



BANKERS' BANK OF THE WEST

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GOOD NEWS FOR BANKERS' BANK OF THE WEST CASH LETTER CLIENTS

Bankers' Bank of the West has been helping community banks meet a variety of challenges since 1980. In today's image exchange environment, financial institutions must work out important legal details left intentionally unaddressed under existing regulations. Recognizing the need for a constructive legal framework for image exchange, we are pleased to announce Bankers' Bank of the West will sponsor its customer institutions for membership in the Electronic Check Clearing House Organization (ECCHO).

What makes ECCHO uniquely qualified to partner with banks?

A not-for-profit organization created in 1990, ECCHO fulfills three primary functions: to provide education on image exchange, to be an advocate for industry objectives related to check image exchange, and to create and maintain rules for check image exchange for all of its members. ECCHO enjoys broad acceptance across the industry, as it is the only clearinghouse in the United States with a comprehensive set of image exchange rules. Being a sponsoring organization in ECCHO, Banker's Bank of the West has direct input into this rules-making process.

Why are check image exchange rules needed?

Check 21, which authorized the unilateral truncation of a paper check when it is replaced with a substitute check, does not validate the electronic exchange of check payments. Without rules, institutions exchanging images assume an indeterminate amount of risk. ECCHO rules address this deficiency in check law by providing a common multilateral agreement among the members for their mutual benefit. The rules provide the legal structure and clarification needed by exchange partners. Further, the rules apply equally between the two exchange parties, no matter how large or small a financial institution may be.

Why is Bankers' Bank of the West sponsoring its clients' membership?

Every depository financial institution in the U.S. is eligible for membership. Bankers' Bank of the West, as a sponsoring organization with ECCHO, is able to provide its customer institutions ECCHO membership at the most economical level. Direct membership in ECCHO is available, but in certain cases it is cost-prohibitive. More information on the organization is available at www.eccho.org.

Your cash management officer with Bankers' Bank of the West will be happy to discuss ECCHO membership with you in detail.