

David Prifti

Module 11 - Chapter 11 Exercise

Question 11

In 2004, the United States government wanted a way to make passing checks more modern, so they passed the Check Clearing for the 21st Century Act or Check 21. Check 21 is a law that lets banks replace physical check movement with uploads of scanned images. This makes check moving much faster and more efficient. It also saves banks tons of money because moving original paper checks is expensive. Checks today can be scanned and then that scanned image can be transmitted instantly into the account of the receiver and withdrawn from the sender. If customers still need a paper check, banks will use the scanned image and create a substitute paper check instead of using the original one. This saves them time and money. Another reason as to why this law was passed was because of the attacks on September 11th. The country was shut down for a week after the attacks and this led to a crisis because all the checks were backed up. They were not able to be transported so, the government need an alternative way to pass checks incase something like 9/11 happened again.

Sources: <https://www.digitalcheck.com/what-is-check21/>

<https://www.federalreserve.gov/paymentsystems/regcc-faq-check21.htm>

Electronic Commerce by Gary Schnedier