

## Exercise 11

The Check 21 law, formally known as the Check Clearing for the 21st Century Act, is a 2004 law that permits banks in the United States to overcome the need for physical checks in favor of digital checks which retailers can scan onto the system which posts to both accounts nearly immediately reducing the float time in the transaction.

The law intended to speed up the time in which it took for checks to clear and posts to account. The primary reason for this was to reduce the need to transport physical checks across virtually any distance thus adding increased efficiency to the cashing process. This had the added benefit of reducing operational costs for banks since the logistics of physical checks were no longer necessary.

Schneider, Gary., "Electronic Commerce. 12th Edition

<https://www.frbservices.org/binaries/content/assets/crsocms/education/events/check21overview-fs.pdf>