



# Check Processing: Check 21 and Imaging

*It has been estimated that there are over 20 billion checks written in the United States every year.*

### What is Check 21?

The Check Clearing for the 21<sup>st</sup> Century Act (Check 21) was designed to provide a framework in the national payments system and to enhance efficiencies by reducing some of the legal barriers to check truncation. Essentially, a substitute check has the same legal authority as an original check.

### What is a Substitute Check?

The substitute check is a paper reproduction of the original check that must:

- (1) contain an image of the front and back of the original check
- (2) bear a MICR line containing all the information appearing on the MICR line of the original check
- (3) conform, in paper stock and dimension, with generally applicable industry standards for substitute checks
- (4) be suitable for automated processing in the same manner as the original check

In short, the substitute check is a check image. Hence, the phrase “check imaging.”

### SUBSTITUTE CHECK



### When Did Check 21 Take Effect?

Check 21 was signed into law on October 28, 2003, and became effective on October 28, 2004. Banks today accept substitute checks if presented for payment.

Check 21 authorizes the use of a new negotiable instrument called a substitute check. Check 21 provides the legal framework for the creation of substitute checks, which can be used in place of the original paper document, without an agreement being in place with other financial institutions.

### Zamco Data Services Processes Check Images

ZAMCO's state of the art processing system can handle all your Check 21 needs. Our system can automatically identify business and Check 21 eligible items that are mixed-in with other check transactions. Or, you can just process business checks or back office items. Regardless of the type of check and how you want to process the item – we can help because we meet the needs of business.

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