



Closing the book on cheques?

SENIORS groups will fight to retain cheques as a payment option as the Reserve Bank prepares to release a report which will discuss issues including whether cheques should be phased out.

The review of Innovation in the Payments System, expected to release its final report by the end of the year, will also consider whether cheque processing could be more efficient to make the system sustainable for declining user numbers, and whether government agencies should change their payment policies to influence cheque usage.

The Australian Payments Clearing Association, representing the banking industry, is also reviewing the future of cheques and possible alternatives.

Reserve Bank research last year found cheques had fallen from 40 per cent of non-cash payments in 1995 to around 5 per cent.

However, while less than 40 per cent of consumers had made a payment by cheque in the past year, that figure rose to 57 per cent among people aged 60 or older.

Reserve Bank of Australia assistant governor (financial systems) Malcolm Edey told a payment systems conference in Sydney the most common reason given for cheque use was that people felt they had no alternative.

"This is significant given that one of the issues being considered by both the industry and the current review is the scope for phasing out cheque use," he said.

Because the number of cheques being written in Australia has been declining by an average 9 per cent per year, unit costs have increased to more than \$4 per cheque.

One option being considered is to pass more of these costs on to the customer.

Aged and Community Services WA chief executive officer Stephen Kobelke said any attempt to phase out personal

cheques would affect vulnerable older people and create greater potential for financial abuse.

"People who are frail aged and use cheques as their primary payment method would have the potential to lose confidence in their ability to manage their financial affairs and become more dependent on others if this payment method was phased out," he said.

Mr Kobelke said research showed only about 50 per cent of people over 60 had used a computer in the past 12 months, meaning internet payment methods were often not an option for older people.

"We are also concerned that direct care staff may be put in difficult situations when providing in-home services such as bill paying and shopping.

"Should cheques no longer be an option, the situation for individuals to provide care staff with large amounts of cash or access to their debit card pin may become more prevalent."

Council on the Ageing national chief executive Ian Yates said it was important to educate seniors about the electronic resources available without withdrawing the options currently available.

NSW Combined Pensioners and Superannuants Association policy co-ordinator Paul Versteeg said many older people did not trust electronic banking.

"Cheques are trusted, don't incur costs like money orders or credit cards, and are widely used by older people on low incomes," he said.

"For these reasons, unless there was a similar form of payment put in place, cheques should not be phased out just because they're a hassle for the big banks."

Submissions to the Reserve Bank review closed in August.

■ Information at www.rba.gov.au