

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

The Check Clearing for the 21st Century Act (Check 21), signed into law on October 28, 2003, aims to modernize and streamline the check processing system. Its primary purpose is to enable banks to handle more checks electronically, thereby enhancing efficiency and reducing reliance on physical transportation of paper checks. Under this law, banks can create electronic images of consumers' checks through a process known as check truncation. Instead of physically moving original paper checks from the bank where they are deposited to the bank that pays them, check 21 allows for the creation of a new negotiable instrument called a substitute check. These substitute checks contain all the information from the original check and serve as its legal equivalent. By facilitating check truncation and promoting electronic processing, check 21 fosters innovation in the payments system and aims to make check processing faster and more cost-effective.