

Cheque Guarantee Card Scheme to close on December 31st, 2011

Issued by the Irish Paper Clearing Company Limited

9th December 2010

The Irish Paper Clearing Company Limited ("IPCC") today announced that the Cheque Guarantee Card Scheme in the Republic of Ireland ("the Scheme") is to close on 31st December 2011.

Cheques written and accepted under the Scheme guarantee, up to and including the closure date of the Scheme, and presented within six months of the date of the cheque, will be paid where the Rules of Use of the Scheme have been complied with. Cheques written and accepted after that date will not be covered by the Scheme, will be treated as regular cheques (i.e. payment will not be guaranteed) and they may be returned.

Cheque usage in Ireland has been declining rapidly as more and more people choose to make their payments electronically and only a tiny percentage of cheques are written in conjunction with a valid cheque guarantee card. Further, two of the six member banks of the Scheme gave notice in 2010 of their withdrawal from the Scheme.

In such circumstances it has been decided by IPCC that there should be an orderly wind down of the Scheme, thereby facilitating clarity and certainty for both writers and receivers of cheques and to avoid ongoing confusion.

Key cheque facts:

- Other than Ireland, the UK is the only other country in the world with such a scheme and this is due to close on June 30th 2011
- The average value of a cheque written in Ireland is over €5,000. The Cheque Guarantee Card Scheme covers cheques up to €130
- Many high street retailers no longer accept cheques at all and only a small percentage of them rely on the Guarantee itself
- Cheque usage in Ireland has been declining since 2005, and by almost 30% in the last three years
- Only about 1.5% of cheques are guaranteed in conjunction with a valid Cheque Guarantee Card
- There are 1.4 million Cheque Guarantee Cards in Ireland. 55% of debit cards do not have the Cheque Guarantee function. 71% of ATM cards do not have the Cheque Guarantee function
- There are 7.7 million payment accounts

Alternatives to guaranteed cheque payments:

- Widely accepted alternatives to guaranteed cheque payments that are increasingly favoured include debit card payments. Debit cards in Ireland outnumber Cheque Guarantee cards by more than two to one
- Other card functions (e.g. ATM, debit) will not be affected
- Where a business does not accept card payments, a payer can make an electronic payment directly from his/her bank account to the bank account of that business. By January 1st 2012 all such payments will be processed and paid into the beneficiary's account by the following business day at the latest
- Cheques can be written and accepted as usual after the Scheme closure date, the only difference will be that the guarantee offered under the Scheme will no longer apply

To help answer questions that businesses or consumers may have, a Cheque Guarantee Card Scheme Closure information sheet will be available on the [Consumer Corner](#) and [Business Centre](#) sections of the [IPSO website](#).

For further information please contact: The Irish Paper Clearing Company Limited on 01-6636740 or go to www.ipso.ie.

Notes to editors:

- The Irish Paper Clearing Company Ltd. was established in June 1997 to create, maintain and operate a payment, clearing and settlement system for domestic paper debits and credits. The company is run by a board of directors comprising one representative from each of the member banks. It is responsible for the inter-bank paper clearing mechanisms, which enable paper credits and debits to be exchanged between all financial institutions within the State. It is responsible for the imposition of rules and standards and the upkeep and updating of those rules and standards.
- The Irish Payment Services Organisation Limited (IPSO) was established in June 1997. IPSO is the representative industry body, the voice and guardian of the payments industry and the strategic interface with all payments stakeholders. Its fundamental principles are to preserve the integrity and security of the payment systems and to promote and oversee the strategic development of such systems in the interest of the industry and the general public.
- The logo that appears on cards that are part of the Cheque Guarantee Card Scheme is shown below.

