

The ACT has been seen as key source of information by regulators and the government sector for many years and the CEO and the Policy and Technical team attend meetings and forums on a variety of topics.

I attended recently the annual catchup with the payments team at the Bank of England which is used to gauge the performance of the CHAPS high value payment system and hear how treasurers feel about the CHAPS and Faster Payments System (FPS).

To support the discussion the Policy and Technical team reached out across its list of Treasury Forum participants numbering over 150 individuals. (This group of people are invaluable as they ensure that we can reach a wide range of treasurers across different industry sectors, size of business and geographically spread. We're always looking for new participants – please drop an email to [technical@treasurers.org](mailto:technical@treasurers.org).)

A summary of our findings are below:

1. Many treasurers had found their use of CHAPS to have remained constant over the last year and did not expect any significant reduction in their use of CHAPS or an increased switch to FPS.
2. Despite the increase in the scheme limits for FPS in 2015 (increasing thresholds from £100,000 to £250,000) a number of banks were still maintaining a transaction limit of £100,000 for their customers.
3. The increase in limits for FPS does not seem to have materially shifted the use of FPS compared with CHAPS. Feedback suggests that part of this is because a number of business processes have been hard coded to only make CHAPS payments and despite the cost savings, the development costs make any changes uneconomic.
4. As some businesses reengineer processes (especially how they deal with customers), they are building a default case to use FPS rather than CHAPS to make a payment or a refund.
5. Most treasurers valued CHAPS for its:
  - a. Lack of transaction limits for most normal business activity
  - b. Reliability of operation
  - c. Guarantee of settlement
6. Most treasurers felt CHAPS remained too expensive (despite the ongoing reduction in tariffs set by the banks for their larger customers). The best report on tariffs is a report from the PSR in 2016 which looked at indirect access to the payments infrastructure which shows the huge variation in pricing.<sup>1</sup>

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<sup>1</sup> <https://www.psr.org.uk/sites/default/files/media/PDF/MR1512-indirect-access-market-review-interim-report.pdf>

- 4.71 This analysis again shows a significant spread of prices paid across all the payment systems. For example, there was a significant difference in the prices paid by the 25<sup>th</sup> and 75<sup>th</sup> percentiles.

**Table 5: Prices paid by agency IPSPs in different payment systems (in £/transaction)**

	Mean	P25	Median	P75	Max	N
Bacs	0.13	0.01	0.04	0.10	1.50	30
CHAPS	3.00	0.12	1.50	3.00	20.00	29
C&C	0.23	0.08	0.15	0.25	1.50	29
FPS	0.37	0.16	0.27	0.43	1.25	26

Source: PSR analysis of survey data

Notes: A number of data points we considered to be outliers or possible errors were excluded from the sample. Mean is the average of the numbers in the sample; P25 and P75 are percentiles – 25% and 75% of prices in the sample fall at or below this level; Median is the middle value in the sample; Max is the highest price in the sample; N is the number of data points in the sample.

7. One treasurer wanted to see a reduction in the costs of FPS as they were currently being charged the same rate as for CHAPS.