

balance between the interests of banks and the commercial users of this method. The average fund transfer in this country is \$5 million at a time. If you can imagine making one of those kinds of transfers, and yet not having clear rules for who is responsible if something goes wrong, lets you know why banks and commercial users are rushing to get this article adopted in every state. The method is attempting to create a speedy and inexpensive system to transmit huge sums of money which are cash substitutes. And, by the way, in many cases there is no check here. What happens is a little green blip of light appears on one computer, then by a transfer of that information money is transferred to another bank, offsetting fund balances are adjusted accordingly, and there is no check, and there is no written piece of paper to establish this exchange of money, which means for all the more reasons we need to have clear rules of liability. The benefits of Article IV (a) are finality of payment, because it clearly says when the transfer is successfully done, and for that reason then makes that transfer the equivalent of cash. Two, it creates a money back guarantee that, if a funds transfer is not completed, the originator's bank must return the originator's money, and we don't have any rule that even says that right now. Third, it allows a statutory discharge of the underlying obligation, which generally occurs upon acceptance by the receiving bank, the beneficiary's bank. That, too, is a common practice. We would have that with a check. We don't now have a rule for what happens when you do this by a fund transfer method. And, lastly, it requires all of our elements across this line of transfer to use commercially reasonable security procedures. This means banks must take reasonable security procedures to make sure that there is no loss, no negligent change, or no unauthorized alteration of fund transfers, and, in the event something does occur, who would be responsible. If losses do result by an unauthorized order, when there is an agreed security procedure, it is the receiving bank that suffers the loss, unless the receiving bank can prove that their system was commercially reasonable, that they followed their procedure, that they acted in good faith and that they complied with the customer's written agreement instructions restricting the acceptance of payment orders. Again, the Nebraska Bankers Association testified in favor of this, as did Mr. Barkley Clark. Our file also reveals a special letter from the National Bank of Commerce who indicates that they participate in fund transfers, and they very much want clear, legal rules as to what their obligations are. LB 160, by adopting Article IV(a) to our