

Check 21 Legislation

Frequently Asked Questions

What is Check 21?

Check 21 Allows all banks to replace the original check with a paper reproduction (front and back). This reproduction, called a substitute check, is created from a digital image of the original, contains the same information, and becomes the legal equivalent of the original check.

Why create substitute checks? They're paper too, aren't they?

Yes, substitute checks are paper as well. However, they generally don't have to be transported between banks, as is the case with the current check processing system. The current check processing system can be disrupted since it is reliant on transportation and weather conditions. Substitute checks, on the other hand, are created from digital images of the original checks. Banks can exchange these digital images electronically, reducing reliance on physical transportation. The digital images can be converted to substitute checks, if a substitute check is needed for any reason.

How does Check 21 change the way I write or accept checks?

It doesn't. You will continue to use your current paper checks and accept paper checks from others.

What happens if there is a discrepancy and I need to show a copy of a check?

In the event of a discrepancy, retailers and service providers, including financial institutions, are required to accept the substitute check as proof of payment. The substitute check is the legal equivalent of the original.

What does a substitute check look like?

The substitute check includes all the information on the original check and contains the statement: "This is a legal copy of your check. You can use it the same way you would use the original check."

What happens to my original checks?

Once a digital image is created, your original check is removed from the check collection process. The digital image can then be used to create a substitute check. The original checks are destroyed.

Are any checks exempt from Check 21 legislation?

All checks are eligible for conversion to a substitute check.

Is it possible for me to "Opt out" of Check 21?

No, once Check 21 legislation goes into effect in October 2004, it will apply to all bank clients, as well as retailers and service providers, with no exceptions.

How might Check 21 reduce the risk of fraud?

Relying on check images, instead of paper, makes it less likely that an identity thief will be able to access the personal financial information imprinted on your checks. Electronic processing between financial institutions reduces the time between the check being written and cancelled, so customers should be able to detect forged, altered, or unauthorized items sooner.

How does Check 21 affect the amount of time between the writing and cashing of a check?

Check 21 will result in a reduction in the "float time," the time between the cashing and clearing of a check. Customers who sometimes rely on "float" time to maintain balances will need to be careful to avoid being overdrawn. A better way to control the risk of overdraft is to view your daily activity through our online banking service.

WHAT A SUBSTITUTE CHECK LOOKS LIKE

987612345
01/20/2004
100010003

This is a LEGAL COPY of your check. You can use it the same way you would use the original check.



40002/02/T0 54E2T929B
E000T2952

REMITTANCE PROCESSING SYSTEMS Nov. 5, 19 99 00-6789 0000

PAY TO THE ORDER OF Donatelli's Pastries \$ 33.84

Thirty-three dollars $\frac{84}{100}$ DOLLARS

DELUXE CHECK PRINTERS, INC.
YOUR CITY, STATE 12345

MEMO 3-day Cake James Morrison

⑆500000470⑆ 5022864⑆ 0599 ⑆0000003384⑆

⑆500000470⑆ 5022864⑆ 0599 ⑆0000003384⑆

987612345 01/20/2004
256210003

JAN 01 94

012312345
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100 Main Street
Jur City, USA 12345
012312345

FIRST STATE
FOR DEPOSIT
NAME OF DEPOSITOR

Do not endorse or write below this line.