

Press release
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MPI Europe

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UK cheque timetable changes hit non-clearing banks hardest

24th November 2006 – MPI Europe announces additional support for its fastpayments.co.uk joint venture, to allow the incorporation of information on the latest changes in cheque timetables – a particular challenge for non-clearing banks in the UK. This is in addition to the information already available on this site for Faster Payments.

The announcement by the Office of Fair Trading (OFT) this month of the new cheque processing arrangements adds to the complexity of the challenges for non-clearing banks already tackling the diverse impacts of the near real time payments initiative for the UK - also known as Faster Payments. Faster Payments is also due to be implemented by the same date - November 2007. Both requirements hit many of the same areas e.g. the need for faster fraud, anti-money laundering and credit checking in addition to the specific payment channel changes. The combination will also make testing the resulting processes more complex.

"From our most recent research, it is clear that non-clearing banks in the UK will have a tough year in 2007 with the joint challenges of addressing UK Faster Payments and the cheque timetable changes." said John Cant, MPI Europe's Managing Director. "For these reasons, we are extending our support to our existing fastpayments.co.uk joint venture to include material to understand the linkages between these initiatives. We are also enhancing our testing approach, including linkages to significant specialist test firms, as we see this as a key requirement for payments in 2007."

To explain the cheque timetable changes in more detail, the OFT will enforce a "2 4 6" rule for cheque processing to benefit receivers of cheques from November 2007. This means that from 2 working days of paying in, the bank has to start paying interest, from 4 days the recipient can withdraw money and from 6 days the transaction is irrevocable, unless the payee is a knowing party to fraud. All the main clearing banks already meet at least the 2 and 4 day timescales for cheques paid in at their own branches. However, the non-clearing banks are hit harder as they use the clearing banks to provide them payment services and have to perform their processing only once the clearing bank has completed theirs. Hence they will have to improve their cheque processing and accounting systems to meet the new 2 4 timescales.

Notes to editors:

MPI Europe Limited (www.mpi-europe.com) was founded in 2004 by ex-KPMG Consulting Partner, [John Cant](#). As a specialist Financial Sector consultancy, MPI Europe brings thought leadership and experienced financial specialists, plus tried and tested approaches to add to your team. Our particular specialist areas include payments, risk, regulatory and compliance consulting, application implementation and programme and project management. With an implementation focus, we help drive your projects from concept to delivery – working with you to deliver business benefit. Contact john.cant@mpi-europe.com

www.fastpayments.co.uk is a free web-based industry information source, conceived, implemented and run by three financial sector management consultancy companies, MPI Europe, RT IT Consulting and Real Consulting Services. The information provided on the site is generated from "hands on" financial sector implementation experience for the benefit of the banking industry. For more information please contact us through the website.