



IMAGE CLEARING SYSTEM PRINCIPLES

Image Clearing System information
guide

January 2026 – V7

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1 Documentation Information

1.1 Version history

Version	Date	Description
1.0	17/02/2020	Doc created
2.0	21/07/2020	Added greater clarity around Fee Structure
3.0	16/11/2020	Updated Transaction Fee & Contact Email Address
4.0	08/08/2022	Updated Onboarding Fees
5.0	24/04/2024	Update to pricing and rebrand of document to current Pay.UK branding. Change term Service to System.
6.0	13/01/2025	Updated 2025 fees
6.1	08/05/2025	BofE Access to Payments for Non-Bank PSPs - link to guidance
7.0	02/01/2025	Updated 2026 fees

1.2 Document reviewers

Version	Date	Stakeholder	Action
6.0	13/01/2025	Pay.UK Onboarding	P, A
		Pay.UK CBDO	R
		Pay.UK Finance	R

Action: P – Producer; C – Contributor; R – Reviewer; A – Authoriser; I – Information only

1.3 Copyright statement

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1.4 Disclaimer

This is not a formal controlling specification for the Image Clearing Service (ICS). Where there is a discrepancy between these System Principles and any of the formal ICS controlling specifications (particularly the ICS Procedures, Functional Specification & Rules), the controlling specifications take precedence.

Pay.UK owns the trademark to “ICS” and allows Participants to use it, provided the Scheme Procedures & Rules are adhered to.

2 Introduction and Background

This document is a guide for businesses that wish to become an ICS Participant. It contains information on the different participation types, how the various services can be accessed, an overview of connectivity options as well as the costs associated with becoming an ICS Participant.

The On-boarding end-to-end process is expected to take between 9 and 12 months. The On-boarding process is broken down in to the following phases:

- Discovery
- Definition and Planning
- Documentation and Approvals
- Procedure, Design, Build and Certification
- Bank of England Set-up
- Pre-Go Live
- Go Live

Some of the phases may run in parallel and the actual sequence of the activities will be finalised during the Definition and Planning phase.

For further information about ICS, please contact Access@wearepay.uk or visit [Image Clearing System - Pay.UK \(wearepay.uk\)](#)

3 What is the Image Clearing System?

ICS is an automated clearing and settlement system that provides an image clearing service to the United Kingdom (UK) and a limited number of Crown Dependencies.

ICS is designed to be used for the electronic processing and/or presentment and settlement of Eligible Paper. Eligible Paper is drawn, made, issued or otherwise written in paper form with a view to the execution of a payment transaction based on the instruction contained in the document. Examples include Cheques, Bankers' Draft, Postal Orders and Bank Giro Credits backed by cash.

Instead of a physical item, an electronic image is presented into the Image Clearing System and notification sent to the Paying Bank. Depending on the item type, the Paying Bank makes a decision electronically to "Pay" or "Not Pay" the item.

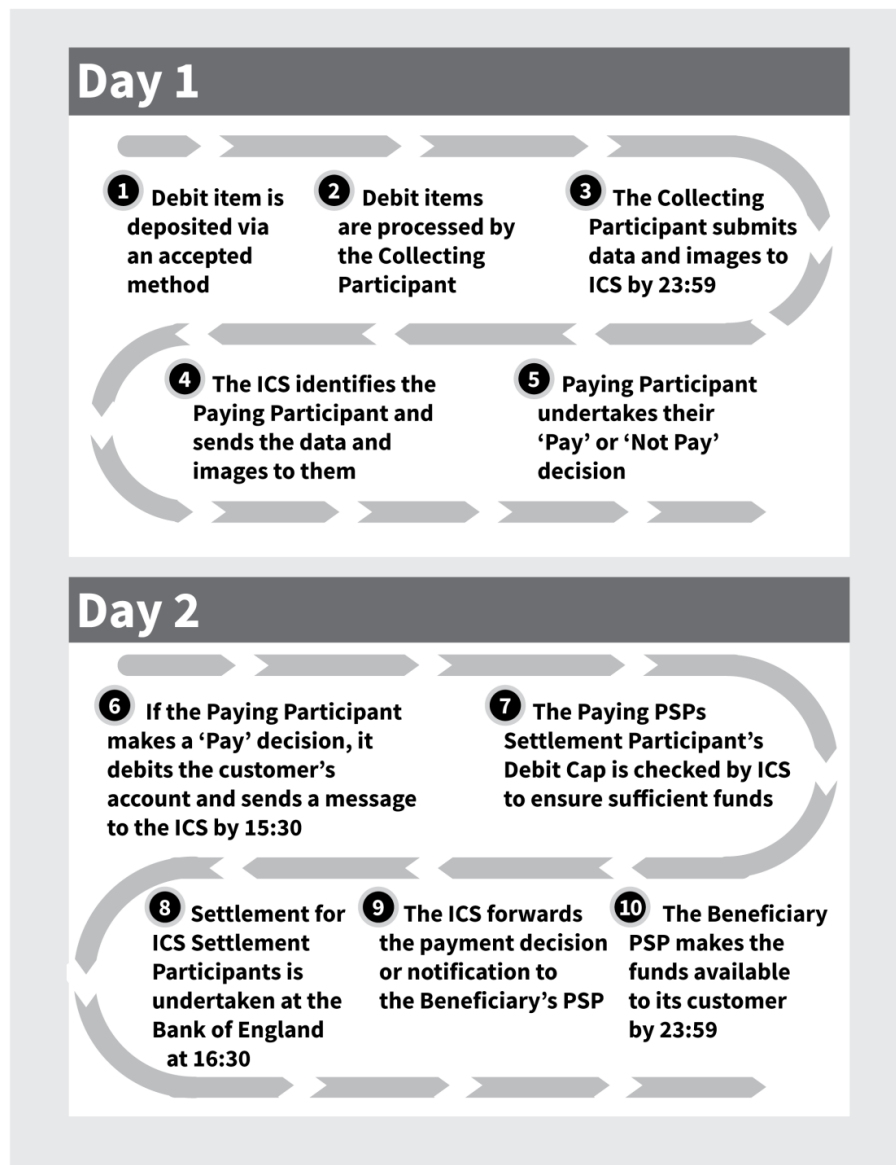
4 The ICS Clearing Cycle

Service users / customers are able to deposit ('pay in') an item on day one and receive the funds in their account the following working day (before 23:59). The ICS only operates on working days; non-working days are Saturdays, Sundays and English bank/public holidays.

The Collecting Participant's day one cut-off time can vary and the method that the item is presented (e.g. over the counter, by post, post office counter, through an ATM or by mobile banking app) may affect the cut-off time.



The ICS Clearing Cycle



5 Additional Services

5.1 Current Account Switch Service

The Current Account Switch Service (CASS) is a free-to-use service for consumers, small charities, small businesses and small trusts. CASS redirects payments to the new account for a minimum of 36 months after the switch takes place.

5.2 Cheque Redirection Service

The Cheque Redirection Service forms part of the CASS service. Any cheques issued on the old account, but are paid in after the old account has closed, are redirected to the new bank to be paid. The cheque will still be paid provided:

- There are sufficient funds on the new account or a sufficient overdraft facility
- The cheque has not been stopped
- The cheque passes the usual technical checks.

6 Access Options

Pay.UK offers businesses the opportunity to become a Participant based upon the processes (Settlement and/or Switch) they want to operate and the services they want to access.

Typically, a Bank or Building Society will be both a Settlement and Switch Participant of the ICS.

6.1 Settlement Participant

Settlement Participants are responsible for the settlement of all Payment Messages that may relate to:

- Payments made by or to a Settlement Participant's own customers
- Payments made by or to a Settlement Participant for its own accounts
- Payments made by or to the customers of another PSP for whom the Settlement Participant performs settlement-related services e.g. Switch-only Participant, Agency Bank or Corporate
- Payments made by or to another PSP for that other PSP's own account and for whom the Settlement Participant performs settlement-related services e.g. Switch-only Participant, Agency Bank or Corporate.

6.1.1 Eligibility Criteria

- Be an Authorised PSP under the Payment Services Regulations (PSRs) (2017), as updated from time to time *
- Have access to Sterling settlement facilities at the Bank of England (BoE)
- Carry out business and operate an office within the UK
- Be able to comply with the technical and operational requirements of the ICS
- Have, or be eligible to hold, at least one unique sort code
- Commit to pay any legal costs incurred by Pay.UK with regard to your participation
- Validly execute and remain party to all Pay.UK legal agreements.

* Please note for Non-bank PSP's this may require additional regulatory engagement with the FCA to determine eligibility for settlement facilities at the Bank of England. For more information, please visit [Access to UK payment systems for non-bank payment service providers | Bank of England](#)

Full details of the eligibility criteria to be accepted as a Settlement Participant can be found in the ICS Manual.

6.1.2 ICS Available Functions

The following functions are available to a Settlement Participant:

- Settlement - the ICS Switch provides up-to-date multilateral net position to ensure sufficient liquidity at the BoE to cover settlement liabilities

- Reporting - various operational reports are available to reconcile transactions, view settlement results and audit user activity
- Query Resolution - Switch and Settlement Participants can raise post settlement enquiries on one another.

6.2 Switch Participant

A Switch Participant is a business that submits and receives images of Eligible Paper and related ICS messages (including payment decisions) directly to and from the ICS Switch.

- Connect directly to the ICS Switch using either the Data Transmission Service (DTS, a leased line) or the ICS Portal (user interface via the internet). The connection will depend on the anticipated volume of data and images – see page 9 for further information
- Submit and receive data and images of Eligible Paper and associated ICS messages in batches directly to and from the ICS Switch
- Are responsible for all quality, security, and timing requirements for items they send to and receive from the ICS Switch
- A Switch Participant may submit or receive data and images on its own behalf or on behalf of its customers
- Is responsible for the performance of its customers (i.e. Agency Banks and/or Corporates), as applicable.
- Must ensure that each item they submit has a Settlement Participant to accept settlement

6.2.1 Eligibility Criteria

- Carry out business and operate an office within the UK
- Be any of:
 - A company
 - A limited partnership
 - A limited liability partnership
 - A partnership
 - A sole trader
- Be able to comply with the technical and operational requirements of the ICS
- Pay the costs associated with participation in the ICS as a Switch Participant
- Validly execute and remain party to all Pay.UK legal agreements and commit to pay any legal costs incurred by Pay.UK with regards to participation.

Full details of the eligibility criteria to be accepted as a Switch Participant can be found in the ICS Manual.

6.2.2 ICS Available Functions

The following functions are available to a Switch Participant:

- Collecting - submission of files of images and data collected by a Switch Participant or one of their customers e.g. an Indirect Agency or Corporate. The Switch Participant will receive notifications of receipt, acceptance and rejection.
- Paying - receipt of files of images and data of cheques collected by other banks drawn on a Switch Participant or one of their customers. The Switch Participant will use the images and data received to support the payment decision process.
- Payment Decision - creation of payment responses for items received, drawn on the Switch Participant or one of their customers. These decisions can be uploaded via the DTS or Portal facilities. Payment decisions can also be entered manually into the Portal via the payment decision module.
- Reporting – various operational reports are available to reconcile transactions, view settlement results and audit user activity.
- Query Resolution - Switch and Settlement Participants can raise post settlement enquiries on one another.

A Switch Participant may choose to reduce the number of functions they take, for example, they may split their Collecting and Paying functions, by being an ICS Switch Participant for Collecting and use another Switch Participant for their Paying functions.

7 Connectivity Options

The options for uploading and downloading batch files to the ICS Switch varies based upon the intended send and receive volumes.

All Participants must have access to the ICS Portal for certain functions such as User Management and Cheque Processing Management.

	Low Volumes (<10,00 debit items per day ICS Portal)	High Volumes (>10,000 debit items per day Data Transmission Service DTS)
Solution	<p>Connect to the ICS Portal via the internet.</p> <p>This option uses a secure connection over the internet to access the ICS Portal.</p>	<p>Connect to the ICS Switch via a leased line, known as the Data Transmission Service.</p> <p>This option uses a dedicated connection over a high performance MPLS network to provide a high capacity and high availability connection.</p>
Functionality	<p>Users log-in to individual sessions and will be able to access the following services based upon individual permissions:</p> <ul style="list-style-type: none"> - Upload & download of images and data for processing in batches - Payment decision - Alerts - Broadcast - Dashboard - Notifications - Security Administration - Transaction History & Image Repository (THIR) for five working days - Reporting 	<p>Automatically upload and download files of images and data for processing in batches during central system availability windows.</p>
Obligations	<p>All submissions must be signed via HSM(s) using a file signing certificate that supports non-repudiation.</p>	<p>The Participant is responsible for establishing, testing and maintaining connectivity. Digital certificate protection is mandated for all connections.</p> <p>Additionally, all submissions must be signed via HSM(s) using a file signing certificate that supports non-repudiation.</p>

8 ICS On-boarding Process

Discovery	Review Public Documentation	Sign NDA	Discovery Workshops
	Review the documentation on the Pay.UK website	Contact Access@wearepay.uk for Pay.UK's NDA, sign and return to Pay.UK	Attend workshops with Pay.UK and Vocalink to understand full requirements of becoming an ICS Participant
Definition and Planning	Proposition	Planning Meeting	Submit Project Kick off Document
	Define Customer and Business proposition including volume forecasts	Undertake meetings with relevant parties e.g. BoE, potential suppliers	Submit Letter of Intent, Business Case (inc. Cloud dependencies) and Project Plan to support your request to become an ICS Participant
Documentation and Approvals	Letter of Intent Decision	Complete Assurance Process	Complete Pay.UK Legal Documents
	Pay.UK's Decision Makers will formally accept or reject your request. You will be notified in writing of the decision	Undertake and submit the Compliance Assurance Certification and Questionnaire	Review, sign and return the Legal Documents required for you to become an ICS Participant
Procure, Design, Build and Approval	Develop Systems and Process	Complete Paperwork	Certification Testing
	Create, develop and implement systems and processes to comply with the ICS Service	Complete the required GAP & BRD forms	Undertake Functional Testing with Vocalink, test results will be reviewed and signed off by Pay.UK
Bank of England Setup (Settlement Participation Only)	Initial Project Kick Off	Certification Testing	Fund BoE Accounts
	Understand what is required for the type of business you operate e.g. Switch only or Switch and Settlement	Undertake BoE User Acceptance Testing in conjunction with Pay.UK and Vocalink	Fund and De-fund your BoE accounts in both the test and live environments
	Plan for Go Live	Agree Live Comms Plan	Go/No Go Checkpoint

Pre-go Live	Finalise Go Live Implementation Plan Share Key Operational Contacts	Agree any messages for Press Release or Website updates	Decision Makers Approval Group (DMAG) for formal approval from Pay.UK Call with all parties involved in project to jointly agree a Go or No-Go Decision
	Live Set-up	First Transaction	First Settlement
Go Live	Set up the BRD Live Channel Set Up	On Monday, before 11am, send or receive a transaction to generate a non-zero settlement position.	On Tuesday, you will be included in settlement for the first time.

9 Fee Structure

The table below sets out the costs payable to Pay.UK and Vocalink with regards to ICS Participation. Please note that this table is not an exhaustive list of all costs that will be incurred e.g. additional charges could be for the set-up and use of a leased line (costs can be shared under NDA), EISCD.

Fee	Charge Frequency	Amount
On-boarding and Certification Cost		
Portal	One off	£43,616 ex VAT
DTS	One off	£56,144 ex VAT
Any additional charges will be billed on a T&M basis.		
2026 Transaction Fee (Pay.UK Service Management and Vocalink Fees)	Monthly	£0.42.2*
DTS Leased Lines	Annual Service Fee	Costs vary on line sizing and Participant requirements.
Legal – Registering the Deed of Charge	One off	£2000 ex VAT

All prices are for illustrative purposes and could be subject to change.

*Transaction Fee (42.2p) is split as follows:

Item process	Switch participant Acting for		
	Payer's PSP	Payee's PSP	Initiating PSP (if different from the payer's PSP or payee's PSP)
Debit item under RtP processing	21.1p	21.1p	No charge
Credit item under ItP processing	21.1p	21.1p	No charge
Debit item or credit item under IoD or IoC processing	No charge	No charge	No charge

The Transaction Fee is reviewed on an Annual basis by Pay.UK.



Further Information

For further information, please contact:

access@wearepay.uk

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