



Congresswoman Carolyn Cheeks Kilpatrick, Michigan's 13th District

Hill News

News From The Office of Congresswoman Carolyn Cheeks Kilpatrick

Congress Passes New Checking Legislation (Check 21)

Dear Friend:

Last year, the U.S. Congress passed what has become known nationwide as the Check Clearing for the 21st Century Act or "Check 21."

The measure that went into effect October, 2004, makes it possible for banks to process checks electronically, rather than physically transporting them throughout the country by replacing original paper checks with digital images or "substitute checks," that are paper copies of the originals.

All checks, including cashier's checks, payroll checks, personal checks and business checks are subject to "Check 21." Savings bonds are not checks and therefore not subject to "Check 21."

"Check 21" was created to reduce the time, risks and costs associated with paper check processing. Prior to "Check 21," checks traveled by trains, planes and cars during the clearing process. Now, banks are sending digital images of checks electronically, eliminating the need to physically transport paper checks between banks.

"Check 21 is expected to create a more efficient check processing system without changing the way consumers write checks. It requires banks and customers to accept paper copies of their original checks.

This benefits the consumer by allowing you earlier access to your funds and faster, more convenient access to information about your checks; it gives you better fraud protection; and if you encounter a problem because of a substitute check, "Check 21" requires that the banks credit your account, pending an investigation.

If you receive your canceled checks with your monthly bank statement, you may receive a mix of substitute checks and original checks. If you do not receive your canceled checks, you will not notice a change in their appearance. However, you should be aware that there will be less "float" time, particularly for out of town checks. Since check processing is faster with "Check 21," funds may be removed from your account soon than in the previous system.

Keep in mind, "Check 21" does not mandate electronic processing of digital check images. It only makes it possible. For those banks that choose to process checks manually, a substitute check will be made of the image and that check will be processed as if it were an original.

Please remember to make sure you have enough funds in your account before writing a check.

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