

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

Check 21 or the Check Clearing for the 21st Century Act, allowed banks to eliminate the physical check to process withdrawals and deposits. It called for a change called check truncation, which was an image of a check replacing the physical check. Before Check 21 when a retailer received a check from a customer, the retailer had to deposit it, then the bank had to send it to the issuing bank that would verify the money was in the account and send it back to the original bank. If this process seems archaic, you are not wrong! In today's financial landscape checks can even be deposited from the comfort of the account holders home using their banking app.

When Check 21 revolutionized this market, it made the way forward for quicker processing, funds being accessible and withdrawn nearly immediately. This act also allowed less check fraud as the time lapsed of verifying funds and withdrawing them switched from days to mere minutes. This act also allowed technology to really make headway with such apps as Venmo, Zelle, and online banking. With technology and imaging taking the driver seat, online finance made a giant leap.

Resources:

Schneider , G. P. (2017). *Electronic commerce* (17th ed.). Cengage Learning.

https://www.investopedia.com/terms/c/check_21.asp#:~:text=What%20is%20the%20Check%20Clearing,known%20as%20a%20substitute%20check.

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