



Ohio Revised Code

Section 1304.57 Authorized and verified payment orders - UCC 4A-202.

Effective: October 06, 2026

Legislation: House Bill 195 - 136th General Assembly

Authorized and verified payment orders [UCC 4A-202]

(A) A payment order received by the receiving bank is the authorized order of the person identified as sender if that person authorized the order or is otherwise bound by it under the law of agency.

(B)(1) If a bank and its customer have agreed that the authenticity of payment orders issued to the bank in the name of the customer as sender will be verified pursuant to a security procedure, a payment order received by the receiving bank is effective as the order of the customer, whether or not authorized, if both of the following apply:

(a) The security procedure is a commercially reasonable method of providing security against unauthorized payment orders.

(b) The bank proves that it accepted the payment order in good faith and in compliance with the bank's obligations under the security procedure and any agreement or instruction of the customer, evidenced by a record, restricting acceptance of payment orders issued in the name of the customer.

(2) The bank is not required to follow an instruction that violates an agreement with the customer, evidenced by a record, or notice of which is not received at a time and in a manner affording the bank a reasonable opportunity to act on it before the payment order is accepted.

(C)(1) Commercial reasonableness of a security procedure is a question of law to be determined by considering all of the following:

(a) The wishes of the customer expressed to the bank;

(b) The circumstances of the customer known to the bank, including the size, type, and frequency of payment orders normally issued by the customer to the bank;

(c) Alternative security procedures offered to the customer;

(d) Security procedures in general use by customers and receiving banks similarly situated.

(2) A security procedure is deemed to be commercially reasonable if both of the following apply:



(a) The security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer.

(b) The customer expressly agreed in a record to be bound by any payment order, whether or not authorized, issued in its name and accepted by the bank in compliance with the bank's obligations under the security procedure chosen by the customer.

(D) As used in sections 1304.51 to 1304.85 of the Revised Code, "sender" includes the customer in whose name a payment order is issued if the order is the authorized order of the customer under division (A) of this section, or is effective as the order of the customer under division (B) of this section.

(E) This section applies to amendments and cancellations of payment orders to the same extent it applies to payment orders.

(F) Except as provided in this section and in division (A)(1) of section 1304.58 of the Revised Code, rights and obligations arising under this section or section 1304.58 of the Revised Code may not be varied by agreement.
