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Chapter 11 - Module 11 Exercise

The Check 21 law, also known as the Check Clearing for the 21st Century Act, is an act that allows banks to process electronic checks or e-checks instead of physical paper checks. The banks can create a digital image of the check which works in place of a physical paper check. The image is inspected and the check is processed as normal after verifying all the details. This allows for much faster check processing and removes the need to move a paper check between banks for processing and clearing.

The main goal of the Check 21 law is to improve the speed and quality of check processing for all banks. Before the law, checks had to be inspected and then physically shipped from one bank to another, which would be a huge factor in how long it would take for a check to clear. Now with electronic checks, the most time-consuming part of the process has been removed, therefore streamlining the process to be quicker and easier for both the customer and the bank. This not only made the process quicker and easier but also helped reduce costs related to transportation. The new modern online banking system has become faster and more efficient with the digital processing of electronic checks.

Resources:

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

<https://www.helpwithmybank.gov/help-topics/bank-accounts/check-writing-cashing/writing-cashing-checks/check-21.html>