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## 1. What is Electronic Check Conversion?

*An electronic check conversion scans information from a check and converts it into an electronic payment from the bank account on the check. This can occur at a store, where the cashier will scan the check, mark it void and return it to you. It can also occur in mailed payments in much the same manner. In both cases the payment is immediately deducted from the bank account.*

## 2. How does Electronic Check Conversion work?

*When you give the check to a store cashier, the check is run through an electronic system that captures the bank account information and the amount of the check. You are asked to sign a receipt and you get a copy for your records. When the check information has been processed and the check has been handed back to you, it should be voided or marked by the merchant so that it cannot be used again. The merchant electronically sends information from the check (but not the check itself) to the bank or other financial institution, and the funds are transferred into the merchant's account.*

*Electronic check conversion also may be used for checks sent by mails. The merchant or company receiving the check electronically sends information from the check (but not the check itself) through the system, and the funds are transferred immediately into their account.*

## 3. Who can sign the receipt if a business utilizes the electronic check process?

*Only approved signers on the 4-H unit or volunteer management organization (VMO) account (those on file with the bank) can sign the receipt.*

## 4. How will I know if merchants we do business with use electronic check conversion?

*By law, you must receive notice if check information will be processed electronically. Notice can be given in different ways: In a store, a merchant might post a sign at the register or give you a written notice. For a mailed check, the company might include the notice on your monthly statement or under its terms and conditions. The notice also should state if the merchant or company will electronically collect from the account a fee – like a “bounced check” fee – if you have insufficient funds to cover the transaction.*

## 5. Will the 4-H unit or VMO get the check back?





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*The financial institution may be unable to give you a duplicate copy of the check, so it is important to keep your checks and receipts to show proof of payment. In the case of merchants and companies that use electronic check conversion for the mailed checks, you will not get the check back because the information was transmitted through the process electronically. However, if you need a copy of the check, you can always ask the merchant or company if they will provide it to you. Another alternative is to use duplicate checks (a duplicate carbon copy is made of every check written). Many 4-H units also find these are especially helpful for younger treasurers. There may be an extra charge for duplicate checks, whether you buy them from your financial institution or a check printing company, but most 4-H units who use them find the small extra charge worth it.*

## **6. Will the payment be shown on the monthly bank statement?**

*Yes. The bank statement must show the electronic transaction. It should include the name of the merchant or company, the payment amount, the date the payment was electronically transferred from the 4-H unit's or VMO's account and the transaction location. This information may be included in an area other than where the paper checks are listed, so carefully review the entire statement.*

## **7. What does electronic check conversion mean to me as the 4-H unit or VMO treasurer?**

*There may be no float on the check. That means, if you write a check today, you need to have funds in the account today to cover it. If you do not, the check may bounce and your 4-H unit or VMO may be charged a fee by the merchant, financial institution or both.*

## **8. What if I find an error on my account?**

*It is always important to promptly review the bank statement for errors. For example, did two payments go through instead of one? Was the 4-H unit charged the wrong amount for the item purchased? You have 60 days from the date the statement was sent to notify the financial institution of any errors. The financial institution might take up to 45 days from the date you notify it to investigate the situation. In most instances, if it will take more than 10 business days, the financial institution must credit the account while it investigates the error.*

## **9. What if I find unauthorized transactions on my account?**

*Generally, if you find unauthorized electronic check conversion on the account (or someone has fraudulently obtained the banking account information), notify the*





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*financial institution and the 4-H YDP staff immediately. The level of loss depends on how quickly you report the problem.*

*Under federal law, for unauthorized electronic check conversion, you have 60 days to report these transfers after your bank account statement containing the problem is mailed to you. If you fail to report the unauthorized transfers within this time period, there is a risk of losing all the money in the account.*

**10. What information does a 4-H unit or VMO need to turn into the county 4-H office if a business uses the electronic check process?**

*4-H members and adult volunteers who encounter a business that utilizes electronic checks will need to maintain a copy of both the check and the receipt. If it is not possible to obtain a copy of the check the receipt must be obtained (and a duplicate carbon copy if available).*

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