



## CHECK 21 TALKING POINTS

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### What Is It?

- In October 2003, the Check Clearing for the 21<sup>st</sup> Century Act became law. Now known simply as Check 21, this law brings check processing from the Pony Express to the Computer Age. Through Check 21, check clearing will become more efficient.
- Check 21 creates a new negotiable instrument called the “substitute check.” Substitute checks have all of the same legal properties of the original and may be used in the same ways.
- Many banks already exchange images of checks instead of the paper versions. Check 21 will allow banks that have truncated checks (remove a paper check from the system and processed it electronically) to provide a substitute check to banks that will not accept an imaged copy. Banks are not required to truncate checks. However, they are required to accept substitute checks.

### How Check 21 Affects Consumers and Businesses

- Check fraud can be discovered faster with Check 21. Faster detection means faster resolution for the customer, and it may increase the possibility of apprehending the criminal.
- Checks will clear faster, making consumer account balances more accurate.
- If a customer currently receives cancelled checks or electronic images of cancelled checks with the account statement, the customer may begin seeing substitute checks after October 28, 2004.
- Check 21 will significantly reduce the amount of time required to move money out of accounts to pay recipients of checks (also known as “float time”). Customers who rely on the float or processing time of a check, may want to change their check-writing habits and keep closer tabs on their accounts to make sure funds are available.