

LETTER TO THE EDITOR

Conversion Won't Work

To the Editor:

The analysts and bankers who say that business check conversion is inevitable ["CheckFree Aims to Bridge Corporate ARC Gap," April 12, page 12] do not take into account two major barriers for business check conversion.

First, businesses strongly oppose having their checks converted on a broad basis. In the Association of Financial Professionals' 2004 payments survey, 42% of the respondents were opposed to business check conversion – even if the industry changed all of its back-end systems for check and ACH.

The critical question that needs to be asked is why would every bank in the country want to make that investment without any additional compensation? In addition, why would the banking industry want to force a solution that 42% of their customers are against?

Second, proponents never address the key issue of handling the debit blocks that business customers are placing on accounts to protect them against unauthorized debits. This is the most formidable barrier to busi-

ness check conversion.

A growing number of businesses are adding debit blocks to their disbursement accounts every day to protect them against the growing threat of fraud. Think of the nightmare of trying to download all of a company's trading partners into debit filters to allow all these converted checks to pass through the blocks. This will create enormous expense and no additional revenue.

In fact, rather than being inevitable, business check conversion on a broad basis is a nonstarter. The industry should focus its attention on solutions that make sense. In the world of B2B payments, those efforts should be focused on implementing electronic payments that flow from end to end without human intervention.

That will provide the greatest efficiencies and cost savings. The future is electronic payments, and not a solution that continues to support paper checks.

George Thomas
Executive Vice President
Clearing House Payments Co.
New York