

NEWS FOR IMMEDIATE RELEASE

BITS endorses ECCHO as the private-sector national-level rules making body for ECP and SVPCo as the coordination point for multi-lateral ECP for the banking industry.

Move towards electronification of checks means cost effective, efficient payments.

WASHINGTON, DC, January 6, 1999 -- The Banking Industry Technology Secretariat (BITS) today announced its endorsement of the work being done by the Electronic Check Clearing House Organization (ECCHO) and the Small Value Payments Company (SVPCo) to further the use of Electronic Check Presentment (ECP).

This is the first in a series of announcements BITS will be making in the weeks ahead concerning its efforts to facilitate the development of open, interoperable, and rules-based electronic commerce and banking in a manner that benefits the banking industry and its customers.

According to Austin Adams, Executive Vice President of First Union, and Co-Chair of the BITS Industry Infrastructure Steering Committee, "BITS' endorsement of the work done by SVPCo and ECCHO represents a significant step forward for the banking industry. This type of collaboration is absolutely critical to our efforts to move the banking industry into the new world of more cost effective and efficient electronic payments -- a world where our customers and our shareholders will profit."

ECP is the forward presentment of check information (MICR line) captured at the collecting institution, and transmitted electronically to the paying institution, with paper to follow. ECP will provide significant savings for the industry in processing costs and will reduce the risk to banks from fraudulent items. BITS member banks are committed to implementing ECP as a first step toward the electronification of the check. BITS would like 50% of available checks processed with ECP by 2001.

The formation of SVPCo will aid significantly in achieving this goal. SVPCo was formed to facilitate the first standardized nationwide electronic exchange of checks. Until recently all ECP exchanges were done under bilateral agreements. Each additional bank that entered the process needed to make separate agreements with each exchange partner. SVPCo has developed the capability to do multilateral clearing and settlements for ECP.

ECCHO, which was formed in 1990, has been a champion for creating a national, standard set of rules for ECP. ECCHO, as a clearing house under the UCC, can modify certain aspects of the law. All parties with an interest in a check are bound by clearing house rules under which a transaction is exchanged. A standard set of rules will allow banks to exchange

checks with institutions that belong to separate clearing houses. Earlier this year SVPCo agreed to adopt rules established by ECCHO further enabling the exchange of checks across clearing houses.

BITS recognizes that not all banks can participate in a clearing house and encourages ECCHO to work with the Federal Reserve and private sector organizations to facilitate a method by which all institutions can be covered by a standard set of rules.

The Independent Bankers Association of America (IBAA) is represented on the BITS Board of Directors. IBAA joins BITS in supporting the industry's move to an ECP environment; however, IBAA has not endorsed the ECCHO and SVPCo initiatives at this time, pending further review to determine the implications for small banks. In the meantime, IBAA is working on steps to implement ECP that are appropriate for small banks, assisted by BITS, ECCHO and The Federal Reserve.

About BITS

The Banking Industry Technology Secretariat (BITS) was created to foster the growth and development of electronic banking and commerce in an open environment that will encourage greater choices in banking software, access devices, and the development of more efficient processing capabilities for the benefit of bank customers. BITS is a division of The Bankers Roundtable, an organization with a membership base of the largest 125 banks in the country. BITS maintains its web site at www.bitsinfo.org.

About ECCHO

Electronic Check Clearing House Organization (ECCHO) is a non-profit, mutual benefit, chartered national clearing house owned by its member banks. ECCHO was created in 1990 by major U.S. banks as a cooperative venture to implement electronic check presentment (ECP). ECCHO maintains its web site at www.eccho.org.

About SVPCo

The Small Value Payments Company L.L.C. (SVPCo) was formed in 1998 by twelve of the largest US banks to facilitate the first standardized nationwide multilateral electronic exchange of checks.

About IBAA

The Independent Bankers Association of America (IBAA) represents 5,500 independent community banks nationwide with more than 15,000 locations that hold nearly \$375 billion in insured deposits, \$445 billion in assets, and more than \$240 billion in loans for consumers, small businesses and farms in communities they serve. IBAA maintains its web site at www.ibaa.org. Its consumer hotline is (888) 500-5338.

###

For more information, please contact:

BITS -- Catherine Allen, (202) 289-4322, cathy@bankersround.org

ECCHO -- David Walker, (972) 458-1981, dwalker@eccho.org

IBAA -- Viveca Ware, (202) 659-8111, viveca_ware@ibaa.org

SVPCo -- Hank Farrar, (212) 612-9339, hank.farrar@nych.org

