

State Department Federal Credit Union

Topics of Interest

Check 21 New Changes in Check Processing

A new federal law called Check 21 has brought the nation's check payment system into the digital age. This legislation streamlines the way financial institutions process checks and allows consumers to benefit from better and faster financial services.

Today's existing system forces checks to be exchanged physically and often transported around the country several times before the payment cycle is completed. The tragic events of September 11, 2001, made it painfully clear that this obsolete system left our economy vulnerable to disruptions caused by terrorism or natural disaster.

Check 21 allows a new approach by permitting financial institutions to replace the original check with a "substitute" check. A substitute check is a digital image of your original check which can be processed electronically. This process removes the original check from circulation.

How Will This Affect You?

- You will have less float time. Checks may clear in hours, not days. You will need to ensure that funds are available in your account whenever you write a check.
- If you normally receive cancelled checks with your statement, some of these may be replaced by substitute checks. A substitute check is the legal equivalent of your original check for all purposes including requirements of state and federal law.
- The substitute checks will look different but will contain all the information on the front and back of your original check. It will state, in bold print, "This is a legal copy of your check. You can use it the same way you would use the original check."
- If you believe you have lost money because a substitute check was not properly charged to your account, you have the right to file for an expedited re-credit.

How Will This Benefit You?

- Detects fraud faster
- Faster check clearing
- Quicker response to resolve questions
- More secure check information

Do you have any questions about debits to your account? [Click here](#) for more information.