Submission to HM Treasury Select Committee inquiry on the Future of Cheques

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For more information contact:
Rhodri Davies
Policy Manager
03000 123221
rdavies@cafonline.org
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Charities Aid Foundation

1. Background and Introduction

1.1 The Charities Aid Foundation (CAF) is a registered charity that aims to help charities and social enterprises make the most of their money. CAF provides financial, investment and fundraising services and works directly with tens of thousands of charitable organisations across the UK and internationally.

1.2 CAF has a strong history of campaigning for changes in policy and legislation in order to improve the giving environment and to secure supportive legal, fiscal and regulatory conditions for donors, charities and social enterprises. Our knowledge and understanding - gained through direct experience and research - makes us a trusted voice on giving and the effective use of charitable funds.

CAF Bank

2.1 CAF Bank is the wholly-owned banking subsidiary of the Charities Aid Foundation. It is a limited company which is authorised and regulated by the Financial Services Authority (FSA).

2.2 CAF Bank offers its services exclusively to charities and other social purpose organisations through accounts specially designed to meet their needs. These accounts pay competitive rates of interest and carry low charges.

2.3 CAF Bank has approximately 17,000 charities as customers, holding in total more than 28,000 accounts of various types.

2.3 In the financial year 2010/11, CAF Bank estimates that charities paid in approximately £548m of over-the-counter credits. This included more than 1.7m cheques, representing income of around £471m. Hence 86% of the total value of deposits came in the form of cheques.

Conclusion

3.1 This demonstrates that cheques still represent an important source of income and method of payment for many charities.

3.2 If cheque payments are to be abolished, feasible alternatives must be put into place and a sufficient period of transition allowed for donors and charities to adapt to new systems.

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