



The Case of the Returned Check

You go to the store and decide to pay by check. The clerk runs your check through a machine and hands the voided check back to you with your receipt. Why? Because you just experienced electronic check conversion.

Electronic check conversion is a technology on the rise. And, as more retailers begin to use the technology, it's important to know what electronic check conversion is and why it's used.

With electronic check conversion, your check is scanned to obtain your account number, your financial institution, and the check number. That information is used to make an electronic fund transfer--a one-time electronic payment from your account. The voided check is given back to you.

Merchants use this technology because it helps reduce the possibility of fraud. When the check is scanned to gain information, it also is verified against fraud and closed-account databases. In addition, electronic check conversion allows for faster check processing, so merchants get their money faster.

If you have a share draft or check converted at the checkout, destroy the check or file it with your receipt.

To learn more about electronic check conversion, its uses, and your rights, check out the Federal Reserve Board guide, "When is Your Check Not a Check? Electronic Check Conversion," at www.federalreserve.gov/pubs/checkconv/default.htm.

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