

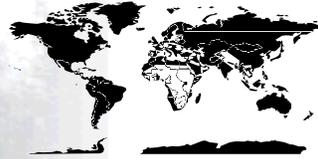
PCC Scanner

Paper Check Conversion

FMS
FRB Cleveland



News
Information
Education



Vol. 3, July, 2004

More on Check 21

In the last issue of PCC Scanner, we gave you a brief description of Check 21, the Check Clearing for the 21st Century Act, and outlined some of the changes that this act would bring. In this issue we will cover what constitutes a substitute check, cover some commonly asked questions, and give you some websites to visit for more information.

The Check Clearing for the 21st Century Act (Check 21) provides for the use of a substitute check. A substitute check is a paper reproduction of the original check. To meet legal requirements it must:

- ◆ Contain an image of the front and back of the original check
- ◆ Bear a legend that states, "This is a legal copy of your check. You can use it the same way you would use the original check."
- ◆ Display a MICR line containing all information appearing on the MICR line of the original check.
- ◆ Conform in paper stock, dimension, and otherwise, with generally applicable industry standards for substitute checks.
- ◆ Be suitable for automated processing in the same manner as the original check.

To better help you understand Check 21, here are some commonly asked questions and answers:

What is Check 21?

Check 21 is designed to foster innovation in the payments system and to enhance its efficiency by reducing some of the legal impediments to check truncation. ALL payment instruments will be eligible for processing under PCC, including Money orders, Treasury checks, Credit card checks, Traveler's checks, Cashier's checks, Official checks, Third-party checks, Payroll checks and Checks drawn on state or local government.

What does Check 21 authorize?

Check 21 allows the use of a new instrument called a substitute check. The substitute check is a reproduction of the original check that meets the legal requirements of the Act and can be processed just like the original paper document.

What are the requirements of Check 21?

- ◆ Check 21 requires financial institutions to accept a substitute check from a presenting institute and grant it equivalent status as the original check, if the substitute check meets prescribed requirements.

Continued on next page. . .

Take Time to Reconcile

Do you balance every day? If you don't you'll want to make it part of your daily routine. At the end of each business day, you should reconcile to your batch lists. You will receive an SF215 the following morning and you'll want to make sure that you match the figures of the previous evening to this SF215. Doing so will prevent problems down the road when research needs to be done.

You also want to make sure that you reconcile your PCC batch list with your internal source documentation prior to closing and transmitting your batch. If there is a problem within the batch, items can be voided before that batch is ever sent.^{PCC}



Contact Information

Federal Reserve Bank of Cleveland
PCC Deployment Center - Ground Floor
1455 East Sixth Street
Cleveland, OH 44114
Phone: 216-579-2112 or 800-642-1373
DSN (510) 428-6824, option 6, option 4
PCC Helpdesk Support Hours:
Monday through Friday
6:00AM until 8:00PM Eastern time
Deployment Fax # 216-579-2125
Customer Support Fax # 216-579-2813
Website: <http://www.pcc.gov>

The Future of Secondary Storage Options

Quick Tips

Before you close your batch. . .

make sure that you reconcile to your batch list. Once the batch has been closed you can no longer make changes.

If research has to be done. . .

it is much easier for our Customer Service staff to research a recent item. Sometimes they have to go back into the archives by several months and it takes longer to do that research. This time delay can be avoided if batches are reconciled in a timely manner.

Use valid documents . . .

for your PCC transactions. Please ensure that all documents that are used for PCC processing are valid as outlined in the SOP, Daily Processing chapter.

When setting up new users . . .

Make sure that users have full read/write access to the operating system on the machine or they won't be able to use PCC.

If changes are made to your firewall. . .

configuration, please make sure that our IP addresses have not been changed or deleted or you will not be able to transmit your batches. Call the PCC Customer Service if you need to know the IP addresses.^{PCC}

More on Check 21

Continued from first page. . .

♦ Check 21 requires a reconvert bank to meet the warranties and indemnities enacted through the legislation and subsequent regulations.

♦ Check 21 requires financial institutions to provide education to individual consumers on substitute checks and consumer recredit rights. For more information on Check 21 visit:

<http://www.frb services.org/Retail/Check21.html>

Secondary Storage is a must when using the PCC system. Your outgoing batches are stored on this secondary storage device, as well as your hard drive, in the event that you have a hardware or software failure. The stored files on that secondary device can then be taken to another PCC computer where you can transmit those batches.

The majority of PCC terminals today use either a flash memory card (laptops) or a zip drive. Flash memory cards will continue to be supported for laptops that have a PCMCIA card reader. Support for zip drives, on the other hand, will be evolving. Companies that manufacture zip drives are no longer making drives that connect via the older, slower parallel port. Today's standards call for USB, or Universal Serial Bus.

Technological changes like these can cause the 'domino effect' in the computer world because USB devices will not work on a Windows NT operating system so support for Windows NT on a PCC machine will also be phased out. This will affect your choice for your PCC system's secondary storage.

Zip drives can still be used as your secondary storage device but they must connect to your computer via a USB, Firewire, or ATAPI connection. USB and Firewire are external ports that transmit data at a much higher rate than the older parallel port. USB 1.1, which is the first and oldest USB standard is found on some older computers and laptops. Transmit rates for USB 1.1 are 12 Mbps (megabits per second). The newer USB 2.0 standard can transmit data at 480 Mbps and is pretty much a standard port on today's computers.

Firewire is a very fast external bus standard that supports data transfer rates of up to 400Mbps (in 1394a) and 800Mbps (in 1394b). Most computers today do not come with Firewire unless you specify when ordering but it's relatively easy for the hardware savvy among us to install a firewire card.

ATAPI stands for Attachment Packet Interface. It is an internal connection that allows interfacing for mass-storage devices. Installing an internal device via ATAPI requires that

your computer have a free drive bay, a free IDE controller and a free internal power connection.

If these options seem a bit complicated, there are easier solutions. You could designate a LAN drive as your backup. This may not be feasible though in cases where rules for your network prohibit writing to a LAN drive.

Flash drives (which are sometimes referred to as called jump drives or thumb drives) are easy-to-use devices that work like a mini hard drive. They use your USB port to connect to your computer and are compact and convenient. They are completely compatible with other machines that support the USB standard but you need know if your PC uses USB 1.1 or 2.0 before purchasing the appropriate device.



These small drives do have some disadvantages as well. They can easily become misplaced, lost, or stolen which poses a security risk. Also, if the device is removed too quickly, the data will become corrupt. They come equipped with a read/write light and the light should be off before it is unplugged from the USB port to prevent data corruption. Many USB ports are situated at the back of the computer so a user may not be able to see if the light is off and can pull out the device too soon and corrupt the data.

With any of the secondary storage device mentioned, full read/write permission must be enabled on your network for the device to work.

And just one more note. . . CD burners will not work as a PCC secondary storage device. They require proprietary software outside of PCC to do their read/write function.^{PCC}



Wouldn't it be nice!!!