

The Check Clearance Process from a Business Perspective

Business checks are written everyday at almost every place of business. At age 18, anyone with the adequate amount of money can open a checking account of his or her own.

One aspect of checking account functions that many account owners are not familiar with the processing of their checks after they have been written. When shopping, the customer many times thinks to his or herself whether he or she should pay cash, charge it, or pay for the purchase with a check. He or she may ponder this question in their mind all the way to the check out counter.

When the customer makes the decision to pay for the merchandise with a check, a long process is started. This process begins when the check is handed over to the cashier. Once all information has been properly placed on the check the cashier then will normally ask for two things, a home phone number and a driver's license number.

Once all of the necessary information has been placed on the check by both the cashier and the customer the check is scanned in the automatic check reader. This check reader recognizes the customers account number, A.B.A. number (or routing number), as well as the check number.

The computer system can then recognize the specific account and check to make sure that there are no returned checks on that account. Once the check is approved, it is then printed or endorsed on the back with all proper information for deposits, including the amount of the purchase, cash back received (if applicable), store location number, date, time, cashier number, and the customer's account number.

The cashier then stores the check in a locked box until it is time for them to go home. All checks are then added together to make sure none are missing and to make sure the cashier put all checks in for the correct amount. All checks received in the office at the end of the day are totaled together and deposited into the bank account.

When the person responsible goes to the bank and makes the deposit for the business, he or she hands a large number of checks to the bank teller. The teller will then verify the amount of the deposit to the total amount of the checks.

After the deposit has been verified and all numbers are correct, the teller will then run the checks through the proof machine to be verified again. The proof machine also encodes the amount on the bottom right hand corner of the check. When all of the work has been ran through the proof machine it is then sorted by an automatic sorter that sorts the checks by their routing numbers.

After the checks have been sorted they are sent to the bank that they have been drawn on. Once the checks arrive at the banks they are drawn on, they are then sorted by their account numbers. As these checks are being sorted they are posted to the account automatically. The checks then, in account number order are placed in a safe filing area so they will not be lost until the bank statements are sent to the account owners.

The check or a copy of the check is then sent to the account owner in the mail with his or her statement. In the case that a copy of the check is sent to the owner the check is kept in a safe place until it can be properly destroyed.

This is only one example of the way a check is cleared through a certain business. Although, the basic concept of check clearing is the same, each individual company may go through its own processing procedure before depositing the check to the bank. Most banks handle their business checks in approximately the same manner.

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