



## What is Check 21?

The Check Clearing for the 21st Century, or commonly known as Check 21, allows banks to replace original paper checks with substitute checks that are made from digital images of the originals. It was signed into law on October 28, 2003, and will become effective on October 28, 2004. A substitute check would be the legal equivalent of the original check and would include all the information contained on the original check.

## Why was Check 21 created?

Check 21 was created to reduce the time, risks and costs associated with paper check processing and transportation. Traditionally, banks rely on physical transportation – such as planes and trucks – to deliver checks between banks for payment. Check 21 allows original paper checks to be removed from the collection process and be replaced with substitute checks created from digital image files. Banks can send check images electronically, reducing dependence on transportation that can be impacted by uncontrollable delays, such as weather or natural disasters.

## What will a substitute check look like?

In many ways, the substitute check looks like the original paper check. It will always contain the same information as the original check and it will show the front and back of the check, including endorsements. It will contain the following wording on the left side of the document: “This is a legal copy of your check. You can use it the same way you would use the original check.”

## Do I have to accept substitute checks as proof of payment?

Yes. Once a paper check is converted into a substitute check, it becomes the legal equivalent of the original paper check. Any bank or person must accept them as if they were the original checks.

## Will the checks I write and deposit clear faster than they do today?

Checks that you write may clear faster, checks you deposit may clear faster, and notification of checks you deposited that are returned unpaid may occur more quickly as well.

## How will the Check 21 law affect me?

Generally, it will have no impact on the way you write or use checks. However, if you receive cancelled checks or if a check you deposited to your account is returned unpaid, you may receive a substitute check, which looks different than the original check, but is the same for all legal purposes. Before Check 21, your bank decided how long to keep your original checks if you didn't get them returned with a statement. Under Check 21, the bank of the person you wrote the check to will retain the check and decide when to destroy it.

## Which checks are eligible to become substitute checks?

All checks are eligible for conversion to a substitute check including, but not limited to, consumer checks, money orders and travelers checks.

## What happens to my original check?

Since there are no requirements governing the retention of original checks, they may be destroyed once digital images of the original checks have been made. A substitute check made from the digital image becomes the legal substitute for proof of payment.

## Am I allowed to ‘opt out’ of Check 21?

No. Once Check 21 legislation goes into effect in October 2004, it will apply to all financial institutions and their customers. There will be no “opt out” exceptions.

