

CHECKING FACTS

- Banks process more than 40 billion checks each year. A comprehensive Federal Reserve study reported that 42.9 billion checks valued at \$39 trillion were paid in 2001.
- The average value per check is \$925.
- Consumers write 50.9% of all checks. Other categories: business-32.3%; government-3.5%; business or government-1.3%; unknown-12%.
- Checks make up 15% of all consumer payments at the point-of-sale.
- Attempted check fraud at US banks totaled more than \$4.3 billion in 2001 with actual bank losses totaling \$698 million.
- 50.1% of community banks already offer image statements.

If you have additional questions about Check 21 and how it will affect your banking relationship, please do not hesitate to contact your local banker.



MAKES YOUR CHECK DIGITAL

Written checks are changing!

Read all about these important changes

Place your logo
and bank information here

DETAILS INCLUDE:

- Checks in the 21st Century
- How Check 21 Works
- Here's What to Expect
- Is the Paper Check Disappearing?

CHECKS IN THE 21ST CENTURY

In October 2003, the Check Clearing for the 21st Century Act became law. Now known simply as **Check 21**, this law brings check processing from the Pony Express to the Computer Age.

Today, most checks must be physically transported before they can be cleared. With Check 21, planes, trains, and automobiles are no longer needed to transport checks. This law allows check images to travel electronically, which results in more efficient processing, cheaper overhead costs, and better fraud prevention.

HOW CHECK 21 WORKS

Check 21 provides a new option: legal acceptance of paper reproductions of original checks. This reproduction is called a “**substitute check**” and is produced from a digital image of the original check. Substitute checks will be the same size as an average check. A substitute check can be produced if you ever need a paper check to prove you made a payment or for other legal purposes. The courts and IRS must treat substitute checks as the legal equivalent of the originals.

HERE'S WHAT TO EXPECT

By October 28, 2004, every bank will be required to accept substitute checks, just as they currently accept your original paper checks.

- Checks will clear faster, making your account's balance more accurate.
- Fraud will be reduced, because as checks clear faster, banks will be able to identify fraudulent items sooner and minimize customer inconvenience.
- If you receive your cancelled checks or electronic images of your cancelled check with your account statement, you may begin seeing substitute checks after that date.

Check 21 will significantly reduce the amount of time required to move money out of your account and pay recipients of your checks, also known as the “float.” Customers who rely on the float 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.

IS THE PAPER CHECK DISAPPEARING?

Increasingly, companies are converting your paper checks into electronic payments. You may already have experienced “check conversion”, which uses the automated clearing house or ACH system.

Check conversion can occur when you make a purchase at a retail store. You pay by check, and the retailer converts a paper check into an electronic ACH payment on the spot. In this situation, if you've written a check for a purchase, you are handed the check back to you with your purchase receipt.

It may seem that the days of the paper check are numbered. Keep in mind, electronic and paper systems will continue to co-exist. Check 21 does not mandate electronic check processing, it just makes it possible.

Check 21 promises a new era of banking efficiency and service. All of these changes allow for faster payment processing and even better service to the nation's banking customers in the future.

If you have additional questions about Check 21 and how it will affect your banking relationship, please do not hesitate to contact your local banker.