

1. Bills of Exchange (Amendment) Bill 2016 – Third Reading approved

Mr Henderson to move:

That the Bills of Exchange (Amendment) Bill 2016 be read a third time.

The President: Hon. Members, the Item of business before us is the Bills of Exchange (Amendment) Bill 2016 and I call on Hon. Member, Mr Henderson to move the Third Reading.

Mr Henderson: Gura mie eu, Eaghtyrane.

I am pleased to be able to move the Third Reading of the Bills of Exchange (Amendment) Bill 2016 and I would like to thank the Hon. Members for their support so far.

During the debate on clauses a couple of points were raised by Hon. Members, which I would like to address:

Mr Turner asked what happens to the physical cheque once you have submitted it to a bank via your mobile phone app. I can expand on my reply to that question by indicating that Barclays are currently piloting cheque imaging for Barclays' cheques using their mobile banking app. The advice from Barclays to their customers is that they should write 'deposited' on the back of the cheque and retain it for at least 10 days, just in case the bank needs to get in touch with the customer about the cheque.

The guidance from the Cheque and Credit Clearing Company is that the terms and conditions of each bank account will explain how long it is advisable to retain a paper cheque for and at what point the customer should dispose of it, preferably by ripping it up or shredding it.

I understand that what will happen to all the paper cheques that are actually paid into a bank will be decided as the model for the processing of cheques is progressed and the time limit for the disposal of paper cheques would in all likelihood be set centrally by the Cheque and Credit Clearing Company.

I should say here that section 89D in clause 4 of the Bill provides Treasury with the power to make regulations to require a bank that pays a cheque or similar instrument to provide a copy of the instrument to the customer or the person who wrote the cheque. This ensures that they can obtain a copy of the cheque as evidence if needed.

Mainshtyr Anderson requested information on how other countries have implemented this legislation, and whilst I referred to a couple of countries that do have cheque imaging at clauses stage, I would like to expand on that. In the United States cheques are processed by the next working day after they are presented. More than one in eight Americans reported depositing a cheque using a mobile device within the past year, according to a recent survey by the American Bankers Association. Of those who have used mobile deposit, 80% report using it regularly — at least monthly.

In France, which is the second largest cheque market in the world after the United States, domestic cheques are required to be cleared and processed in an average of two business days.

In India the phased implementation of cheque imaging has seen the processing timeframe reduced to two days for inter-city cheques and just one day for intra-city cheques. In India the electronic cheque clearing system is conducted through a virtual 'clearing house interface' supplied by the Reserve Bank of India.

In Canada cheque imaging has been available for around four years. A recent survey there showed that 9% of Canadians used cheque imaging via their mobile phones as their main deposit method, up from 1% in 2014.

I hope, Hon. Members, that I have answered the queries which you raised with me.

As previously outlined, the purpose of the Bill is to mirror legislation made by the UK government to facilitate the use of electronic imaging in the presentment of cheques and other instruments in

place of the physical delivery of the instruments themselves, opening the way to a modernised IT system for clearing of cheques.

By introducing primary legislation equivalent to section 13 of the UK's Small Business, Enterprise and Employment Act 2015 there will be no disparity with UK banks. Branches in the Isle of Man can clear cheques electronically and, crucially, offer a uniform customer service for a faster clearing cycle.

As I have mentioned at previous readings, a specific timescale for the project to complete will be announced by the UK in due course and we will work alongside the UK implementation dates.

Eaghtyrane, I would just like to thank Hon. Members for their support thus far and to my seconder, Mr Coleman, for his support in progression of this legislation. I would also like to make special thanks to the officers who have assisted me personally and put some considerable effort and help towards the progression of this legislation, and they are in the visitors' gallery this morning; Mrs Dawson and Michael, and I thank them sincerely for their support in this matter.

Eaghtyrane, with that I beg to move that the Third Reading of the Bills of Exchange (Amendment) 2016 be read.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Mr Turner.

Mr Turner: Thank you, Mr President.

I would just like to thank Mr Henderson for coming back with the information which I sought at the previous reading.

It is quite interesting. I think the use of cheques will probably diminish as time goes on. I mean, who would have thought we would be seeing people paying for their shopping using their watch! *(Laughter)* It is like something out of *James Bond* but it is happening now and this is the way technology is moving; all the gadgets that are available now with smartphones and, as I said, the payment via the likes of Apple Pay on watches and things.

I think there will, no doubt, still be an element of cheques in use for some transactions. As more things move digitally we have seen a lot of bank branches close across the UK and indeed in the Isle of Man, as more and more people use technology to make their daily lives a bit easier, they no longer have to go to the bank they can do everything from home.

I would just like to comment – because obviously we are putting through primary legislation and it is important we have certain things on the record – that it is very important that we have this because of the way we are woven in with the UK banking system. Whilst some branches on the Island are set up offshore and standalone there are banks here which form part of the UK branch network so it would be absolutely nonsensical if we did not have this legislation in place, the whole thing would not work. So I think this is a great piece of legislation, much needed.

And, again, I would just like to thank Mr Henderson for getting the answers of the questions that I asked.

The President: Mr Henderson to reply.

Mr Henderson: Gura mie eu, Eaghtyrane.

I would like to, again, thank Hon. Members for their support, obviously. I would like to thank Mr Turner for his supportive comments.

I think it is worth putting on *Hansard* that it is important that we are consistent with the UK, but not only that, the rest of the world is moving this way as well. And we have got to ensure that we are

completely compatible with that and can move forward ourselves at the same pace and, of course, for our business community and economy.

I would also like to pick up a point; Mr Turner outlines the advances in technology and so on and you can order your groceries on your phone now. The big advantage I see is the freedom and independence this gives to people but especially to older people who may find it more difficult to get into town, get into the bank and so on and it all goes to assist our older population. Indeed, I am impressed with the amount of older people, and I probably include myself in that, (**A Member:** Ooh!) for the use of Skype and so on to keep in touch with families and mobile phone usage in that way as well.

I certainly welcome this legislation so I beg to move, Eaghtyrane.

The President: Hon. Members, the motion is that the Bills of Exchange (Amendment) Bill be read for the third time. Those in favour, please say aye; those against, no.

A division was called for and voting resulted as follows:

FOR	AGAINST
Mr Turner	None
Mr Coleman	
Mr Cretney	
Mr Anderson	
Mr Corkish	
Mr Henderson	
Mr Crookall	

The Clerk: That will be seven for and none against, Mr President.

The President: Eight for and none against.

Several Members: Seven for.

Mr Anderson: Recount!

The President: Seven for and none against, the motion therefore carries. (*Laughter*)

Thank you, Hon. Members, that concludes the business before us this morning.

Council will now stand adjourned until our next sitting, Tuesday next, 10.30 a.m. here in our own Chamber.

The Council adjourned at 10.44 a.m.