

Check 21 - Legislation

BankAtlantic would like to help familiarize you with how Check 21 will improve the way banks process checks. This guide will provide you with a general understanding of the Check 21 legislation which took effect on October 28, 2004.

Q. What is Check 21?

A. Simply stated, Check 21 legislation allows banks to replace original paper checks with substitute checks that are made from digital images of the originals.

Q. Why was Check 21 created?

A. Check 21 was created to reduce the time, security risk and costs associated with paper check processing and transportation. Traditionally, banks rely on physical transportation to deliver checks between banks for payment.

Check 21 allows original paper checks to be removed from the collection process and replaced with substitute checks created from digital image files. Banks can send these check images electronically, reducing dependence on transportation that can be impacted by uncontrollable delays, such as weather or natural disasters.

Q. What does Check 21 do?

A. Check 21 streamlines and improves check processing without requiring customers to change the way they write checks. It simply requires banks and customers to accept paper reproductions of original checks. These reproductions are called substitute checks.

Q. What is a substitute check?

A. A substitute check is created by a bank and is a paper reproduction of a digital image of an original check. The substitute check contains an image of the front and back of the original check and conforms to banking industry standards for quality.

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

A. 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 substitute checks as if they were the original checks.

Q. Which checks are eligible to become substitute checks?

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

Q. What happens to my original checks?

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

Q. Am I allowed to "opt out" of Check 21?

A. No. Once Check 21 legislation went into effect in October, 2004, it applies to all financial institutions and their customers. There are no "opt out" exceptions.

Q. When will I encounter substitute checks under Check 21?

A. After October 28, 2004, you can expect the following:

- If you receive cancelled checks or check images with your BankAtlantic statement, you may receive a combination of your original cancelled checks and some substitute checks.

- If you have check safekeeping and your cancelled checks are stored at BankAtlantic, images of substitute checks may be stored in place of the original checks.

- If you have online access to your account transactions, images of your checks and substitute checks will be available for viewing.

Q. Are there transactions in which my BankAtlantic check will not be converted to a substitute check?

A. Yes. Some companies, such as a cellular provider or a department store for example, may choose to turn the paper checks they receive from you into electronic transactions. When this happens, a paper check is converted into electronic information that is sent to BankAtlantic for payment. Since BankAtlantic does not receive your original paper check, no substitute check is made.

Q. What other impact will Check 21 have on me?

A. With Check 21, checks will be processed more quickly which may result in funds being with drawn from your account sooner.



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