

# “Check 21”

Check Clearing  
Act for the 21st Century

# Check 21

- Signed into law on October 28, 2003
- **Effective October 28, 2004**

# *Check 21*

Allows banks to:

- Convert original paper checks into electronic images
- Truncate the original check
- Process the image electronically
- Create “substitute checks” (paper)

# Major Provisions: Substitute check (IRD) format

## Sample Substitute Check (Front)

\*011500120\*  
01/04/2002  
8587408979

This is a LEGAL COPY of your check. You can use it the same way you would use the original check.

053000183 01/03/2002  
1800539446

JAMES C MORRISON  
MARY B MORRISON  
1234 SHEPPARD DRIVE  
YOUR CITY, STATE 12345

145

Jan 1, 2002

PAY TO THE ORDER OF NORTH POLE, INC. \$ 295.45

Two Hundred Ninety Five and 45/100 DOLLARS

Your Bank  
YOUR CITY, STATE 12345

MEMO: Groceries

James C. Morrison

⑆000067894⑆ 123456789 0145 ⑆0000029545⑆

⑆000067894⑆ 123456789 0145 ⑆0000029545⑆

## Sample Substitute Check (Back)

0530-0183 80132602  
NORTH POLE BANK, N.A., CDC  
CHARLOTTE, NC 28255-0102  
1800539446

<053000183 01/03/2002  
E82DE85TBZ

JAN 2 2002

⑆0310000114⑆  
FIRST UNION NATL. SVCS. BKS  
PHILADELPHIA PA 191022802  
70158000000

DO NOT SIGN FRONT OR REVERSE OF CHECK LINE  
FOR ENDORSEMENT WITHIN RED LINE ONLY

FOR DEPOSIT ONLY  
FIRST UNION NATIONAL BANK  
ACCOUNT 1234567890123  
NORTH POLE, INC.

\*011500120\* 01/04/2002  
8587408979

053000183 01/03/2002  
1800539446  
⑆011500120\* 01/04/2002  
8587408979

↓ Do not endorse or write below this line. ↓

Source: Accredited Standards  
Committee X9, Inc.

# ***Substitute Checks***

## **A Substitute Check MUST:**

- Contain an image of the front and back of original check
- Bear a MICR line consistent with the original MICR line
- Conform to established standards for substitute checks
- Be suitable for automated processing

# *Check 21*

**Does** give legal equivalence to:

- a “properly prepared substitute check”  
(aka “image replacement document” (IRD))

**Does** require banks to:

- Accept substitute checks

# ***Check 21***

Does **NOT** require banks to:

- Create an electronic check image
- Accept an electronic check image

Does **NOT**:

- Give an electronic image the legal equivalence of a paper check

# Check 21 and Indiana University

- Expect NSF checks to be converted to IRDs.
- Expect checks to clear faster.
- Be aware of what an IRD looks like and know how to recognize one.

# Need Banking Help?

- Email: [moneymov@indiana.edu](mailto:moneymov@indiana.edu)
- Phone: 812-855-9268
- Contact: Ruth Harpool,  
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