

WHERE'S MY CHECK?

And What's This Mysterious Transaction on My Statement?

An explanation of the new "Accounts Receivable Conversion" process

A new payment processing system called "accounts receivable conversion" (ARC) is creating confusion for a growing number of people as they find unexpected transactions listed on their First Citizens bank statements.

Here's how it works. Let's say you pay a utility bill by sending a check in the mail. With ARC, the utility company converts your check into an electronic transaction. The check is never returned to First Citizens. Instead, the company takes a picture of it and records information such as the name of the payee, the amount and the check number. It sends that information to First Citizens electronically. The "check" is listed with the check number as an electronic transaction on your statement. It does not post as a check in sequence with your other checks, and no check or check image is returned to you. In fact, companies using ARC are required to destroy your actual check within 14 days.

Currently, First Citizens does not use ARC to process payments we receive from you on accounts such as Checkline Reserve, PayAnyDay loans, EquityLines or credit cards. However, it's perfectly legal for other companies you pay to process your checks in this way. First Citizens has no control or involvement.

For large payment processors, ARC saves check handling costs, reduces fraud and secures funds more quickly. Its popularity is surging — experts predict 300 million ARC transactions will be processed nationally for all of 2003 and that volume will continue to climb.