

- ◆ If a member makes a claim, the credit union must investigate any claim, and, in most instances, either resolve the member's claim within 10 business days, or provide the member with a re-credit of up to \$2,500 pending completion of the credit union's investigation. Final determination of any such investigation must be made within 45 days.
- ◆ **Check 21** will significantly reduce the amount of time required to move money out of your account and pay recipients of your checks. So your checks will clear faster and you will need to keep closer tabs on your accounts to make sure funds are available on time.

Check 21 promises to usher in a new era of credit union efficiency and service. With it, you will be able to manage your accounts and your money using the best of today's technology, with the promise of newer, easier financial transactions in the future. With **Check 21** come many changes but your credit union is well prepared, and we are here to help smooth the way for you!

*For more information on **Check 21**, call or drop by your credit union today!*



Presented by the National Association of Federal Credit Unions, an independent trade association representing federally chartered credit unions nationwide.

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Check 21 and You

**Check and share
draft clearing will
soon become
more efficient.
Here's what you
should know
about it.**

PAYING BY CHECK IN THE 21ST CENTURY

Starting in October 2004, federal law will recognize a new type of payment document called a “**substitute check**” that will be used for clearing and settlement. The Check Clearing for the 21st Century Act, the law that makes this possible, will permit quicker processing of checks by allowing the receiving financial institutions to treat an **electronic image the same as the check itself**. The government, media and industry call this new ability, **Check 21**.

Why is the government giving an electronic image the same rights as a paper check? Over *40 billion* checks are written annually in the United States, and they follow a long, winding journey starting at the time a check is written, and costing *billions of dollars a year*.

More Efficiency, Better Service

With **Check 21**, credit unions can now fully implement the efficiency of electronic transmission by taking a picture of the check or creating a legal “substitute check,” then transferring it electronically rather than transporting it via truck, train or plane. This new efficiency will have many significant benefits:

- ◆ **Checks will clear faster**
- ◆ **Check fraud will decrease**
- ◆ **Security will increase**
- ◆ **Check processing will cost less**

Here’s What to Expect

You will be hearing more about **Check 21** in the weeks and months ahead as credit unions and government gear up for full implementation. In accordance with the law, we will be providing more in-depth notification to you later this year about your rights and responsibilities. Here’s what you should know in the meantime:

- ◆ Members who request or receive an original check or who receive image statements can expect to begin receiving substitute checks. The substitute check will contain an image of the original check and will bear the legend: “This is a legal copy of your check. You can use it in the same way you would use the original check.”



Sample substitute check

- ◆ Substitute checks are required to accurately represent all the information on the front and back of the original check.
- ◆ Substitute checks are the legal equivalent of an original check for all purposes, including any provision of federal or state law.
- ◆ Members who believe a substitute check was not properly processed may be entitled to a credit for the amount of the check pending an investigation.