

## Retiring Clearing House Exec: Step on It, Bankers

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By [Steve Bills](#)

George F. Thomas, who is retiring this month from The Clearing House Payments Co. LLC after a 25-year career, says he is frustrated by the slow pace of the banking services industry's shift from paper to electronic payment systems.

"There's still a lot to do. Consumers need to pay anybody by home banking," he said. "That's not there. Businesses need to make payments with remittance data. That's not there. We need to have a lot better payment-initiation systems than we have for both businesses and consumers. What we have today is a kludge."

The outspoken Mr. Thomas, who oversees the New York company's payments services and has been an executive vice president since a reorganization in 2004, is leaving at a time when electronic systems are showing strong growth.

The Clearing House reported Monday that its SVPCO Image Payments Network processed an average of 6.1 million items a day in December, and 2006 volume increased fifteen fold. Mr. Thomas predicted that this year's volume will top 2 billion items.

Automated clearing house volume is also booming, and The Clearing House and the Federal Reserve banks are working to incorporate remittance data into wire transfers.

"I would like to be there for that, to see most of the B-to-B payments being made electronically," Mr. Thomas said. "If we do it like we've done other initiatives, it could take 20 years. If the banks focus on it and get serious about it, you could make some good progress in two or three years."

At age 58, Mr. Thomas said he is not stepping away from the industry completely; he plans to consult with individual banks and industry groups. "This gives me an opportunity to do more of what I would really like to do, but to do it independently," he said.

Elliott C. McEntee, the president and chief executive of the electronic payments association Nacha in Herndon, Va., said he admired Mr. Thomas' knowledge and willingness to speak out forcefully on issues.

"George is going to be sorely missed by the banking industry. He has great passion for the payments business and has great understanding of the differences of the payment networks," Mr. McEntee said. "He is one of the few people who can move comfortably from operational issues to technical issues to product issues to strategy issues.

"Other than that, he's a real yo-yo."

As a consultant, Mr. Thomas could help clients seeking an independent perspective, Mr. McEntee said. "George has the opportunity to be a great consultant, as long as the client doesn't want someone to rubber-stamp a plan."

Mr. Thomas started at the Clearing House in August 1981 with no background in financial services; he was recruited from Burroughs Corp., a predecessor of Unisys Corp., to work on a wire transfer system that was plagued by reliability issues.

During his time at the payments company, it developed capabilities to provide same-day settlement on wire transfers and built a nationwide, private-sector ACH system, the Electronic Payments Network.

By acquiring a number of local check clearing houses this decade and expanding its image and other electronic payment offerings, The Clearing House has become the only competitor to the Fed for ACH transactions and, through Chips - the Clearing House Interbank Payments System - wire transfers. (Visa U.S.A. quit the ACH business in 2002, after the Clearing House struck a deal with the Western Payments Alliance.)

Though payments innovations such as accounts receivable conversion, which enables banks or billers to convert checks to ACH transactions at the lockbox, have become huge success stories in the past few years, Mr. Thomas said he is "not a big fan of check conversion. Those checks should never be written."

Nor is he impressed with some online banking systems. For example, when he sent money from his bank's bill-pay system to his daughter as a test, she received the money but could not tell where it was from, because the check identified the payer by giving the bank's trace number rather than his name.

"This is basic blocking and tackling. We need to be able to do this," he said. "Working as a consultant with individual banks, I might be able to do that. Working in group mode has not been all that successful."

Steve M. Ellis, an executive vice president at Wells Fargo & Co. and the head of the San Francisco banking company's wholesale services unit, said that despite Mr. Thomas' reputation as a curmudgeon, he is well regarded.

"George has very strong views about how things work or how things should work. Because he knows how things do work, he's a great guy to put forward ideas," Mr. Ellis said. "While we may not always agree on things, we can always discuss them."

Mr. Thomas said that, at least, would not change. "Once I leave, I can be even more honest and tell you what I really think."