

ELECTRONIC CHECK CONVERSION

What is Electronic Check Conversion?

A merchant using Electronic Check Conversion will ask you to give them a traditional blank or written paper check at the time of your purchase. They will take your check and scan it through a check-reading device. That device will capture all the necessary data needed to process an electronic fund transfer (i.e., your check number, bank routing number and account number). That information will be added to the sales amount and processed electronically. If the transaction is approved, the clerk will ask you to sign a receipt (just as you would a credit card transaction.) You should then be handed a duplicate copy of the receipt along with your voided check. **This receipt must include the date of the transaction, the total sales amount and the name and location of the merchant.** Later, when you receive your account statement, the transaction will be identified by the check number.

What are my rights concerning Electronic Check Conversion?

First of all, federal regulations require a merchant who employs Electronic Check Conversion to provide you with a notice of their intention to handle the transaction electronically. They may accomplish this by posting a sign at their register or they may even ask you to read and sign a written notice. The merchant is also required to provide you with a notice concerning any additional fees that they may charge in the event that your account has insufficient funds to cover the transaction.

Because you are actually participating in an electronic fund transfer Regulation E also protects you. Among the protections of this regulation are the right to request an investigation by your financial institution when an error occurs.

Check over your account statement carefully when you receive it. If you find a problem relating to an Electronic Check Conversion, you **have 60 days from the date the statement was sent to ask for an investigation.** Your financial institution may then take up to 45 days from the date of notification to complete their investigation.

What are some other points I should consider regarding Electronic Check Conversion?

At the time of your purchase, be certain that you have sufficient funds in your account to cover the amount of the sale. An Electronic Check Conversion transaction may process faster than a traditional paper check would have.

Never use the same blank check to make more than one Electronic Check Conversion transaction. Because the check reader will gather the check number as part of the transaction information, you must use a new check each time. Repeated check numbers on your account statement would make it prohibitively difficult for your financial institution to resolve any discrepancies related to those transactions.

Before you leave the store, make certain that the merchant has handed you a copy of your signed receipt and the voided check. Double check to be sure that the dollar amount on the receipt matches the dollar amount of your purchase.

Bills you pay by check through the mail may also be handled as Electronic Check Conversion transactions. The party sending the bill must provide you with a notice informing you of their intention to use your check to make an electronic payment from your account. By sending your check you have agreed to the Electronic Check Conversion. Always record the payment and remember to check your account statement carefully. Parties converting your mailed check are not required to provide you with a receipt of the electronic transaction and your financial institution will not receive a check to return to you.

Do I have to agree to Electronic Check Conversion?

No. If you do not wish to have your check converted electronically to complete a transaction, you may simply pay for your purchase using other accepted means (i.e., cash, debit or credit cards.)

Where can I file a complaint?

Federal Trade Commission

Consumer Response Center

600 Pennsylvania Ave., NW

Washington, DC 20580

Toll free: 877-FTC-HELP—877-382-4357

www.ftc.gov

Also send a copy of your complaint to:

Board of Governors of the Federal Reserve System

Division of Consumer and Community Affairs

Washington, DC 20551
202-452-3693
www.federalreserve.gov