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What is Check 21?

By Wayne Akey

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What is Check 21?

Check 21 (the Check Clearing for the 21st Century Act) allows banks to replace original paper checks (source document) with digital copies of the originals.

Why was Check 21 created?

Check 21 will reduce the time, risks and costs associated with paper check processing. Banks will be able to send digital images of checks electronically, eliminating the need to physically transport paper checks between banks. Clearly there will be substantial costs and time savings to the banks.

What is a substitute check?

What is Check 21?

A substitute check is a paper copy of the digital image of your original check, called the source document – both front and back, with all endorsements –and is about the size of a business check. Check 21 legislation standardizes quality and allows for substitute checks to be legal copies of the originals.

Are substitute checks an acceptable proof of payment?

Yes, everyone must accept substitute checks beginning Oct. 28.

How will Check 21 impact me?

DO NOT count on float time for your check to clear. Funds will be removed from your bank account much sooner than a paper check. If you receive your canceled checks with your statement, you may receive a mix of substitute checks and original checks. If you don't receive your checks back now, you may not notice any change. Check processing will be faster with the implementation of Check 21. Funds may be removed from your account sooner than in today's system.

What happens to my original check?

After making a digital image, the bank may destroy your original check. If necessary, a substitute check may be created. Since substitute checks are legal copies of your original check, there is no need to save the original.

What if I need a copy of a canceled check?

Your bank will produce a copy for you.

How does Check 21 relate to electronic check conversion (e-check)?

What is Check 21?

Check 21 involves creating digital images of original checks, but are still processed under the same laws and regulations as paper checks. On the other hand, electronic check conversion, or e-check, occurs when a check is converted into an electronic funds transfer. The transaction is then routed through the Automated Clearing House (ACH) network.

Who wins?

THE BANKS! Banks will be saving big dollars on their operational costs. Merchant may

see faster funds availability but many were already seeing quick funds availability using paper checks. Consumers lose the float. So "suprisingly" the banks are the real winners.

For more information visit
<http://www.aba.com> or <http://www.nacha.com>

ABOUT THE AUTHOR:

** If you choose to use this article please be kind enough to email me at articles@ach-payments.com with the word "Article" in the subject.

Wayne Akey has helped numerous businesses reduce costs and increase efficiency. Get your Free Ebooks on "The Secrets of ACH Processing" and "How to Save over 80% on Payment Processing" at <http://www.ach-payments.com>

How Will Check 21 Affect You?

By Shannon Jarvies

You may already be familiar with Check 21, a federal law that goes into effect on October 28, 2004. If you're like me, this may be something you hadn't heard about until just yesterday. The Check Clearing for the 21st Century Act, otherwise known as Check 21, is the process of turning the checks you write

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into images and transmitting them by computer.

What does this mean to you?

Expect the time your check clears to decrease drastically. If you live paycheck to paycheck and often count on a one or two day "grace period" to get funds into your account after paying bills, you'll need to re-organize your budgeting process. Checks will clear in a matter of hours now, not days.

You will no longer be getting your cancelled checks back with your bank statement. If you get anything at all, it will be a "substitute check" which is a certain kind of copy of your original check.

You may be charged extra fees. It's possible that by using this method, your check will be paid twice: once with the original and once with the scanned image. Or there may be an error made in the amount a check was written for in the process of turning an paper check into an electronic check.

What you should do:

Re-organize your budget. You have to make sure that you have the funds in your account to cover every check you write to avoid bouncing any checks.

Request substitute checks. You will not be entitled to a credit to your account if an error has been made unless you have a substitute check.

Balance your checkbook. If you are not in the habit of balancing your checkbook with your bank statement each month, you need to start. This will ensure that you'll find any mistakes that may have been made.

Learn more. Consumer's Union did not support Check 21. Find out why and learn more about Check 21 [HERE](#)

Shannon Jarvies is a WAHM with five beautiful children and a wonderful husband. She also runs a Debt Management Website where you can find resources on how to eliminate debt including debt consolidation, budgeting help and money saving tips and ideas.

How Will Check 21 Affect You?

Cash Advance Payday Loans

The Art of Writing a Check

Business Checks with a lot of Class

No Credit Check Payday Loans

Webcam Watcher

Disaster Preparedness and Crime Protection Manual

Domain Alarm – Is your site working?

The Classified List

Squeeze Machine

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100% Effective Natural Hormone Treatment
Menopause, Andropause And Other Hormone Imbalances
Impair Healthy Healing In People Over The Age Of 30!