



Dashes and Spaces

What the Law Says – The law requires that a substitute check bear a MICR line that contains all the information appearing on the MICR line of the original check at the time the original check was issued and any additional information that was encoded on the original check's MICR line before an image of the original check was captured. Under Regulation CC, certain variations are allowed as identified in the ANS X9.100-140 standard for Image Replacement Documents (IRD). The standard requires the reproduction of any dashes that were contained in the MICR line and allows for the elimination of spaces. All fields of the MICR line need to be reproduced with field lengths as they appeared on the original check. A reconverting bank can create a MICR line that does not match the original MICR line, if it is correcting a known error in the MICR line.

Reconverting Bank – Banks creating substitute checks or images that can become substitute checks need to capture and use all the information from the original MICR line including dashes. Substitute checks without all the information from the original MICR line are not the legal equivalent of the original check. These items can be returned as a non cash item. Since the information may be incomplete the items may also be rejected as unable to post.

Many banks' systems do not read and/or store dashes and/or spaces from a MICR line of a check. These systems also typically only capture the lengths of the fields to match their internal systems' needs.

In order to create legally equivalent substitute checks, banks need to capture and store all information from the original MICR line. Since many systems do not currently do that, a reconverting bank may need to modify its mass data set to store this information. If a reconverting bank chooses to create substitute checks, but is unable to capture all the information from the original check, they may choose to exclude these items from being converted to substitute checks or images.

The reconverting bank can "repair" an item it knows to be in error. So while many checks do contain dashes, in many cases they are not needed for posting. If banks can communicate with each other which checks do not need the dashes, reconverting banks can legally eliminate them from the substitute check.

Receiving Bank – While many banks’ MICR lines contain dashes, these are typically used for visual readability of the items. Banks that actually need the dashes for posting should reconsider this need. Dashes may no longer be needed for some banks, but check printers may still have MICR specifications that include them. The printers should be notified of the change in specifications and to eliminate the dashes.

It is difficult to determine the extent of banks that require the dashes for transactions posting. Based on informal surveys it has been determined that most of the largest banks in the country do not need the dashes for posting. Many third party processes also report that their customers do not need the dashes.

Conclusion – Additional work is being done to size this problem. It is anticipated that over time dashes will eventually be phased out by many of the banks.