

Does electronic check conversion allow me to use the same check more than once?

No. An electronic check conversion transaction is a one-time electronic payment from your account. If you were to use the same check for more than one transaction and you had a problem with one of the transactions, your financial institution might have difficulty investigating the problem because the same check number would appear more than once on your statement.

Can electronic check conversion occur if I mail a check to pay a bill?

Yes. For example, let's assume that each time you get your insurance bill, it includes a notice. The notice tells you that if you mail a check, you authorize your insurance company to use information from that check to make an electronic payment from your account. If you then send a check, you have agreed to electronic check conversion. Unlike what happens when you make a purchase at a store, however, you won't receive a receipt. Your check won't be returned to you with your account statement from your financial institution because the transaction was processed as an electronic fund transfer, not as a check transaction.

For bill payments, you should take the same precautions as you do with electronic check conversions in stores. Be sure you have enough money in your account when you mail your check, keep records of your payments, and check your account statements from your

financial institution to make sure the amounts charged are correct.

What if I don't want my check to be used for electronic check conversion?

If you don't want your check to be used for electronic check conversion, you may have to provide another form of payment (for example, cash, debit card, or credit card). Under federal law, billers (such as a utility or credit card company) are *not* required to provide you with an opportunity to opt out of electronic check conversion. However, you may try to contact billers directly at the address they provide and ask them not to convert your check.

What if I need a record of my check as proof of a payment I made?

Your checking account statement will contain information about your payment, including the date, the check number, the name of the person or company you have paid, and the amount of the payment. The statement is generally accepted as proof of payment.

What if I have a question or problem with an electronic check conversion?

Contact your financial institution. For information on state laws that may apply to electronic check conversion, contact your state's consumer protection agency or attorney general's office.

Where can I file a complaint about a merchant or someone else I paid by electronic check conversion?

Contact:

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Ave., NW
Washington, DC 20580
877-FTC-HELP or 877-382-4357 (toll free)
www.ftc.gov

Please 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

Remember . . .

Before you agree to electronic check conversion, you should first ask yourself

- Do I understand that the information from my check will be used to make an electronic payment from my account?
- Do I have enough money in my account to cover the payment?

Before you leave the store, you should ask yourself

- Did I receive a receipt?
- Does the amount on the receipt match the amount of my purchase?

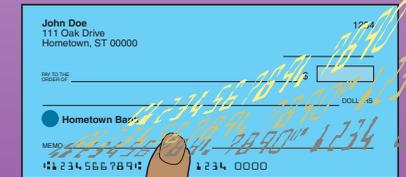
When you receive your statement from your financial institution, you should

- Make sure that the charges on your statement match your records.
- Contact your financial institution right away if you notice a problem.



The Federal Reserve Board

When Is Your Check Not a Check?

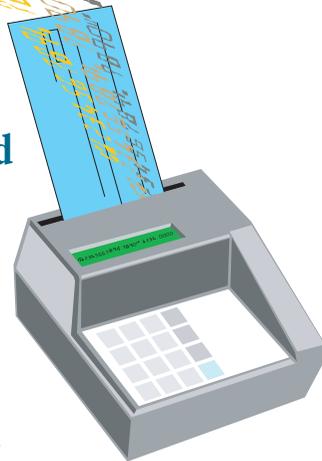


Electronic Check Conversion

Suppose you're at a store making a purchase and decide to pay by check—

at least, that's what you believe you're doing. But then the clerk runs your check through a machine and hands the voided check back to you with your receipt. Later, when you get your bank statement, that check isn't listed with your other check transactions. Instead, you notice an electronic debit to the store for the amount of the transaction.

What happened? Did you pay by check or not? Why did the clerk return the check to you? The answer is, you just experienced electronic check conversion.



What is electronic check conversion?

Electronic check conversion is a process in which your check is used as a source of information—for the check number, your account number, and the number that identifies your financial institution. The information is then used to make a one-time electronic payment from your account—an electronic fund transfer. The check itself is not the method of payment.

How will I know that my check is being used for electronic check conversion?

When you provide your check, you must be given notice that information from your check may be used to make an electronic payment from your account. The notice is required by the federal law that applies to electronic fund transfers, the Electronic Fund Transfer Act, and by the Federal Reserve Board's Regulation E.

You may receive notice in different ways. For example, a utility or credit card company might put a notice in your bill stating that if you pay by check, your check may be used to make an electronic fund transfer from your account.

If you pay with a check at a store or other place of business, you will receive notice in two different ways. First, a merchant must post a sign—typically at the register—notifying you that if you pay by check, you are agreeing to let the merchant make an electronic fund transfer from your account. Second, you

will be given a copy of the posted notice (or a similar notice) that you can keep for your records. This notice usually appears on your sales receipt.

What are some of the differences between electronic check conversion and using my check as payment?

- Your electronic transaction may be processed faster than a check. Be sure you have enough money in your account at the time you make a purchase.
- Your financial institution will not return any checks that are converted, even if you normally receive your original checks or images of those checks with your statement.
- You have different consumer rights in an electronic check conversion transaction than you do when you use your check as payment. For example, in an electronic check conversion, you have the right to an investigation by your financial institution when an error occurs.

What are my rights in electronic check conversion transactions?

- You have the right to receive notice that if you provide a check as payment, information from the check may be used to make an electronic payment from your account.
- When you provide your check, you have the right to receive notice of any fee that the merchant will collect from your account electronically. For example, if you do not

have enough money in your account to cover the transaction, your check may be returned to the merchant for non-sufficient funds (NSF), and the merchant may charge you a fee. This fee is similar to a bounced-check fee.

- You have the right to receive a receipt when you make a purchase at a store. The receipt will contain information about the transaction, including the
 - Date
 - Amount
 - Location
 - Name of the merchant
- You have the right to have this same transaction information included as part of the regular account statement from your financial institution.
- You have the right to ask your financial institution to investigate any electronic fund transfers from your account that you believe are unauthorized or incorrect.

What should I do if I have a problem with an electronic check conversion transaction?

Always review your regular account statement from your financial institution. You should immediately contact your financial institution if you see a problem. Were you charged the wrong amount? Were you charged twice for the same transaction? You have only 60 days (from the date your statement was sent) to tell the financial institution about a problem. Depending on the circumstances, the financial institution may take up to 45 days from the time you notify it to complete its investigation.