



## Check Processing Facts

---

Contact: John Hall, (202) 663-5473 or [jhall@aba.com](mailto:jhall@aba.com)

- **Banks process 36.7 billion checks each year** with a total value of \$39.3 trillion, according to the 2004 Federal Reserve Payments Study, the most recent survey available. The study reported a 4.3 percent decline in the total number of checks between 2000 and 2003.
- **Checks make up 11 percent of all consumer payments** at the point-of-sale, according to the ABA Consumer Payment Preferences Study (Oct. 2005). Other payments include: cash – 33 percent; debit cards – 33 percent; credit cards – 19 percent; and prepaid cards – 4 percent.
- **Some institutions process more than a million checks per day**, traveling through sorting machines at speeds of up to 60 miles per hour.
- **The average value per check is \$1,070**, according to the 2004 Federal Reserve Payments Study.
- **Approximately 18.3 million checks “bounced” (returned unpaid) in 2003**, according to the Federal Reserve. This is 0.5 percent of total check volume. The average value per returned check was \$756. The number of bounced checks has declined at an annual rate of 7.7 percent since 2000 and may reflect better money management by check writers or greater use of overdraft protection programs.
- **Funds on local checks must be made available within two business days** according to the Expedited Funds Availability Act of 1987. Non-local checks must be made available within five business days. Certain circumstances permit longer holds due to the high risk of fraud, such as new accounts, deposits over \$5,000, repeatedly overdrawn accounts and/or emergencies.
- According to ABA’s 2004 Deposit Account Fraud survey, **most banks make funds available on the day of the deposit or the day after the deposit**. Between 72 percent and 87 percent of respondents already provide funds before the law requires.
- Enacted Oct. 28, 2004, **the Check Clearing for the 21<sup>st</sup> Century Act (Check 21) allows banks to exchange check images electronically** rather than physically transporting the original checks. As check processing accelerates, the Federal Reserve is required to shorten check-hold times accordingly.
- **Banks use special magnetic ink** on the numbers at the bottom of checks to speed processing and prevent fraud.
- **When small businesses or consumers use desktop software to make checks, they should always use special magnetic ink toner**. This assures that your check will be processed promptly and helps decrease fraud.
- **The check’s first widespread usage was in Holland in the early 1500s**. In 1681, the first U.S. checks were used by Boston businessmen that mortgaged their land to a “fund” against which they would write checks.