

# Checks



# Check

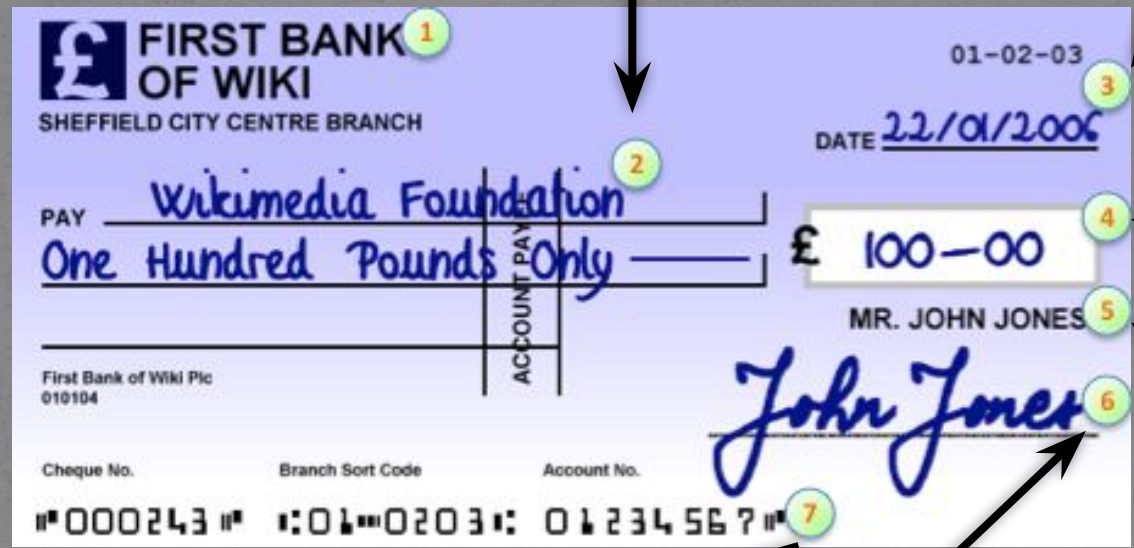
Check is a document that orders a bank to pay a specific amount of money from a person's account to the person in whose name the check has been issued.



Drawee - the financial institution where the check can be presented for payment

Payee - the recipient of the money

Date of issue



Amount of currency

Drawer - the person or entity making the check

Machine readable routing and account information

Signature of drawer

Check

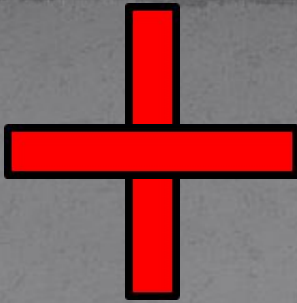
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graph TD; A[Check] --> B[Cash receipts]; A --> C[Calculation checks]
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Cash receipts

Calculation  
checks

# Declining use

Although forms of cheques have been in use since ancient times and at least since the 9th century, it was during the 20th century that cheques became a highly popular non-cash method for making payments and the usage of cheques peaked. By the second half of the 20th century, as cheque processing became automated, billions of cheques were issued annually; these volumes peaked in or around the early 1990s.<sup>[1]</sup> Since then cheque usage has fallen, being partly replaced by electronic payment systems. In an increasing number of countries cheques have either become a marginal payment system or have been completely phased out.



The use of checks thus reduces the transportation cost associated with the payments system and improves economic efficiency

Checks can be written for any amount up to the balance in the account

Checks are also advantageous in that loss from theft is greatly reduced



It takes time to get checks from one place to another

All the paper shuffling required to process checks is costly

