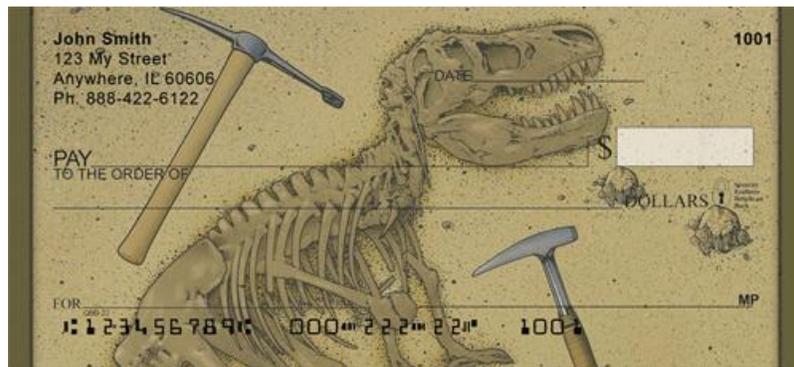


May 2016

Dear Clients and Friends:

Before you know it, paper checks will be going the way of the dinosaur. In Britain, for example, “cheques” were scheduled to be abolished in 2018. They’ve now been granted a reprieve, while the government figures out the best way to transition to a paperless economy. It’s only a matter of time, because checks are an expensive form of payment for the banks. They cost about four times as much to process as an electronic transfer.



Any form of payment involving paper will soon disappear. In 2004 we saw a big move in that direction, when the Check Clearing Act for the 21st Century, commonly referred to as “Check 21,” went into effect in the United States. Banks no longer have to retain checks, but can scan them and store the digital images. Businesses can opt to instantly convert a check to digital format, avoiding the hassle of processing a paper transaction.

Nobody uses paper food stamps at a grocery store anymore. They’ve been phased out and replaced by an EBT card, which stands for “Electronic Benefit Transfer.” If you’re a trend shopper, you may have noticed that Gap, Old Navy, and Banana Republic no longer accept checks. Airlines and many grocery stores will be following suit. Your choices at checkout will eventually be limited to credit, debit, mobile applications and any other electronic options they can dream up.

There doesn’t seem to be much of a backlash for retailers. An employee of the Gap store in Fashion Valley tells me they haven’t taken checks for about ten years. For him and so many others, there’s not much difference between writing a check and using a debit card.

Which makes me wonder, what are we going to call checking accounts, when checks are only a distant memory?

Regards,

A handwritten signature in blue ink that reads "check". The letters are cursive and fluid, with a long horizontal stroke at the end.

Charles M. Shackelford