



2018 Check Sample Survey

Appendix C: Remotely Created Checks

Federal Reserve Bank of Atlanta

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Abstract: This appendix discusses remotely created checks in the 2018 Check Sample Survey (CSS) in more detail. It accompanies the 2018 CSS report as well as data tables (appendix A), technical appendix (appendix B), and check interrogation forms (appendix D). All data resources are available for download at frbatlanta.org.

JEL classification: E42

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Remotely created checks

A remotely created check (RCC) is created when a check, authorized by the payer and drawn on the payer’s account, is issued on the payer’s behalf by an institution other than the paying bank and does not bear the payer’s signature. An RCC may be in the form of a paper check or an electronically created item, which is defined as “an electronic image that has all the attributes of an electronic check or electronic returned check but was created electronically and not from a paper.”¹ The 2018 CSS includes an analysis of forward and return items that were identified as RCCs.

An RCC typically occurs when the holder of a checking account authorizes a payee to draw a check on that account but does not actually sign it. In place of the signature of the account holder, the RCC generally bears a statement that the customer authorized the check or it bears the customer’s printed or typed name. RCCs commonly have a typed statement in lieu of a signature, such as “No Signature Required,” “Signature on File,” “Authorized by the Depositor,” or “Authorized by the Payer.” Also, a check is classified as remotely created if the number 6 exists immediately to the left of the routing transit number in the MICR line (a number in this position is known as the external processing code).

A missing signature, a printed or typewritten name or account number, or any use of any of the phrases noted in the preceding paragraph is no guarantee that a given item is an RCC. These identifying characteristics may also apply to drafts created for online bill pay transactions that the paying bank may have created. These items are not RCCs under the definition but are largely indistinguishable from them.²

The 2018 CSS categorized RCCs in any of the following three ways:

- Checks with the number 6 in position 44 of the MICR line
- Checks with the number 6 and some type of signature authorization other than the applied signature of the payer
- Checks with only a signature authorization reference

The following list is a breakdown of the various kinds of signature authorization references:

- No Signature Required
- Signature on File
- Phrases such as “Authorized by Drawer,” “Authorized by the Depositor,” “Authorized by the Payer”
- Pre-authorized Payment
- “This is a bill payment draft”

Of the items the CSS examined, 1,370 forward and 1,207 return checks contained one or more of these characteristics (see Table C-1). Appendix A: Data Tables includes additional findings on remotely created checks paid and checks returned.

Table C-1: Distribution of RCCs by identifying characteristics

	Item Share of Total	
	Number	Value
Remotely created checks paid by identifying characteristics		
Checks with the number 6 in Position 44 of the MICR line	1.0%	0.7%
Checks with the number 6 and signature authorization reference	2.3%	2.9%
Checks with only a signature authorization reference	96.7%	96.4%
Remotely created checks returned by identifying characteristics		
Checks with the number 6 in Position 44 of the MICR line	3.3%	2.3%
Checks with the number 6 and signature authorization reference	6.2%	4.9%
Checks with only a signature authorization reference	90.4%	92.8%

¹ From Final Federal Register Notice announcing final rule on amendments to the check collection and return provisions in Regulation CC, May 31, 2017, www.federalreserve.gov/newsevents/pressreleases/files/bcreg20170531a1.pdf.

² It was not possible to exclude every item that may have been created by the paying bank. As noted, these items are technically not RCCs and users of the data in this CSS release should bear this in mind.

[2018 CSS Report](#)

[Appendix A: Data Tables](#)

[Appendix B: Technical Appendix](#)

[Appendix D: Check Interrogation Forms](#)