

# Checks



# Check<sup>s</sup>

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

The image shows a sample check from the 'First Bank of Wiki' at the 'SHEFFIELD CITY CENTRE BRANCH'. The check is dated '01-02-03' in the top right corner. The 'DATE' field is filled with '22/01/2006'. The 'PAY' field is filled with 'Wikimedia Foundation' and 'One Hundred Pounds Only'. The amount is written as '£ 100-00'. The check is payable to 'MR. JOHN JONES', who has signed 'John Jones' in the signature field. The bottom of the check contains machine-readable information: 'Cheque No. 000243', 'Branch Sort Code 010104', and 'Account No. 01234567'. There are seven numbered callouts (1-7) pointing to specific fields: 1 points to the bank name, 2 to the payee, 3 to the date, 4 to the amount, 5 to the name of the drawer, 6 to the signature, and 7 to the machine-readable routing and account information.

Amount of currency

Drawer - the person or entity making the check

Signature of drawer

Machine readable routing and account information

Check

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graph TD; A[Check] --> B[Cash receipts]; A --> C[Calculation checks]
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A hierarchical diagram on a dark grey, textured background. At the top is a light blue rounded rectangle with a white border containing the word 'Check'. Two green arrows point downwards from the bottom of this rectangle to two separate light blue rounded rectangles below it. The left rectangle contains the text 'Cash receipts' and the right rectangle contains the text 'Calculation checks'.

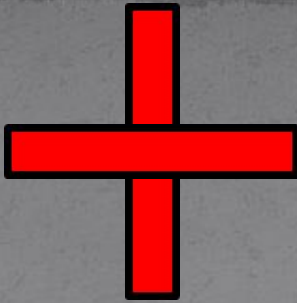
Cash receipts

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



