

MEDIA RELEASE



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‘Building a bridge to the digital economy’: APCA announces plan to manage the decline of cheques in Australia

The Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, today announced a plan of action for managing the decline of cheques in Australia’s payments system, including key measures to improve access to the digital economy.

The Report released today follows an extensive public consultation process undertaken by APCA over the last 12 months.

Over the past decade cheque use in Australia has dropped by more than 60% in favour of more efficient electronic alternatives. APCA conducted the consultation to ensure that as cheques become scarcer and inevitably more difficult to use, community payment needs continue to be met.

The Report confirms that on current evidence there is no need to consider closing Australia’s cheque system despite the irreversible decline of cheques. Instead, Australian cheque providers and users can continue to make their own choices about replacing cheques with electronic alternatives. APCA concludes the market for payments is sufficiently flexible and responsive to user needs that providers can continue to offer cheque services as long as there is demand.

APCA CEO Chris Hamilton said: “We believe competitive forces will see providers and users make their own decisions about cheques, but as volumes continue to drop, cheques are likely to become a niche service. Our plan is designed to manage the transitional challenges that this will present.”

Already, the average cost of cheques to the community is estimated at \$7.69 per cheque, as compared to less than \$1.21 for each electronic payment, according to the Reserve Bank.

The Report’s Recommendations and Commitments include industry collaboration to enhance the payments system to support emerging payment products, deeper engagement with government and stakeholders to address existing barriers, and efforts to boost public awareness of the benefits of electronic alternatives, and how best to access these alternatives.

Research commissioned by APCA found that 75% of Australians no longer use cheques. However, 5% of people believe they would struggle to find an alternative to using cheques. APCA found those groups of Australians most likely to be affected as cheques continue to decline are the aged, those living in rural and regional Australia and not-for-profit organisations.

According to APCA, access and usability issues that make it challenging for these groups to move away from cheques also make it difficult for them to share in the benefits of the emerging digital economy. Both the payments industry and Government can do more to make this easier.

“It is clear that the issues affecting cheque users can’t be viewed in isolation. Industry needs to work with policymakers and stakeholders to ensure our payments system enables access to the digital economy for all Australians,” Mr Hamilton said.

“*The Decline of Cheques: Building a Bridge to the Digital Economy*” is available at www.apca.com.au.

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About the Australian Payments Clearing Association (APCA)

APCA is the self-regulatory body set up by the payments industry to improve the safety, reliability, equity, convenience and efficiency of the Australian payments system. As part of this role, APCA manages payment and infrastructure systems. APCA has five clearing systems covering cheques, direct debits and direct credits, aspects of EFTPOS and ATM transactions, high value payments and bulk cash exchanges between financial institutions. It also manages the COIN infrastructure system. APCA has around 80 members including banks, building societies, credit unions, the Reserve Bank and other participants across its systems.