

First, let me proffer a statement that I have previously used but was originally coined in the USA by Chris Dowdell, Chair of ANSI X9B – X9B is the 70-strong Committee responsible for maintaining, researching and updating the technical standards and specifications for cheques:

“Checks, which are the very currency of business, have provided banks, businesses and their customers with an efficient and economical payment instrument. Worldwide, the check remains the non-cash payment medium of choice”.

The Future of Cheques and Deposits in Australia

Cheques and Deposit provide the following benefits:

1. They are a means of cross referencing income and expenditure
2. Enables accounts to be reconciled in the event of a dispute
3. Is the best means to enable year end accounts to be prepared with surety and consistency
4. Businesses are encouraged to use these means by the taxation authorities.
5. Has been the best form and evidence of reporting since their inception.
6. Is the best proof of record in the event of audit and the ability to be tracked within the banking system
7. Discharges the obligation of business as it provides the minimum form of record for a business to prepare financial reports as required by law.
8. Is preferred by businesses in dealing with each other all over the world.

For the foreseeable future (say till 2020) it is highly likely that the cheque/deposit principle will remain the preferred choice by small businesses. Small business shares a concern with banks for the overall security of the any payment system. But, small business is suspicious of any move to ‘electronify’ the existing cheque/deposit processes. That system enjoys a far lower fraud rate than most competing alternatives. On APCA’s own admission cheque fraud has dropped in the past year from 1.9 cents to 0.8 of a cent in every \$1,000. It is agreed that there has been a significant decline in the use of personal cheque books which may have helped reduce some of the cost of fraud. However, the reduction in cheque fraud may also have been helped by the improvement in security standards carefully drafted into APCA specifications by the DPSs-c and Advisory Council deliberations.

Robert, hope this helps. If you’ve any queries please give me a call.

Sincere regards

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