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# BITS BULLETIN

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A REPORT OF ACTIVITIES FROM BITS, THE TECHNOLOGY GROUP FOR THE FINANCIAL SERVICES ROUNDTABLE

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NOVEMBER 2000

The *BITS Bulletin* is designed to keep the membership of The Financial Services Roundtable fully informed about the activities of BITS and rapidly evolving developments in electronic commerce and payments.

## BITS MANDATE

- Facilitate the growth of electronic commerce
- Facilitate development of superior, market-driven technologies
- Maintain the financial services industry's role at the heart of the payments system as e-commerce evolves
- Sustain consumer confidence and trust by ensuring the safety, soundness, privacy and security of financial transactions
- Leverage resources and infrastructure across the industry



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## LETTER FROM THE CEO

The BITS Check Safekeeping Working Group, chaired by Jerry Chambers, Bank of America, has just released the results of the recent BITS Check Safekeeping Survey. (Check safekeeping means that the physical check is not returned to the customer.) This survey follows one conducted last year to initially sample check safekeeping practices of representative member institutions of the BITS Board of Directors and members of the Independent Community Bankers of America (ICBA). The initial survey revealed great potential for cost efficiencies for the financial services industry as customer acceptance of check safekeeping gains momentum. The recent survey focused on identifying successful strategies to achieve wider adoption and measuring the operational impact of various safekeeping programs at financial institutions of all sizes.

According to Jerry Chambers, "The recent check safekeeping survey affirms that the financial and strategic implications to the financial services industry are significant when consumers do not require the return of the physical checks. Check safekeeping opens the doors for significant savings and service improvements as financial institutions are able to move faster to electronification. We believe this warrants the industry's proactive movement toward truncation/safekeeping—and that BITS can play a major role by educating the industry's senior executives on the strategic benefits."

A total of 55 financial institutions responded to the recent survey, representing 29 members of BITS Working Groups and 26 members of ICBA. Highlights of the survey are:

- Forty-four percent of BITS respondents' customer accounts are currently enrolled in safekeeping programs, compared to 32 percent for ICBA members' accounts.
- High rates of safekeeping can be achieved in a short time, but an effective safekeeping rollout requires well-organized pilots and education for customers and employees.
- Passive safekeeping programs, that is, relying on attrition, do not lead to success; programs that require the customer to opt out, or mandate safekeeping, are highly effective.
- Respondents did not report any significant loss of customers as a result of safekeeping programs.

I want to applaud the efforts of all those involved in this important work. Early on, BITS saw the need to remove paper checks from the process and replace them with electronic alternatives. Not only does this provide an estimated annual cost savings of \$2-6 billion to the industry, but it also positions us for new business opportunities related to electronification of checks and payments systems.

My best wishes to you for the holidays,

*Catherine A. Allen*

# BITS

FINANCIAL SERVICES  
R O U N D T A B L E

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Nancy Cloyd, Bank of America, *Fraud*

Rhonda MacLean, Bank of America, *Security*

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Gary Roboff, Chase Manhattan, *Research*

Dan Schutzer, Citigroup, *FSTC Liaison*

## **COMMENTS FROM THE CHAIRMAN OF THE BOARD**

BITS convened its second Forum on Aggregation Services on November 8<sup>th</sup>, moving closer to agreement on a comprehensive set of voluntary business practices for financial aggregation services. The recommendations from the BITS Aggregation Services Working Group will be announced by the close of this year. This culminates the first phase of an intense and productive effort by a cross-industry coalition of organizations involved in providing aggregation services.

Earlier this year, we identified the aggregation/screen scraping issue as one of five priorities for the BITS agenda. The BITS Aggregation Services Initiative began formally in the first quarter of this year with 15 financial institutions participating at the outset. In short order, the Working Group expanded its membership, organized itself into five subgroups and identified key issues. At the first BITS Aggregation Forum held in early June, about 130 individuals participated, including regulators, aggregators, technology providers and financial services companies. The Aggregation Services Working Group today involves more than 170 individuals representing more than 60 organizations.

The Aggregation Services Initiative is a prime example of how BITS tackles a new or emerging issue, moving it along rapidly and producing visible results in record time—largely by bringing together the right people at the right time. This initiative is on track. I look forward to seeing the Working Group's recommendations and believe that they will greatly benefit our industry, our individual institutions and our customers.

The other four priority initiatives are also on track. The BITS Working Groups on Wireless Technology, Business Method Patents, Electronic Signatures, and B-to-B E-Commerce Framework have all been making great progress with deliverables. Details are reported in this issue of the *BITS Bulletin*.

We are making a conscious effort to build our industry's understanding of e-commerce technologies and their impact on our businesses. An important part of this process is fostering good relationships with representatives of other industries and the regulatory community. One of the greatest values that BITS provides is the development and exchange of intellectual capital. The best way for you to get maximum value is by direct participation in BITS' initiatives. If you and your key folks are not involved, I again urge you to do so.

Best wishes to you and your family for the Holiday Season.

Sincerely yours,



James H. Blanchard  
Chairman and CEO  
Synovus Financial Corp.  
Chairman, BITS Board of Directors

**Aggregation Services**

More than 170 representatives of 60 organizations participated in the second BITS Industry Forum on Aggregation Services on November 8<sup>th</sup> in Washington DC. The organizations included financial institutions, government agencies, technology providers and non-financial aggregator firms. The goal of the Forum was to vet the preliminary recommendations of the five subgroups addressing aspects of a comprehensive voluntary set of business practices for financial aggregation services.

The BITS Aggregation Services Working Group has been working this year to address issues related to security, privacy, legal and regulatory frameworks, consumer education and business practices pertaining to aggregation technologies and procedures. After evaluating the responses from the November 8<sup>th</sup> Forum, the Working Group will release the first version of proposed requirements, guidelines and recommendations for broader comment—with the goal of achieving consensus among all involved parties. The Working Group is also evaluating business models that would allow the issuance and management of a “trusted aggregator seal” that attests to the aggregator’s compliance with the minimum standards. For more information, contact Leslie Mitchell, BITS, 202.289.4322, Leslie@fsround.org.

*Aggregation Services Working Group  
Co-Chairs: Stephen Katz, Citigroup  
Gayle Wellborn, First Union*

**Wireless Technologies**

Roundtable members at the September 2000 Fall Conference heard an excellent overview of the Financial Opportunities in the Wireless Market presented by Jack Stephenson of McKinsey & Company. Jack made the following key points:

- “M-commerce” (mobile commerce) is emerging rapidly and has the potential to transform many types of financial transactions.
- Significant barriers still exist in the U.S. market, with a different evolution path likely than in Europe and Asia.
- Despite high uncertainty, financial services firms should move quickly to place strategic bets and ensure the creation of a robust and secure wireless infrastructure.

- Do not “watch and wait”; rather, employ multiple strategies and work actively with other players.

BITS is facilitating the financial services industry’s efforts to create a robust and secure wireless infrastructure. The BITS Wireless Technologies Working Group met on Monday, October 30<sup>th</sup> in Washington DC to review the progress being made in each of its three subgroups: *Market Development*, chaired by Scott McGlaun, Synovus Financial Corp.; *Security*, chaired by Sam Phillips, Bank of America; and *Standards*, chaired by Chris Hudel, First Union. These subgroups are working on a Request for Information (RFI) which will help to determine key business applications and service requirements for wireless delivery of services. Telcordia is assisting in the design of the RFI, which will be shared with wireless device manufacturers, service providers and carriers to help shape the standards and requirements.

The Working Group members also heard presentations from the National Security Council, The Yankee Group, Tantau and Hewlett-Packard. Scott McGlaun, Vice President, Synovus Financial Corp., galvanized the group by stating, “In all the excitement of the latest technological developments, we always appear to be searching for the next ‘killer app.’ In Wireless, it really isn’t so much the ‘killer app’—it’s the ‘killer attitude.’ The attitude of wireless users is, ‘I want it when I want it, where I want it and with the frequency that gives me what I want.’ ” For more information, contact Teresa Lindsey, BITS, 202.289.4322, Teresa@fsround.org.

*Wireless Technologies Working Group  
Co-Chairs: Kathy DeWit, Wells Fargo & Co.  
William Randle, Huntington National Bank*

**Business Method Patents**

A BITS Executive Briefing was held October 18th in Boston at the offices of Foley, Hoag & Eliot, LLP. The topic was business method patents—specifically related to emerging technologies, the Internet and financial services. The session was well attended, with more than 40 participants. Applications for business method patents are

*(continued on page 4)*



• **BITS' INITIATIVES, CONTINUED** •••••

• growing at an exceptional rate—from 700  
• requests just four years ago to a projected  
• 7000 for this year—with significant implica-  
• tions for the financial services industry.

• John Love, Group Director of Technology  
• Center 2100 at the US Patent and Trademark  
• Office (PTO), addressed the group. (*See the*  
• *BITS Profile of Love on page 8 of this issue.*) The  
• Center is responsible for all patent applica-  
• tions relating to software and business  
• methods. Wayne Sams, Senior Vice President  
• and Assistant General Counsel, First Union,  
• chaired a panel of in-house counsels to  
• address issues such as patent infringement in  
• third-party technology contracts, the need for  
• increased awareness in the patent area, and  
• suggestions for handling claims of patent  
• infringement. Panelists were Michael Springs,  
• in-house patent counsel at Bank of America;  
• Mark Kessler, in-house patent counsel for  
• The Chase Manhattan Bank; and Mark  
• Nance, general counsel for VerticalOne.

• The agenda for the BITS Executive Briefing  
• also addressed: history of the patent process,  
• guidance for reading patent applications,  
• examples of recent business method patents  
• relevant to the financial services industry,  
• successful approaches to addressing patent  
• issues, and appropriate next steps for the  
• BITS Business Method Patents Working  
• Group. One outcome of this initiative is a  
• strengthened and interactive educational  
• process involving leadership in the industry  
• and representatives of the PTO. For more  
• information, contact Cheryl Charles, BITS,  
• 202.289.4322, cheryl@fsround.org.

• *Business Method Patents Working Group*  
• *Co-Chairs: Mark Kessler, Chase Manhattan Bank*  
• *Wayne Sams, First Union*

• **Electronic Signatures and Documents (E-SIGN)**

• The E-SIGN Review Group meets by  
• conference call every other week. About 100  
• participants from nearly 50 organizations are  
• involved, including representatives from  
• Fannie Mae and Freddie Mac. BITS serves  
• as a clearinghouse of information and  
• facilitator as members share articles, legal  
• opinions and internal approaches to the new

law. The Review Group also monitors the  
status of responses to the use of electronic  
signatures and documents from government  
entities, financial institutions, service providers  
and equipment manufacturers.

An online discussion group (forum) has been  
established on the BITS website,  
www.bitsinfo.org, in the Members Only area, to  
allow Roundtable members to exchange  
information on E-SIGN topics. Examples  
of specific discussion topics are: How will  
UETA affect E-Signature laws at a state level?  
How are organizations obtaining customer  
consent for receipt of electronic documents?  
For more information, contact Peggy Lipps, BITS,  
202.289.4322, Peggy@fsround.org.

*E-Signatures and Documents Review Group*  
*Chair: Louis Rosenthal, ABN AMRO*

**Service Providers/Outsourcers Business Practices**

More than 30 participants attended the first in-  
person meeting of the BITS Service Provid-  
ers/Outsourcers Business Practices Working  
Group on October 3<sup>rd</sup> in Washington, DC.  
Presenters included representatives of Gartner  
Group, Arthur Andersen, the FDIC and the  
Office of Thrift Supervision (OTS).

The BITS Service Providers/Outsourcers  
Working Group has adopted these goals:

- Work with outsourcers, regulators and financial services institutions to research and develop control, security, privacy and reporting requirements for Third-Party Outsourcers and Application Service Providers (ASPs).
- Review Request For Proposal (RFP) process, including vendor due diligence, cost-benefit analysis and certification.
- Review current audits/testing (e.g., SAS 70, penetration testing, global audits).
- Review standardization of protocols or interfaces to ensure interoperability.
- Develop an industry position on outsourcing requirements.

Christopher Campbell, Vice President and Practice Manager for Sourcing Strategies at the Gartner Group, described the outsourcing

environment. He discussed the changing nature of outsourcing, projected its growth and outlined some best practices for RFPs. The RFP process was also addressed in detail by five partners in Arthur Andersen's Technology Risk Consulting Division. They discussed best practices and components of the cost model, along with privacy and security issues and potential solutions.

Jennifer Dickerson, OTS, and Tom Tuzinski, FDIC, discussed the regulatory environment for outsourcing and service providers. Next steps for the Working Group include development of subgroups and identification of other participants for future meetings. For more information, contact Peggy Lipps, BITS, 202.289.4322., [Peggy@fsround.org](mailto:Peggy@fsround.org).

*Service Providers/Outsourcers  
Business Practices Working Group  
Co-Chairs: Sharon O'Bryan, ABN AMRO  
Jim Dempster, Metavante, and Viveca Ware, ICBA*

### **Security and Risk Assessment (SRA)**

The SRA Steering Committee met in Charlotte, North Carolina on October 11<sup>th</sup>, hosted by SRA Co-Chairs Peter Browne, First Union, and Rhonda MacLean, Bank of America. SRA members heard updates on BITS initiatives and relevant regulatory and legislative developments. A highlight of the meeting was a tour of Bank of America's Intrusion Detection and Forensics Lab. In addition, briefings on Security Awareness programs and Compliance Models were presented by the following SRA members: Eddie Schwartz and Tracey Verhoff, Nationwide; John Walsh, Allfirst; Kevin Belton, First Union; Steve Katz, Citigroup; Tim Purtell, Aegon U.S.A.; and Gene Fredriksen, Raymond James Financial.

Recent events at the BITS Financial Services Security Lab include the announcement of two more key security product profiles for the financial services industry. Product profiles currently under development include Monitoring & Intrusion Detection Systems, as well as Network Security. See [www.globalintegrity.com/bitslab](http://www.globalintegrity.com/bitslab) to review these profiles and provide comments. Member companies are using these criteria to purchase products, draft requests for proposals and develop their own proprietary products.

Global Integrity, which operates and hosts the BITS Financial Services Security Lab (and the FS/ISAC) has entered into a definitive merger agreement to be acquired by Predictive Systems, Inc., a leading infrastructure consulting firm. The acquisition has been approved by both companies' boards of directors and is expected to close within 60 days of the October 18<sup>th</sup> announcement. "We see this as a positive union and will be continuing discussions on ways to develop the new relationship to further strengthen the BITS Financial Services Security Lab," said Catherine Allen, BITS CEO, after meeting with Predictive Systems Co-Founder and President, Robert Belau, shortly after the announcement. "We look forward to working with the existing Lab management team and the new corporate leadership to achieve the financial services industry's e-commerce security objectives," Allen added. For more information, contact Laura Lundin or Peggy Lipps, BITS, 202.289.4322, [Laura@fsround.org](mailto:Laura@fsround.org), [Peggy@fsround.org](mailto:Peggy@fsround.org).

*SRA Steering Committee  
Co-Chairs: Peter Browne, First Union  
Rhonda MacLean, Bank of America  
Lab Governance Committee  
Chair: Bill Sentenac, Wells Fargo & Co.*

### **Consumer Privacy and Information Use**

The BITS BAI Research Project is on track. This landmark study is being launched in the fourth quarter of this year, with results available in January 2001. It will provide a baseline to assist in understanding how consumer behaviors in the area of financial services are affected by, if at all, issues of concern about the privacy and security of information. The intent is to conduct the study over a three-year period, tracking changes in consumer behaviors as new technologies and services become increasingly available.

Founding Sponsors of this project are: Assurant Group, ABN AMRO, Bank of America, Bank of New York, Chase Manhattan, Comerica, Commerce Bancshares, First Union, FleetBoston, Mellon Bank, Northern Trust, State Farm and Synovus Financial Corp. For more information, including how to become a sponsor, contact Cheryl Charles, BITS, 202.289.4322, [cheryl@fsround.org](mailto:cheryl@fsround.org).

*Research and Communications Steering Committee  
Chair: Gary Roboff, Chase Manhattan Bank*

· **BITS' INITIATIVES, CONTINUED** ······

· **Fraud Reduction**

· The BITS Fraud Reduction Working Group  
· has become a Steering Committee, indicating  
· its important and continuing contributions to  
· reducing fraud of all kinds in the financial  
· services industry. The Steering Committee  
· Chair, Nancy Cloyd, of Bank of America, is  
· now a representative to the BITS Advisory  
· Group. The various Fraud Reduction  
· subgroups continue to address key issues and  
· industry strategies to combat fraud in checks,  
· debit cards and Internet transactions.

· The Steering Committee continues its col-  
· laboration with the retail industry. In particu-  
· lar, the Retailer Subgroup has compiled and  
· distributed a survey on issues raised at the last  
· Retailer Forum in May. The results will be  
· shared at the next Retailer Forum in April  
· 2001. Some of the issues pertain to vendors  
· and reporting systems used by a majority of  
· financial institutions to report check fraud and  
· relevant data elements, as well as practices in  
· closing accounts for cause and dealing with  
· closed accounts to reduce fraud. The Retailer  
· Subgroup is inviting the Food Marketing  
· Institute (FMI) and the National Retailer  
· Foundation to help sponsor the April Forum,  
· making it an inter-industry forum.

· One of the "hot topics" that the Debit Card  
· Subgroup is reviewing is the use of debit  
· cards for making Internet gambling transac-  
· tions. Financial institutions have identified an  
· increase in fraud claims related to Internet  
· gambling through both domestic and off-  
· shore online casinos. The Debit Card  
· Subgroup met on October 17<sup>th</sup> to hear a  
· presentation by the Federal Reserve on Reg E  
· provisions with regard to debit card claim-  
· handling procedures and Internet purchases.  
· The Subgroup is also working toward  
· formulating signature-based debit card loss  
· definitions used by VISA and MasterCard.  
· For more information, contact Robin Slade, BITS,  
· 505.466.6434, Robin@fsround.org.

· *Fraud Reduction Steering Committee*  
· *Chair: Nancy Cloyd, Bank of America*

· **IFX Forum**

The IFX Forum's recently established Loan Applications Working Group held its kick-off meeting on Oct 3rd. This group, established with participants primarily from automobile, recreational vehicle (RV) and marine loan areas, also includes representatives from the mortgage and student lending industries. Working Group members, led by Dennis Warnke of Credit Online, Inc., are defining new transaction types for the IFX message handler that will facilitate the movement of all types of credit transactions between originators and credit grantors.

More recently, IFX met with representatives of the human resources industry who are interested in developing XML standards (HR-XML) and are investigating adoption of the IFX framework. The HR-XML group has been impressed with the IFX Forum's architecture and baseline messages, and is interested in discussing the suitability and portability of the IFX messaging framework to several HR-XML projects. The two specifications groups will consider the development and implementation of reciprocal agreements that would allow for an exchange of technology and education among the parties involved.

BITS is facilitating the coordinated effort among the IFX Forum, FSTC's FAST Project and BITS' work in Aggregation Services authentication and data feed standards. The goal is to remove redundancies and to leverage industry efforts.

IFX and ACCORD are working together on an IFX platform to support the property, life and casualty industry's electronic messaging requirements. For more information, contact Leslie Mitchell, BITS, 202.289.4322, Leslie@fsround.org.

*IFX Forum*  
*Chair: Mark Tiggas, Wells Fargo Services Co.*

### Mellon Recognized for Leadership in Technology Use

Mellon Financial Corporation was named recently by Morgan Stanley Dean Witter (MSDW) as a Tech Edge 26 company for its leadership in the use of technology. The Tech Edge 26 group of companies was selected from among more than 2,250 stocks followed by MSDW. Candidates were narrowed to a group of about 200 stocks and further evaluated in more than 100 analyst sessions, as well as fundamental and quantitative screening by MSDW strategists. The key factor in the selection process was the use of technology to establish competitive advantage.

“We’re especially honored to be one of only three financial services providers on the Tech Edge 26 listing,” said Martin McGuinn, Mellon Chairman and CEO, and BITS Board Member. “Technology is indispensable to our goal of being the best performing company in the financial services industry...allowing us to add value to our business by providing more and better financial services to our customers in a cost-effective manner.”

Mellon was also included this year in *Information Week* magazine’s ranking of the nation’s top 20 IT (information technology) innovators, and *InternetWeek* magazine has designated Mellon as an Internet 100 company.

### BITS Executive Named to ISTPA Board

Cheryl Charles, BITS Senior Director for Research, Communications and Public Policy, was recently elected to the Board of Directors of the International Security, Trust and Privacy Alliance (ISTPA).

### BITS Staff Changes

Two new professionals have joined the BITS staff. **Leslie Mitchell** is the new BITS Director for Payment Systems

and Standards, succeeding Kit Needham, who recently joined Mellon Financial Corporation as Senior Vice President and Chief Operating Officer for the new MellonLab. Leslie’s background includes experience in e-commerce, securities, financial services, marketing and research. Most recently, she was Director of Sales and Marketing at the Futures Industry Institute, which collaborates with the Securities Industry Association (SIA).

We said farewell to Kit Needham in September. She was an outstanding member of the BITS team and will stay involved through her new position at Mellon.

**Laura Lundin** is BITS Senior Director for Security Lab Marketing. Laura has extensive sales and marketing experience in both the software and insurance industries. She served as Underwriting Manager and Field Specialist at the St. Paul Fire and Marine Insurance Company, and as Marketing Manager at Microstrategy, Inc.

Three staff members have been promoted in recognition of their valuable contributions. **Teresa Lindsey**, BITS Senior Director, has been named BITS Chief of Staff, responsible for day-to-day operating issues, finances, and the BITS Wireless Technologies Working Group.

**Alice Cho** is now BITS Senior Director for Emerging Issues. Alice has managed initiatives in Fraud Reduction, Electronification/ECP, Wireless Technologies, and B-to-B E-Commerce.

**Robin Slade** has become a Project Manager supporting Fraud Reduction, Electronification/ECP, Business Method Patents and Privacy initiatives, as well as New Member Services. Robin also serves as BITS’ webmaster.

### BITS Staff

Catherine Allen, CEO  
Tanya Bailey, Director, Meetings  
Wattie Bennett, Executive Assistant  
Faith Boettger, Senior Director  
John Burke, Outside Counsel  
Cheryl Charles, Senior Director  
Alice Cho, Senior Director  
Barbara Harrelson, Comm. Mgr.  
Teresa Lindsey, Chief of Staff and Senior Director  
Peggy Lipps, Senior Director  
Laura Lundin, Senior Director  
Leslie Mitchell, Director  
Iris Simpson, Administrative Asst  
Robin Slade, Project Manager  
Ben Stafford, Project Manager  
Keviar Warner, Administrative Asst.

# BITS

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**BITS PROFILE** . . . . .

**John J. Love** is Group Director of Technology Center 2100 at the U.S. Patent and Trademark Office (PTO). Love met with financial services members at the October 18th BITS Executive Briefing on Business Method Patents held in Boston. (See report on page 3.) He presented background and context on business method patents and addressed the rapid growth of patent applications for computer-implemented systems related to business and data processing.

*This is one of a continuing series of interviews with members of the BITS Board of Directors, BITS Advisory Group, BITS Council and other key leaders in electronic commerce and financial services.*

**BITS:** It is reported that the fastest growing area of patent requests is Internet-related. Give our readers some perspective on this growth pattern and how it relates to business method patents.

**Love:** If we refer to any single indicator of the rate of change being driven by technology in the New Economy, it might be the increase in patent applications for computer-implemented systems related to e-commerce—what we call “class 705” patents. Applications in this emerging technology area (computer-implemented business methods) have risen to about 2,700 in 1999, from 700 in 1996, and 1,300 in 1998. While software technology in class 705 represents one of the agency’s fastest-growing categories, in 1999, it represented only 1 percent of all patent applications. In 2000, we expect that will increase to approximately 2 percent of all patent applications filed in that year.

**BITS:** What are the biggest challenges for the PTO in addressing the growth and complexity of such patent applications?

**Love:** First is keeping up with the workload alone. Hiring, retaining and training of personnel is primary. Next is the difficult task of researching the “prior art,” a repository of information and publications that must be researched during the examination process. In most technologies, issued patents are the primary place to look for prior art. In emerging technologies like class 705, we have to research journals, magazines and other non-patent literature and databases for the information needed to evaluate these newer kinds of patent applications. So far we have identified more than 900 commercial database sources for patent examiners to use. This is an area where organizations like BITS can be helpful to us in assisting with the compilation of the library of relevant prior art.

Responding to the concerns of the business community and the public about this booming area of patents is also a challenge. We again look to organizations like BITS to help us in educating these communities about what can be done and how businesses and innovators can aid the patent process.

**BITS:** What other ways can the leadership of the financial services industry best assist the PTO in its efforts?

**Love:** In addition to the areas I’ve already mentioned, BITS and other private-sector organizations can help us by identifying speakers and experts who could present to our examiners on emerging technologies and standard practices in your industry that are not now catalogued. This would include field trips and demonstrations, for example, of check-clearing systems and security systems in the financial services industry. Again, we are looking for help in identifying the right sources of information for prior art. Any assistance in recruitment and career development for the PTO personnel would be greatly appreciated as well. We are delighted to be able to work with BITS in this area of mutual importance.



**Note:** BITS’ representatives are meeting with the PTO staff on December 6<sup>th</sup> and will tour the Patent Office’s Technology Center 2100. They will brief PTO examiners on BITS’ initiatives. PTO staff will also tour the BITS Financial Services Security Lab and will be participating in relevant BITS Working Groups.

“Business Method Patents is an extremely important new BITS initiative. We are enthusiastic about working cooperatively with the PTO in mutually beneficial educational efforts. Through the BITS Business Method Patents Working Group, we will assist in the process of establishing a foundation of prior art in this emerging area. Another important task for the Working Group is to further the understanding of BITS and Roundtable members on the value of their intellectual property in this area and how to protect and defend these assets.”

*Wayne Sams, First Union  
Co-Chair, BITS Business Method Patents Working Group*