Payments UK

2016
UK Consumer Payments

Trends in consumer holdings and the use
of different payment methods

Leading the way we pay

The following companies contributed to the data within this publication. More details of referenced payment systems are available on the relevant websites:

Bacs has been maintaining the integrity of payment related services since 1968, with responsibility for the schemes behind the clearing and settlement of UK automated payment methods, Direct Debit and Bacs Direct Credit. Almost 116 billion transactions have been debited or credited to British bank accounts via Bacs since its inception; in 2015 6.1 billion UK payments were made this way with a total combined value of just below £4.6 trillion. **www.bacs.co.uk**

The Belfast Bankers' Clearing Company was formed in May 2007 as a means of formalising existing rules and standards for sterling paper clearings and Euro debit clearing in Northern Ireland. The role of the Company is to maintain the integrity of the clearing arrangements and ensure the system is efficient and effective. **www.bbccl.co.uk**

Cash Services acts as a focal point for the provision of strategic direction on co-operative (non-commercial) issues for cash, its overall aim is to ensure that cash can circulate efficiently and effectively, and risks in the cash cycle are managed to this end. **www.cashservices.org.uk**

CHAPS is the only UK payment system that guarantees real-time finality of individual payments of unrestricted value, across the Bank of England's Real Time Gross Settlement (RTGS) system. CHAPS is an international scheme focused on systemically important, high value and time-dependent payments. It has the widest Direct Participation base, with domestic and international financial institutions, and serves 24 Direct Participants and over 5,000 Indirect Participants. It is used by banks, building societies and other payment service providers to pay each other, including international sterling flows. Most of CHAPS' daily value transferred derives from these wholesale financial transactions. CHAPS processed £68 trillion in 2015, which equates to £270 billion per day, turning over the UK's annual GDP every six working days. **www.chapsco.co.uk**

The Cheque and Credit Clearing Company is responsible for managing the cheque clearing system. As well as clearing cheques, the system processes bankers' drafts, building society cheques, postal orders, warrants, government payable orders and travellers' cheques. The company also manages the systems for the clearing of paper bank giro credits, euro cheques and US dollar cheques (the two clearings for currency cheques drawn on GB banks). In 2015 the sterling clearing systems handled 432 million inter-bank cheque and credit items, valued at a total of £472 billion. **www.chequeandcredit.co.uk**

The Faster Payments Service, operated by Faster Payments Scheme Limited, enables internet, mobile, telephone and standing order payments to move from account to account, normally within seconds, and certainly within a few hours, 24 hours a day, 365 days a year. The scheme has been doing this non-stop, since its launch just over seven years ago, and now delivers over 1.2 billion payments a year, worth over £1 trillion. Given its scale and reach, it is still considered one of the most advanced real-time payments services in the world. **www.fasterpayments.org.uk** Faster Payments' real-time payments capability is now being used to underpin the recently launched Paym mobile payments service. **www.paym.org.uk**

The LINK Scheme is the national cash machine network. Effectively every cash machine in the UK is connected to LINK, and LINK is the only way banks and building societies can offer their customers access to cash across the whole of the UK. LINK's role is to provide UK consumers with universal access to cash in a safe, convenient and rapid manner. LINK is governed by its 37 Members which issue debit and ATM cards and deploy cash machines across the UK. **www.link.co.uk** Twitter: @LINK_ATM_Scheme

The UK Cards Association is the trade body for the card payments industry in the UK, representing financial institutions which act as card issuers and acquirers. Members of the Association account for the vast majority of debit and credit cards issued in the UK - issuing in excess of 58 million credit cards and 98 million debit cards - and cover the whole of the payment card acquiring market. **www.theukcardsassociation.org.uk**

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Payments UK is the trade association launched in June 2015 to support the rapidly evolving payments industry. Payments UK brings its members and wider stakeholders together to make the UK's payment services better for customers and to ensure UK payment services remain world-class.

This report presents detailed information from Payments UK's National Payments Study on the holding and use of different payment methods by individuals.

Other publications produced by Payments UK include UK Payment Markets, UK Payment Statistics, UK Cash and Cash Machines, UK Cheques and UK Automated Payments. The UK Cards Association publishes UK Card Payments.

Colleagues working on behalf of Payments UK will be happy to help if you have any queries regarding this publication.

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www.paymentsuk.org.uk

Introduction

The National Payments Study (NPS) is the main source of information contained in this report. It provides a wealth of information about personal financial holdings, payments and cash acquisition.

UK Consumer Payments 2016 contains the latest findings from the NPS for the 2015 calendar year. The NPS is a continuous research survey commissioned on an ongoing basis since 1988.

Comments and suggestions on the content of the report are welcome.

Coverage: The figures in this report refer to the United Kingdom, making this publication comparable with other Payments UK publications such as UK Payment Statistics. The NPS uses the census-based population figures provided by the Office of National Statistics on the total adult population. Unless stated otherwise, 2015 data is shown in the text.

Methodology: The NPS is a continuous quantitative market research survey conducted by means of a combination of telephone interview, self-completion questionnaire and diary completion.

Accuracy: As for all sample surveys, results from the NPS are subject to sampling error. Figures shown for subgroups, such as particular income groups or regions, are subject to larger sampling variability, and are more sensitive to possible extreme values, than are figures for the sample as a whole. Hence, care must be taken when interpreting figures based on a small number of responses, or when comparing with results from previous years (see Appendix B for more information).

The demographic grouping by income band contains a high level of adults who, owing to the sensitive nature of the question, refused to answer. This means that comparisons between income bands may not be accurate, and that the results should only be used for comparing data within an income band.

Data Quality: Results are shown in this report with adjustments for under-recording, non-response bias and other sampling errors. These issues are discussed in the sections on accuracy and adjustments in Appendix B.

Rounding: Individual figures are rounded independently. The sum of the component items does not necessarily add to the totals shown.

Conventions: The following convention is applied throughout the report.

Symbols used in tables:

...   figure not statistically reliable

n/a   figure not available

Glossary

The main payment-related terminology used in this report is as follows:

- Personal spontaneous payments are defined as all non-regular payments. The majority of these payments are face-to-face transactions for goods and services at retail outlets. However, other payments are also included, such as certain non face-to-face purchases (e.g. internet purchases and mail order), payments to other payee groups (e.g. hotels, restaurants and entertainment providers) or other individuals.

- Personal regular commitments are defined as a pre-arranged commitment to pay for goods or services such as mortgages, utility bills (e.g. electricity, gas, water and telephone) and digital TV subscriptions. Buying a newspaper from the same shop every day is not classed as a regular payment. A commitment is only considered regular if the person has a commitment to pay, for example, if the newspaper is on order.

- automated payments comprise Direct Debits; Bacs Direct Credits; standing orders; single immediate, forward dated and bulk corporate access transactions processed through the Faster Payments Service; and internal transfers within the same bank;

- card payments are all those made using debit, credit and charge cards;

- electronic payments refer to the sum of automated and card payments;

- credit card payments refers to both credit and charge card payments unless clear from the context;

- payments refer to all purchases and transfers but not including those made to acquire cash; and

- transactions include all payments as well as cash acquisition.

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