

In October 2004, Check 21 went into effect and has enabled organizations to digitally transmit checks to banks for payment. The University is migrating to these standards. This will impact every department on campus that currently accepts checks as a form of payment. Effective **July 1, 2009**, all checks will be converted to an electronic debit or ACH (Automated Clearing House).

Electronic check processing provides UNI with the following benefits:

- *Earlier Fraud Detection
- *Reduction of Errors
- *Fewer Returned Checks
- *Reduced Processing Costs
- *Greater Consumer Security and Privacy

In ACH check conversion, the physical check is used only as a source of information; the check itself is not the method of payment. The paper check is captured through an electronic system that identifies the check number, the checking account number, and the routing number that identifies the financial institution on which it is drawn. This information is then used to make a one-time electronic payment from the account - an electronic funds transfer (EFT). Checks for more than \$25,000 are not eligible for ACH conversion.

Before we can begin processing ACH check conversion, we are required to provide clear and conspicuous notice to our customers that their check payments may be converted to an ACH debit. This notification needs to occur **30 days prior** to implementation. Methods for notifying customers may include: notice printed on invoices or statements, letter inserts, and signage placed at payment locations. Regulation E provides specific language that will need to be posted in your departments. Those signs will be provided by the Office of Business Operations. Departments that do invoicing will need to include specific verbiage on their statements as well. The statement follows:

"When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day we receive your payments, and you will not receive your check back from your financial institution."

The NACHA Operating Rules requires us to provide customers with a reasonable procedure to opt out of ACH conversion, if they choose to do so, please contact the Cashiers to update any ACH opt-out preferences.

Once we convert checks to ACH, we are required to retain or have access to a reproducible, legible image or copy of the front of the original check for TWO years from the settlement date of the ACH debit. The Office of Business Operations will be the gatekeeper for these items; however, our financial provider will house this information on behalf of the university.

Please direct all questions to the Cashier Coordinator, Christina Geweke, in the Office of Business Operations **319-273-2628** or cashiers-office@uni.edu.