


Companies in the United States have begun to use a process of converting consumer paper checks into electronic payments. This process will save the U.S. economy billions of dollars annually and will cut down on the amount of paper you keep.

This is part of the nation's overall migration to electronic payments that started over 30 years ago with Direct Deposit. These electronic payments are processed over the Automated Clearing House (ACH), a secure network (not the Internet) used by banks and credit unions to transfer billions of dollars daily. Electronic payments are private and secure – a network of computers does the work.

You do not need to do anything new or different. A company that sends you bills (credit card, utility, and mortgage) notifies you that it will use the check conversion process via an enclosure in your bill or a statement on your bill. You write a paper check for the amount of your payment and mail the payment. The company converts the check into an electronic payment, stores a copy of the check and then destroys the original paper check. The payment shows up on your account statement with the date of the payment, the name of the company paid, the check number, and the amount of the payment.


The efficiency of the nation's payment system requires shifting from paper checks to electronic payments. This change is in everyone's best interest. Electronic transactions provide more privacy and federally regulated protections than paper checks; electronic payments can result in less fraud and fewer errors; and electronic processing is less costly than paper processing.

Check Conversion Education Coalition
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**What
Happened
to the
Paper
Check?**

A Guide to
Bill Payment Check
Conversion For
Consumers



What Happened to the Paper Check?

How does check conversion work?

The company that sends you bills (credit card, utility, and mortgage) notifies you it will be using the check conversion process. You write a paper check for the amount of your payment and mail it to the company. The company converts the check into an electronic payment, destroys the paper check and stores a copy of the check. The payment shows up on your account statement with the date of the payment, the name of the company paid, the check number, and the amount of the payment.

What happens to the paper check?

During the check conversion process, the paper check is copied, stored and the original check is destroyed. These steps ensure that the check cannot be used for any other purpose. The company that bills you keeps the copy of the original check for two years.

Can I get a copy of the check?

You can obtain a copy of the check from the company to which you sent the check or from your financial institution. All of the relevant information will be on your bank or credit union account statement. Your account statement is generally an accepted form of proof of payment.

How do I prove I paid the bill?

Your account statement will list the check number, the date of the payment, the name of the company you paid, and the amount of the payment. The information on your account statement is generally recognized as proof of payment and is accepted by the IRS.

Can companies take extra money from my account using check conversion?

No. The company is allowed to deduct only the amount of the check.

Can companies see how much money I have in my account?

No. The only account information available to the company during the check conversion process is what is on the paper check, such as your name, address, account number, bank routing number, and the amount of the payment.

What if the wrong amount is deducted or my payment is deducted two times?

Problems with check conversion are rare. If a problem does occur, contact the company or financial institution right away and it will correct the problem.

Where does check conversion show up on my account statement?

A check that has been converted to an electronic payment may appear in the same space as your ATM withdrawals, debit card payments, and other electronic payments, or may be included in the check listing. Your account statement will list the date of the payment, the name of the company paid, the check number, and the amount of the payment.

Can I put a stop payment on the check?

Yes. As with a paper check, you place a stop payment before the payment is posted to your account.

Is the payment deducted from my account faster when the paper check is converted?

Generally, the payment may clear faster when a company has converted the paper check to an electronic transaction. Consumers should be sure they have adequate funds in their account to cover the amount of their payments.

Is check conversion governed by any regulations?

The Federal Reserve's Regulation E and industry operating rules regulate electronic payments. The check conversion process allows consumer protection under the same regulations that consumer debit cards are protected.

Is check conversion new?

No. Check conversion has been in place for five years using the same secure Automated Clearing House (ACH) network that the Federal Reserve and the nation's financial institutions use to process electronic payments. The ACH is also the network that has been used for over 30 years for Direct Deposit and Direct Payment. At present, check conversion is for consumer payments only.

Is check conversion safe?

Yes. Electronic payments are safe. The payment information is transferred through computers over a private network protected by encryption, message authentication codes and other security procedures.

Who authorizes a check conversion?

You do, after the company has notified you that your paper check will be converted and you mail your check. The company is required to notify you that paper checks will be converted either by a notification on your bill or by an enclosure in your bill.