
BITS BULLETIN

A REPORT OF ACTIVITIES FROM BITS, THE TECHNOLOGY GROUP FOR THE FINANCIAL SERVICES ROUNDTABLE

MAY 2000

The *BITS Bulletin* is designed to keep the membership of The Financial Services Roundtable fully informed about the activities of BITS and rapidly evolving developments in electronic commerce and payments.

BITS MANDATE

- Facilitate the growth of electronic commerce
- Facilitate development of superior, market-driven technologies
- Maintain the financial services industry's role at the heart of the payments system as e-commerce evolves
- Sustain consumer confidence and trust by ensuring the safety, soundness, privacy and security of financial transactions
- Leverage resources and infrastructure across the industry



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LETTER FROM THE CEO

The buzz was lively at the 2000 Annual Meeting of The Financial Services Roundtable (FSR) and BITS. This year was a turning point when wearing a button declaring "I get it!" was code for being tuned-in to the sea change in business brought on by the Internet and the New Economy. Major presentations by John Chambers, CEO of Cisco, and Clayton Christensen, author of *The Innovator's Dilemma*, reinforced the characteristics that are defining successful companies in the New Economy—speed-to-market, agility, and intellectual capital to stay ahead of the competition. Among the 300 or so participants were many new members from the insurance and securities industries, evidence of how far the financial services industry and FSR have come in the past 365 days.

The BITS agenda for the coming year was approved unanimously by the BITS and FSR Boards. It includes several new initiatives to address the needs of a changing industry in a changing economy. Each initiative is reported fully in this issue, beginning on page 3.

One of the highest priorities is addressing the issues surrounding aggregation and "screen scraping." Aggregation allows consumers to obtain consolidated information about their financial accounts in one place. That can be an appealing and helpful service. However, aggregation is often accomplished through a practice referred to as "screen scraping." Aggregation and screen scraping pose both threats and opportunities for the financial services industry. Financial institutions presently have no control over who is screen scraping customer information but may be held liable if information is misused. No standard security and privacy requirements exist for aggregators. BITS is working with regulators and industry leaders to explore these issues and to develop appropriate industry standards and safeguards.

Another key issue is authentication of electronic financial transactions. BITS recommends that the financial services industry take the lead by developing standards and business processes for secure authentication of all types of transactions. BITS also recommends creating Business-to-Business (B2B) e-commerce utilities—this is an important step to provide authentication and other needed services in the global Internet B2B market while leveraging the work of existing industry players.

BITS is establishing a Cross-Industry Payments Council to better coordinate industry activities and improve efficiencies in evolving payment systems. BITS is also exploring the impact of wireless technologies and process patents on e-commerce.

These key initiatives, along with ongoing work in Fraud Reduction, Privacy and Security, require the support of CEOs throughout the financial services industry. The most effective way to help your company and the industry at large is to become informed and actively involved. We welcome your participation.

Catherine A. Miller

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COMMENTS FROM THE CHAIRMAN OF THE BOARD

When I contrast the 2000 Annual Meeting with last year's, I am struck by the tangible energy in this year's proceedings. We as an industry do "Get It." We are increasingly dot-com savvy and are making our business models reflect our understanding of the New Economy. I credit BITS—beginning with the early leadership and vision of Frank Wobst, Ed Crutchfield, Catherine Allen and others—for raising the literacy level of all of us related to technology and e-commerce. In fact, in the past three years, my life on the job has changed as a result of BITS as I have better understood the challenges of the new marketplace realities. I am excited by the prospect of what we can accomplish when we all get involved in BITS' initiatives.

It is my pleasure to step into the role of Chairman of the BITS Board of Directors. With your support, I want to focus first on four of the most significant issues affecting the financial services industry: wireless technologies, aggregator strategies, authentication of financial transactions, and process patents. We will also continue to work in the important areas of security, privacy research, fraud reduction and standards. You will be receiving from me a series of brief "action" letters in the coming weeks. I will spell out the issues as I see them and will recommend what I think we need to do collectively and individually.

Knowing how inundated we all are with information, I nevertheless urge you to pay attention to the BITS materials you receive. Read the briefing books that are sent to you before major meetings. Get your CIOs and other senior people to read them and to get involved in BITS' Working Groups, Advisory Group and Council. If you do, your key people will rub elbows with the best thought leaders available and your intellectual capital will rise.

I'll be looking forward to hearing your thoughts on these matters. If I am as effective as Ed Crutchfield (my predecessor as Chairman) in "closing the deal," we will all benefit through strength in numbers. When the history of our organization is written, Ed's leadership will be seen as a major contribution to our progress as an industry. He showed great passion, enthusiasm, commitment and courage in his leadership role.

One of the best things about the Annual Meeting of The Financial Services Roundtable is the opportunity to discuss issues with good friends—and new colleagues. Bob Gillespie, Gene Miller, Steve Bartlett, Bud Baker and Catherine Allen have been especially effective in recruiting new members to the Roundtable and BITS. We look forward to more new members joining our ranks and broadening participation throughout the integrated financial services industry. I look forward to serving you.

Sincerely yours,



James H. Blanchard
Chairman and CEO
Synovus Financial Corp.
Chairman, BITS Board of Directors

REPORT ON KEY INITIATIVES

During the April 2000 Annual Meeting of the Financial Services Roundtable and BITS, the Boards of Directors of both organizations unanimously endorsed the actions reported below related to BITS' Initiatives.

Aggregator Issues

Action Endorsed: Support BITS' efforts to develop business practices, policies and a legal framework for aggregators (screen scrapers).

What Is an Aggregator?

An aggregator is a consolidator of information. Consumers with accounts at multiple institutions can have their financial information aggregated. A variety of providers, including financial institutions, will provide these services. Automated tools allow aggregators to access and consolidate the customer's online financial accounts via the Internet, using customer-provided account numbers and PINs. The method of pulling account information from multiple Internet sites is referred to as "screen scraping." Aggregators will soon be able to perform transactions on behalf of customers and to initiate funds transfers between accounts and to third parties.

Concerns for Financial Institutions

Under current laws and regulations, financial institutions may be liable for making customers whole should their authentication information be compromised and misused by a third party. Because some aggregators store customer information (including authentication details) without appropriate security controls, financial institutions have considerable business, financial and reputational risk. The technologies and processes to proactively identify, track or control screen scraping activities do not exist today, including ways to identify unauthorized transactions. There are no standard security and privacy requirements for aggregators.

The BITS Aggregator Task Force

The BITS Aggregator Task Force was formed earlier this year to address these issues. Beginning with 15 financial institutions participating, others are joining this effort to develop business practices and policies. Financial industry regulators and the Federal Trade Commission (FTC) are cooperating with BITS to understand and assess the risks and liabilities. This is new territory to regulators.

Current laws and regulations were not developed with the new technologies in mind and it is not clear how they apply.

The Aggregator Task Force is also pursuing the development of voluntary industry guidelines. In addition, the BITS Financial Services Security Lab is exploring the type of security criteria needed for testing the security and privacy functionality of aggregator software and services. Consumer education is a high priority as well.

A BITS Forum on Aggregator Issues will be held in Washington, DC on June 7th. Contacts: Kit Needham or Peggy Lipps, BITS, 202/289-4322, Kit@fsround.org, Peggy@fsround.org.

*BITS Aggregator Task Force
Co-Chairs: Gayle Wellborn, First Union
Steve Katz, Citigroup*

Authentication of Financial Transactions

Action Endorsed: Establish a "SWAT Team" to drive standards, platforms and business processes for securely authenticating financial transactions.

Significant volumes of consumer and commercial transactions are migrating to public-based networks. This creates a demand for new "e-enabled" authentication, a process for ensuring that parties conducting e-commerce transactions are whom they say they are. Authentication is key to establishing trust and reducing risk. Financial institutions already play this role in the physical world and are well positioned to do so online.

Authentication is needed in all transactions. In both the business-to-consumer and business-to-business worlds, the inability for counterparties to authenticate each other is the greatest impediment to faster adoption of e-commerce. Authenticating consumers to merchants is the greatest service that financial institutions currently can provide to businesses. Fraud reduction, combined with the ability to authenticate the merchant to the consumer, will speed the growth of consumer purchases over the Internet.

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KEY INITIATIVES, CONTINUED

B2B E-Commerce Utility

Actions Endorsed: Support the creation of business-to-business (B2B) e-commerce utilities that will enable member financial institutions to easily authenticate end customers, exchange credit-related information, guarantee payments and facilitate transactions.

Financial services companies, and the utilities they created to perform shared functions, suffer from 30-year-old architectures. The payments infrastructure must become more electronic and information rich, less expensive, and interoperable. The financial services industry needs to develop business models that are enabled by the public networks infrastructure. To support the growth of e-commerce, new utilities may be needed, especially in the fast-growing B2B area. Coordination of existing utilities with emerging ones is critical during the transition.

New organizations like Identrus and Spectrum have been formed to provide services for the rapidly expanding e-commerce environment. The BITS Shared Utilities Working Group has identified other new functions and organizations that will be needed in the B2B arena. Contact: Alice Cho, BITS, 202/289-4322, Alice@fsround.org.

*B2B Utility Task Force
Co-Chairs: Rodney Chard, Whitney Charles Siegmann, Mercantile Bankshares*

Cross Industry Payments Council

Actions Endorsed: Establish the Cross-Industry Payments Council as the BITS-facilitated, CEO-supported entity to monitor shared utility activities, facilitate industry involvement and provide recommendations to improve industry efficiency and competitiveness.

The Cross-Industry Payments Council is designed to bring financial services industry leaders together with the staff of existing and evolving shared utilities. BITS will serve as the facilitator for regular (bi-monthly) meetings of the Council. Reports and recommendations for specific industry-wide action will go to CEOs of financial institutions.

These will focus on the following areas:

- Standards, platforms and business processes for secure authentication of financial transactions
- A robust, “pay anyone” solution for facilitating consumer-to-consumer transactions, leveraging existing EFT/ATM or bankcard networks
- A widely available, lower cost business-to-consumer alternative to credit cards, leveraging existing online debit, ACH or emerging e-check platforms

A number of utilities are in various stages of evaluating, creating or piloting variations on the above. Contact: Kit Needham, BITS, 202/289-4322, Kit@fsround.org.

*Cross-Industry Payments Council
Steering Committee
Co-Chairs: Austin Adams, First Union
Webb Edwards, Wells Fargo & Company
Denis O’Leary, Chase.com
Allan Woods, Mellon*

Wireless Technologies and Process Patent Issues

BITS is forming separate Task Forces to assess the impact of wireless technologies and process patents on financial services and e-commerce.

Wireless

Wireless infrastructure and access to the Internet have been growing faster in the rest of the world, notably Asia and Europe, than in the U.S. Telecommunications companies in some countries are already allowing customers to purchase by phone and charge to their phone bills. Most of the financial institutions in this country offering wireless financial services are larger institutions that are providing services to online banking customers through handheld organizers like the Palm Pilots™ or mobile phones. The BITS Wireless Task Force will explore the impact of this technology on the delivery of financial services and seek to collaborate with other industry groups as issues evolve. Contact: Alice Cho, BITS, 202/289-4322, Alice@fsround.org.

Process Patents

Some financial institutions have been contacted by holders of patents related to the payments process. Process patents are described in very broad terms and are asserted by the holders to cover a number of electronic systems activities and offerings. BITS is in the process of establishing a Task Force to explore this issue, assess the impact of claims and determine whether, and how, to respond. To participate or provide insight or assistance on this issue, contact John Burke, BITS Outside Counsel, at Foley, Hoag & Eliot, 202/261-7320, jburke@fhe.com, or Rich Whiting, Executive Director and General Counsel, The Financial Services Roundtable, 202/289-4322, Rich@fsround.org.

**Technology and Payments
Public Policy Issues**

BITS will be developing public policy positions related to technology, payments and e-commerce for implementation by The Financial Services Roundtable (FSR), following recent organization shifts at the Roundtable. Such policies will be developed on an as-needed basis with support from The Roundtable and BITS' Legal and Public Policy Working Group, Co-Chaired by BITS Outside Counsel, John Burke, of Foley, Hoag & Eliot; and Rich Whiting, FSR. Contacts: Cheryl Charles, BITS, 202/289-4322, Cheryl@fsround.org, or Ed Hill, FSR, 202/289-4322, Edward@fsround.org.

BITS is...

- The Technology Group for The Financial Services Roundtable
- A cutting-edge consortium of the largest financial services companies
- Driving e-commerce and technology issues of critical importance to the financial services industry
- Focused on the broad range of financial services and activities

UPDATES ON ONGOING INITIATIVES

Security and Risk Assessment (SRA)

Board Actions Endorsed: Commit to full support of the SRA Steering Committee and the BITS Financial Services Security Laboratory by making the BITS Tested Mark a factor in procurement policies and purchase decisions and by identifying senior information security professionals to serve on the SRA Steering Committee as well as in the BITS Security Lab criteria development process. Participate in the Financial Services/Information Sharing and Analysis Center (FS/ISAC).

The BITS Financial Services Security Lab began testing products in late February. Some 40 organizations are participating in Lab activities, including federal agencies, financial institutions, and industry groups. Participation includes involvement in the criteria development process and Lab security briefings. The US Department of the Navy has entered into an alliance with BITS on security-related topics and criteria development for the Security Lab. Twelve criteria profiles are being developed; one is complete and two more will be completed in the next month.

The BITS Security Lab is providing significant value to the financial services industry. Members are using the testing criteria to define internal security environments, build proprietary products, develop Requests for Proposals and evaluate the security of e-commerce products.

The BITS Security Laboratory is being recognized as a model of the financial services industry's ability to come together to improve e-commerce security without government regulation.

Related to the previously reported Financial Services Information Sharing and Analysis Center (FS/ISAC), BITS has arranged for Roundtable members to receive a one-time 5% discount on the initial FS/ISAC membership fee. Contacts: Peggy Lipps or Faith Boettger, BITS, 202/289-4322; Peggy@fsround.org or Faith@fsround.org.

*Security and Risk Assessment Steering Committee
Co-Chairs: Peter Browne, First Union
Bill Randle, Huntington Nat'l Bank
Lab Governance Committee
Chair: Dan Nealis, Chase Manhattan Bank*

UPDATES ON ONGOING INITIATIVES

Privacy and Consumer Information

Board Actions Endorsed: Support longitudinal research to monitor consumers' behaviors related to financial services and issues of security and privacy of information. Support the development of consumers' technology tools for managing privacy preferences. Urge each member of the Financial Services Roundtable to adopt a comprehensive, integrated privacy program.

The privacy issue continues to evolve rapidly, both legislatively and in the marketplace. As many states consider stringent privacy laws, the Clinton Administration recently proposed increased restrictions. The Federal Trade Commission (FTC), in its third major study of Web site privacy statements, is looking beyond whether or not a statement is posted. The FTC is now assessing the substance of Web site privacy statements.

The BITS Privacy Working Group has completed work with independent research firms to design and conduct qualitative and quantitative research on consumers' attitudes about privacy and use of personal financial information. Reports on this research were presented at the recent Annual Meeting and it is now available to Roundtable members.

To help understand the relationships between consumer behaviors and the privacy practices of financial institutions, BITS is undertaking a cooperative longitudinal research project with BAI to establish a baseline and monitor changes. This research project is driven by financial institutions and will be funded by those that participate, not by BITS or BAI. Individual institutions may "piggy back" proprietary research on their own customer base.

BITS is also working with new technology and business consortia to monitor and influence emerging technology tools for consumers to manage privacy preferences. Contact: Cheryl Charles, BITS, 202/289-4322, Cheryl@fsround.org.

*Research and Communications Steering Committee
Chair: Gary Roboff, Chase Manhattan Bank*

Fraud Reduction Program

Board Actions Endorsed: Expand the BITS Fraud Reduction Program to implement measurement and sharing of fraud loss avoidance information on a quarterly basis and encourage all Roundtable CEOs to participate in the expanded Fraud Reduction Program.

The industry is gaining a better sense of check losses by collecting and sharing information through the BITS Fraud Reduction Program. The Program has already contributed to reduced check fraud losses for its participants. The 1998 American Bankers Association (ABA) Survey estimates that, based on 1997 data, check fraud losses at large institutions are growing at 17.5 percent annually. In comparison, participants in the BITS Fraud Reduction Program reported an average check fraud growth rate of 11.7 percent annually over the period 1997 through 1999.

Building on these accomplishments, the program will now add a "loss avoidance" dimension. The 1998 ABA Survey reports that check fraud costs banking institutions more than \$500 million annually. The actual risk of loss exposure is much greater because many fraud attempts are stopped before losses occur (loss avoidance). However, the lack of standard benchmarks or definitions in this area has prevented the industry from actively monitoring or measuring loss avoidance data.

The BITS Fraud Working Group (FWG) believes that developing standard industry definitions and tracking methods on loss avoidance, as well as sharing such data, will substantially increase the efficiency of fraud management programs.

The FWG, consisting of senior risk management officers from 20 institutions, oversees seven subcommittees on specific risk management topics. A new subcommittee was formed to combat debit card fraud. The FWG hosted a Retailer Forum in Houston on May 4th-5th. Contact: Alice Cho, BITS, 202/289-4322, Alice@fsround.org.

*Fraud Working Group
Chair: Nancy Cloyd, Bank of America*

Electronification Alternatives/Electronic Check Presentment (ECP)

Board Actions Endorsed: Aggressively pursue electronification by leveraging existing industry-owned utilities and through use of the economic model developed by BITS to evaluate investments in electronification alternatives. Commit Roundtable institutions to promote check safekeeping and continue to support and implement ECP for interbank check presentment.

Of the estimated 68 billion checks written each year, US consumers write 18 billion checks at point-of-sale (POS) and mail another 16 billion checks to lockbox billers.

The growth of paper checks is slowing down because of the rapid increase in the use of debit cards and other electronic payments. Efforts to truncate checks at POS and lockbox are gaining momentum. In a current NACHA pilot, depository institutions and merchants are testing the electronification of paper checks at lockbox. NACHA plans to adopt operating rules for this electronification model within a year, after which it will be rolled out nationally.

The EA Task Force, with Global Concepts, developed a detailed financial model to evaluate electronification scenarios and assess impact on financial institutions' revenues and costs. Based on the model results, the EA Task Force determined that there is no "silver bullet" option, but that electronification options would lower existing infrastructure costs—and potentially generate revenues by providing value-added services to merchants.

This initiative's work is almost complete. Efforts now shift to working with financial institutions to implement the financial model and to conducting a Phase II Check Safekeeping Survey. Twenty institutions participated in the EA and ECP Task Forces. FSR members may obtain a copy of the financial model. Contact: Alice Cho, BITS, 202/289-4322, Alice@fsround.org.

*Electronification Alternatives Task Force
Co-Chairs: John Beran, Comerica
Janet Smith, (formerly at) Wachovia
Electronic Check Presentment Task Force
Chair: Michael Pasiacki, Chase Manhattan Bank
Shared Utilities Check Clearinghouse Team
Chair: Jerry Chambers, Bank of America*

IFX Forum

Board Actions Endorsed: Communicate to technology providers that your company wants new products and services to be based upon the Interactive Financial Exchange (IFX) specification or be interoperable with it. Provide budget and resources within your institution to implement IFX in 2000. Participate in the IFX Forum to drive industry standards.

The goal of IFX is to have one industry-driven, open, interoperable standard supporting online financial transactions. The benefits of a single standard are lower implementation costs, more competitive products from vendors, and faster time to market.

Recent developments show increasing support for IFX. ACORD, the standards-setting organization for the insurance industry, approached the IFX Forum about forming a strategic partnership. Both the ACORD and the IFX Forum Boards approved ACORD's developing the insurance portion of the IFX standard. This will ensure total compatibility between insurance and online banking transactions.

Responsibility for managing the standard resides with the IFX Forum, an open membership body that BITS created in 1999 to update IFX as needed and to ensure support of business rules. The IFX Forum has 25 member organizations, with five Working Groups. The IFX Forum held its first Annual Meeting on April 25th, officially approving the latest version of the standard, IFX 1.0.1. More than 60 people attended the IFX Orientation and Implementation workshop, including vendors, bankers, securities and insurance companies and technology providers. Another session is scheduled for Wednesday, June 21 in San Francisco. To register for the free workshop, please contact Tim Cochran at TCochran@disa.org or visit the IFX Forum Website at www.IFXforum.org. For other information, contact Kit Needham, BITS, 202/289-4322, kit@fsround.org.

*IFX Forum
Chair: Kit Needham, BITS*

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BITS PROFILE

James H. Blanchard is the Chairman and CEO of Synovus Financial Corp. and the Chairman of the BITS Board of Directors. He has served as CEO of the Synovus family of companies since 1971. Synovus has been named to *Fortune* magazine's list of the "100 Best Companies to Work For in America" for the past three years, earning the #1 spot in 1999.

This is one of a continuing series of interviews with members of the BITS Board of Directors, BITS Advisory Group, BITS Council and other key leaders in electronic commerce and financial services.

The following is excerpted with permission from an article, "New Chief: BITS Scurrying as Technology Gallops," by Jennifer Kingson Bloom, which appeared in the *American Banker*, April 17, 2000.

Not so long ago, James H. Blanchard thought high technology at a bank meant a mainframe computer and a call center. Today, as the new chairman of BITS, Mr. Blanchard is fully conversant in the lingo of servers and Internet commerce, and he chats with ease about all manner of wireless banking gizmos. He took over at BITS on April 8 and discussed his new role as one of the banking industry's most prominent technology cheerleaders.

"It's an absolute miracle that the banking industry had the foresight to get together and invest in this BITS enterprise," said Mr. Blanchard, a founder of the group, who in his day job is chairman and chief executive officer of Synovus Financial Corp.

BITS was founded in September 1996 by the Bankers Roundtable, a Washington trade group that is now the Financial Services Roundtable. Online banking and consumer use of the Internet were in their infancy, but the bankers who created BITS were adamant that the industry was ill-prepared to get in front of the incipient revolution. The establishment of BITS was "very insightful, very timely," Mr. Blanchard said.

BITS set out to create standards for electronic security and privacy, to foster an open environment for electronic commerce, and to advance specific innovations, such as electronic checks. The goal was to capture the attention of chief executive officers and other senior bankers, so that technology would lose its stigma as a back-room operation and evolve into a foremost concern.

Mr. Blanchard, who succeeds First Union Corp. chairman and CEO Edward E. Crutchfield as BITS chairman, cited himself as an example of a CEO whose views on technology were enlightened by BITS. Involvement with the group has "created a whole new baseline for me and our organization to really become an activist and literate in the new e-commerce world," he said.

Under Mr. Blanchard's leadership, Synovus Financial, of Columbus, Ga., has taken a number of bold technological steps. It opened a separately branded Internet-only bank called Pointpath. Its credit card processing subsidiary, Total System Services Inc., last month created a separate company, DotsConnect, to sell software that banks and other companies can use to process Internet payments.

The annual meeting in Phoenix of the Financial Services Roundtable and BITS drew about 300 bankers, many of them CEOs, CTOs, and CIOs who gathered this month to hear technology experts describe what they saw on the horizon.

In one of his addresses to the group, Mr. Blanchard said, he made a plea for CEOs to "get involved yourself, and get your key people involved, for the good of the organization."

New projects taken up at the BITS meeting reflected today's hot topics in technology. BITS agreed to form a group committed to developing standards and business practices for wireless technology, which many bankers bet will one day be a good way to deliver banking services.

The issue of screen scraping—or grabbing account information from different Web sites and aggregating it for the convenience of the customer—also stimulated the crowd, Mr. Blanchard said. A fairly new committee looking at the screen-scaper phenomenon delivered a presentation, and lively debate took place on "what we should be doing to protect the integrity of our customers' information and our information, what responsibility we have if there's a breach on behalf of one of the aggregators."

Business-to-business electronic commerce was another subject that "really stirred up a high level of enthusiasm," he said. "Everyone is trying to figure out how to play that game."

Last year, in Mr. Crutchfield's term as chairman, BITS had its biggest achievement: the opening of a Financial Services Security Laboratory in Reston, Va. The lab is in the headquarters of Global Integrity Corp., the contractor chosen by BITS, and it is developing security standards for Internet technologies and systems. Several bankers have indicated that a BITS stamp of approval would be a prerequisite for their technology purchases.

The laboratory is "a major breakthrough in the security area," Mr. Blanchard said. "The awareness level we've created throughout the industry on security and privacy is a tremendous accomplishment. I think there's still a lot to be done—by no means have we conquered the security issues—but the momentum is there to have them substantially conquered by the time this sector of our economy really begins to explode with volumes."

Mr. Blanchard cited the accolades that outsiders have given to BITS: Sam Nunn, the retired Democratic senator from Georgia, attended the opening of the BITS laboratory and cited the organization as a good example of how private-sector leadership can ease the need for federal regulation. Comptroller of the Currency John D. Hawke, Jr. has praised BITS' work on security and privacy, Mr. Blanchard said. And Mr. Blanchard carries with him a quotation from Carl Cargill, director of standards at Sun Microsystems Inc.: "BITS has wrested control of online banking standards away from vendors."

"The underlying premise of all of this," Mr. Blanchard said, "is that we think the Internet is for real, and we think it is changing the landscape forever. There is zero possibility that in five years we are going to look back and say, 'What ever happened to the Internet? What ever happened to e-commerce?'"