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Electronic Check Conversion

What is electronic check conversion?

Electronic check conversion is a process where 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 will 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 the Federal Reserve Board’s Regulation E. Notice may be provided in different ways. A merchant may post a sign at the register or may give you a written notice that you’ll be asked to sign.

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 the purchase.

You have different consumer rights with an electronic check conversion transaction than when you use your check as payment. For example, with 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 when you provide your check telling you that information from the check will be used to make an electronic payment from your account. When you provide your check, you have the right to a notice telling you of any fee that the merchant will collect from your account electronically if you do not have enough money in your account to cover the transaction. 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 date, amount, location, and name of merchant. You have the right to have this same 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 the problem. Depending on the circumstances, the financial institution may take up to 45 days from the time you notify it to complete its investigation.

With electronic check conversion, may I 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 there is a notice. It tells you that when you mail a check, information from that check will be used 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.

As 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, such as cash, debit card, or credit card.