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## Standards Advisory: Magnetic Ink Still Required on Checks

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The advent of Check 21 in 2004 brought significant change to check clearing in the United States. Now, more than a decade later, the US clearing process has seen a near 100% transition from the inefficient and costly paper check clearing to electronic image exchange.

### Today's Challenge

Modern image-based processes have diversified image capture and the use of Optical Character Recognition (OCR) has risen. This has brought into question the need for magnetic, MICR, ink. MICR ink is *still* required for printing machine-readable code lines along the bottom of checks.

**MICR**, short for **Magnetic Ink Character Recognition**, is a core characteristic of the check and allows the data in the code line on the bottom to be captured magnetically and/or optically. Data on checks not printed in MICR cannot be magnetically captured and may require manual data entry. Even though check clearing continues to evolve Checks and Substitute Checks (IRDs) are legally required to include a magnetic code line in order to be treated as a "cash item". Please refer to the following:

- *US Code for Federal Regulations (Regulation CC):* Section 229.2 (u)(4)
- *Federal Reserve Operating Circular 3 (OC3)*
- *Standard: ANSI X9.100-140, Image Replacement Document – IRD*
- *Standard: ANSI X9.100-160-1, Magnetic Ink Printing (MICR)*
- *Standard: ANSI X9.100-20, Print and Test Specifications for Magnetic Ink Printing (MICR)*

### Answering Your Questions

Consumers and businesses are advised to contact their Financial Institution or refer to their account agreement if they have any questions.

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