

Britain's banks have u-turned and scrapped plans to consign cheques to the history-books

In late 2009 members of the Payments Council voted to set a provisional target of 2018 for the abolition of cheques – which have seen declining popularity in recent years – with a review scheduled for 2016.

However, the decision provoked widespread concern and in April Parliament's Treasury Select Committee reopened its probe into the plans, after in their words they had been "inundated with letters".

The Payments Council has now cancelled its plans, promising that "cheques will continue for as long as customers need them.

IPIA Member TALL Security print have provided this article.

A HISTORY OF CHEQUES ...SO FAR

Cheques are not legal tender, rather legal documents whose use is governed by the Bills of Exchange Act 1882 and the Cheques Acts of 1957 and 1992.

The history of the cheque dates back to the 13th Century in Venice when the bill of exchange was developed as a legal device to allow international trade without the need to carry around large amounts of gold and silver. Their use was subsequently adopted in France, and from there the practice was brought to England.

The first known reference to these bills in English law is in a 14th century statute, which states that they could be used to carry funds out of the country. Back then bills were for international business use and were not used for trade within England or by individuals. The bills were usually payable abroad at a future date and in a currency other than that of the drawer's home country.

During the 17th century, bills of exchange started to be used for domestic payments. Cheques, a type of bill of exchange, then began to evolve and on 16 February 1659, one of the earliest handwritten cheques known to be in existence in the UK was written. It was made out for £400, signed by Nicholas Vanacker, made payable to a Mr Delboe and drawn on Messrs Morris and Clayton, scribes and bankers of the City of London.

In 1659 England was a Republic under Richard Cromwell; Sir Isaac Newton was still at school; and the Great Fire of London was seven years away from sweeping through the City.

The first known cheques printed with the name of the issuing bank were produced by Child & Co some time before 1762. Commercial Bank of Scotland is believed to have been the first bank to personalise its customers' cheques, with the earliest example reported from 1811. Both of these companies eventually became part of The Royal Bank of Scotland Group.

The first clearing house building, initially owned by a group of private bankers, was built in Lombard Street in 1833. Today's Cheque and Credit Clearing Company (established in 1985), the way in which cheque payments are processed has become more automated and more standardised, and modern cheque processing machines can read around 1,000 to 1,800 items per minute.

From as early as the 1920s and 1930s, businesses were printing cheques with their logos and branding.

In 1990 cheque volumes hit their peak with eleven million cheques issued each day. If all the cheques that went through the clearing system in 1990 were laid end-to-end, they would stretch 12 times around the world.

ITV game show Who Wants To Be a Millionaire?, which began in 1998, is still issuing winners with cheques signed by host Chris Tarrant.

Since 1985 the Cheque and Credit Clearing Company has cleared more than 44.8 billion cheques, with a value of £26,850 billion.

Cheques continue to be popular for business-to-business payments, accounting for 40 per cent of all non-cash payments.

TIMELINE

1717: Bank of England introduced printed cheques

1770: Daily cheque clearings formalised

1811: First known personalised printed cheques produced

1821: Committee of bankers formed to regulate clearings in London

1833: First clearing house built in Lombard Street, London

1939: Clearing transferred from London to Stoke-on-Trent due to World War II

1946: Clearing transferred back to Lombard Street, London

1965: First cheque card issued allowing sterling cheques to be guaranteed up to the value of £30

1966: First credit card, Barclaycard, introduced in the UK

1969: UK Domestic Cheque Guarantee Card Scheme introduced

1985: Cheque and Credit Clearing Company established

1987: First debit card, Connect, introduced in the UK by Barclays

1989: First telephone-only bank, First Direct, introduced

1990: Peak year for cheque volumes

1996: Scottish cheque clearing with Scottish Exchange came under the responsibility of the Cheque and Credit Clearing Company

1997: First internet banking service introduced by Nationwide

2005: Shell stopped accepting cheques

2005: London Exchange moved to Milton Keynes and renamed the English Exchange

2007: Cheque volumes declined by fastest rate ever 2-4-6 changes introduced to cheque clearing process giving customers certainty on cheque funds for the very first time

2008: Most other major retailers stopped accepting cheques Faster Payments Service introduced for online, phone and standing order payments

2009: Payments Council published National Payments Plan suggesting active management of the decline of the cheque is required, with a possible closure of the cheque clearing in 2018

2011: The Payments Council cancelled its plans to abolish the cheque, promising that "cheques will continue for as long as customers need them".

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