

ICA Highlights Challenges In Winding Down of Cheques In Australia

SYDNEY, NEW SOUTH WALES, AUSTRALIA, January 31, 2024 /EINPresswire.com/ -- The Federal government in Australia has announced that it will be closing Australia's cheque system by 2023. The government announced this decision by following Denmark, New Zealand, the Netherlands and other countries. This is because, according to the figures provided by the Australian Banking Association, only 0.2 per cent of all payments are through cheques. Also, processing cheque payments is difficult as compared to other payment types. Hence, the government will phase out the cheque systems by the end of the year 2028.

However, this transition will not be easy and pose certain challenges. In Australia, because of the phase out of cheques, the Insurance Council of Australia (ICA) has provided some challenges that the insurance and finance industries faced during the transition.

Phase Out Of Australia's Cheque System

Since COVID-19, the governments of different countries have emphasised online transactions and minimised the reliance on in-person banking. Continuing with these trends, the government has decided to wind down the cheque system by 2030. It will help make the country more digitally organised and advanced.

Besides this, the government has assured the public that they are taking steps to ensure that this transition is done smoothly. They have also ensured that they support the users adequately and minimise the negative impact of this transition. However, according to the ICA (Insurance Council of Australia), this transition has challenges and hurdles.

Challenges In Seamless Transition

The ICA has already said that the insurance industry and companies such as [finance brokers in Sydney](#) will face hurdles during the winding down of cheques. ASIC (Australian Securities and Investment Commission) has provided insights into the intricacies of this transition and how it will impact the users.

The government is taking steps to complete the transition smoothly. However, there are certain barriers that will affect its smooth transition. Due to increasing fraud and cyber crimes, the ICA said customers are reluctant to share their personal details, which include information such as bank account or credit card details. For sharing this information, the customers are required to click on the link provided via emails or calls.

Besides this, ICA also highlighted that the people who mostly relied on cheques will face more challenges in accepting and embracing the new digital alternatives. People, in general, will also require time to adjust and adapt to digital solutions.

In addition, other challenges include language barriers, low digital ability, unavailability of reliable internet connections and limited access to electric devices. All these factors will make the transition difficult for the government to implement as well as for the people to adapt.

People living in rural areas who have low internet connections or unstable weather can also be affected by this transition and may have limited access to online banking. For them, relying on cheques for insurer payment is more appropriate than using digital solutions.

Industry-Government Collaboration

In order to reduce the negative impact of the transition and to make the process more smooth, the ICA welcomes collaboration with the government. The government and ICA will work together to enhance the awareness of digital solutions and to address the issues and hurdles faced by the insurance and finance industries due to the winding down of cheques in Australia.

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