



Check 21 Frequently Asked Questions

What is “Check 21”?

Check 21 is the shortened name for the Check Clearing for the 21st Century Act, an act that was signed into law by President Bush in October 2003.

What’s it all about?

Following the tragic events of September 11, 2001 and the subsequent suspension of the air traffic system for the transportation of physical checks within the US banking system, Federal Reserve Bank officials began to look for ways to improve the efficiency of the nation’s payment system. Check 21 was designed to enable banks to handle more checks electronically and provide for the use of a new instrument called a “substitute check.”

What is a substitute check?

A substitute check is a reproduction of an original check that meets the legal requirement of the Act and can be processed just like an original paper document. The check is similar in size to an original check with a slightly reduced image of the front and back of the original check. The front of the substitute check states: “This is a legal copy of your check. You can use it the same way you would use the original check.” This means that you may use a substitute check as proof of payment just as you do now with an original cancelled check.

How does Check 21 affect me?

On October 28, 2004, every bank in the United States was required to accept substitute checks. Customers who received cancelled checks in monthly checking account statements began to see a mix of substitute checks, along with cancelled checks, in statements rendered after that date. Likewise, customers receiving check images in their monthly statements also saw a mix of images of cancelled checks, along with images of substitute checks.

What happens to my original check if it’s been converted to a substitute check?

Although all banks in the United States were required to accept substitute checks as of October 28, many were not ready to create and transmit them. A number of financial institutions in the country like us were prepared to fully implement Check 21 strategies as of that date. These banks are known as “reconverting banks,” a term that describes a bank with the ability to create substitute checks. Instead of exchanging paper documents between other banks, substitute checks are instead exchanged. Once sure that the electronic file containing substitute checks has transmitted properly, original checks are destroyed by the reconverting bank.

What are my rights regarding substitute checks?

Federal law provides a special procedure that allows you to request a refund for losses that may be suffered if a substitute check is posted incorrectly to your account. The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, an assessed overdraft fee). Please ask for a copy of our brochure entitled “Substitute Checks & Your Rights” for detailed information on filing a claim for a refund.

What else do I need to know?

The improvements brought about by Check 21 allow for faster payment processing. With improved speed in the check clearing process, check fraud can be discovered faster. Faster fraud detection means faster resolution for customers – a tremendous benefit to the consumer. One important detail that should be noted, however, is that with improved speed in check processing comes a reduction in “float.” Float is a term used to describe the time between writing a check and it actually clearing the bank. An example is a customer who may have in the past written a check on Wednesday with the knowledge that it wouldn’t clear the bank until after a Friday payday. Expected decrease in float has the potential to result in an overdrawn account. To avoid the imposition of an

overdraft fee, it becomes increasingly important that funds to cover checks written against an account be on deposit at the time a check is written.

What if I have additional questions about Check 21?

We would be happy to talk with you about any questions or concerns that we haven't addressed here on this subject, as well as any other. If you would like to contact us while visiting this website, please click on [Contact Us](#). You may also call us during business hours at (740) 592- 4441 or, toll-free, 1-888-482-5854.