

Alex Bazydlo

ITWP 2600

Chapter 11 Exercise

In one or two paragraphs, explain what the Check 21 law facilitates and explain what it was intended to accomplish.

The Check 21 law, formally known as the Check Clearing for the 21st Century Act, was enacted in 2004 to modernize the check processing system in the United States. The law allows banks to process checks electronically by using digital images of checks instead of physically transferring paper checks. This streamlines the process, reducing the time and cost associated with clearing checks and making the system more efficient.

Check 21 was intended to speed up the check-clearing process and improve the overall efficiency of the banking system. By allowing checks to be transmitted electronically, it helps reduce delays and the risk of lost or delayed checks, benefiting both financial institutions and customers. It also encourages the use of electronic payments, aligning with broader efforts to modernize financial services.

Sources:

https://en.wikipedia.org/wiki/Check_21_Act

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