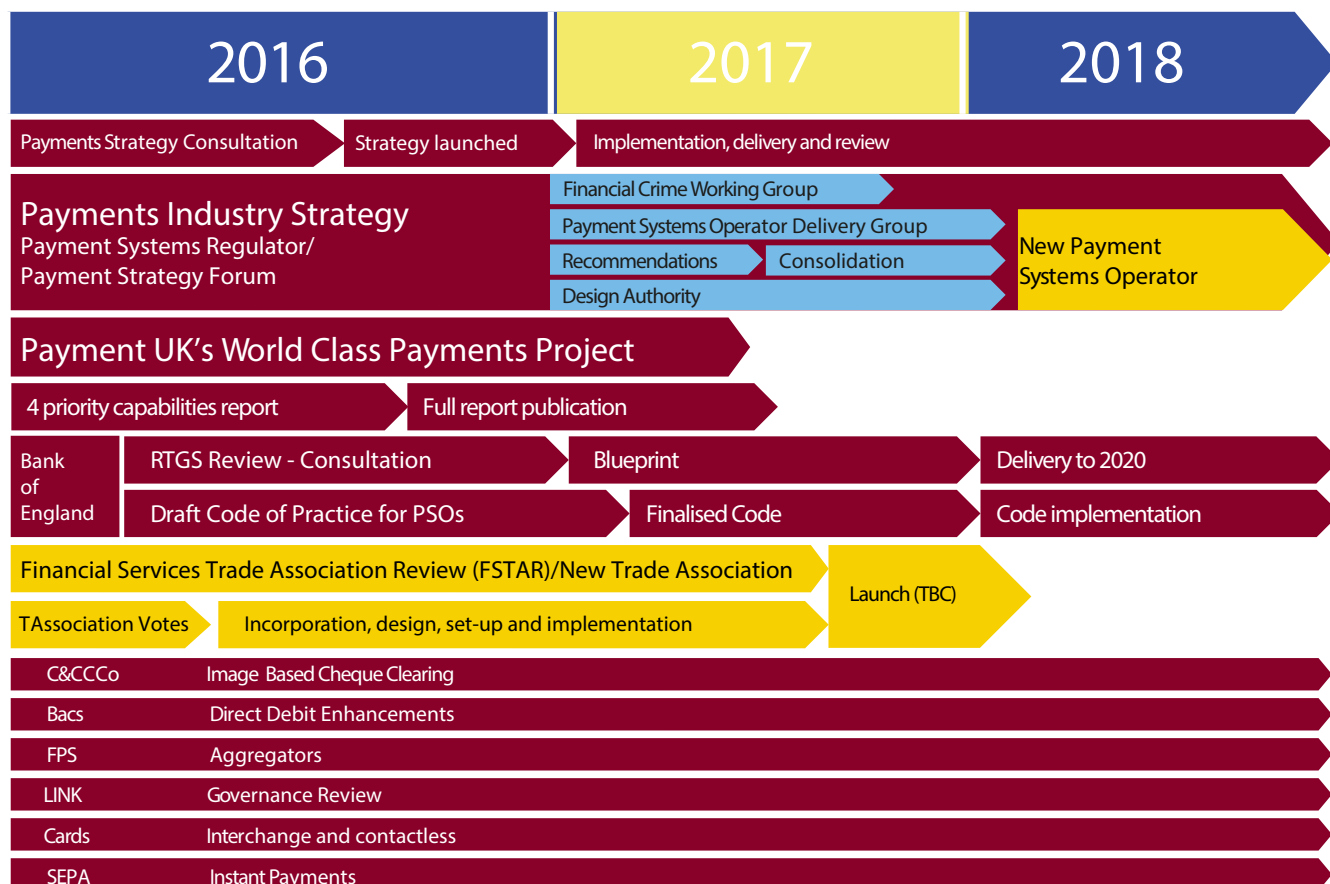
Features such as the Unique Coded Number (UCN), that encrypts key data from the originally printed cheque, are an example of an image survivable feature that can be analysed as part of the cheque image data, and verified either at the point of scanning or during the clearing process.



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Timeline: an overview of current industry developments



Timeline Original Source: "Changing Payments Landscape - How 2017 will change the way we pay for good" (A Payments UK Report - Jan 2017)

The **CHEQUE IMAGING** People



Visit our dedicated Cheque Imaging website at www.remotedeposit.co.uk to find out more about cheque imaging, remote deposit capture and how the TALL Group is leading the way in developing solutions for businesses to deal with image based clearing.

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