

B. ELECTRONIC FUNDS TRANSFER

One of the most controversial topics in the computer industry concerns the development of electronic funds transfer (EFT) systems. Although banks have employed EFT in interbank transactions for several years, their recent attempts to replace the check with the debit card to settle a depositor's account have created considerable dissension in the financial community. Bruce E. Woodruff discusses the application of the credit card (EFT) system to a bank debit card system with emphasis on the activities of Credit Systems, Inc. (CSI), a regional bank association. Its efforts at implementing a bank debit card EFT system were aborted because application of the relevant law is unsettled. It is unclear whether courts will interpret antitrust, banking, and commercial transaction (UCC) laws sufficiently liberally to accommodate new banking methods mandated by a national EFT system. The advantages to the public from such a system are tremendous, Woodruff claims, and urges courts to construe the laws as sufficiently flexible to encompass electronic checking. Cognizant that federal regulation would become increasingly important as EFT developed, Congress created a national commission in 1974 to devise a legislative program to control and encourage EFT development. Ronald Winkler details the history of the National Commission on EFT and considers the implications of its first report to Congress.

The uncompromising positions held by small state and large national banks on EFT development illustrates the nature of the controversy surrounding the issue of EFT. Richard Peterson presents the Independent Bankers Association of America's position: only state control of EFT development can insure that these systems will be available to small as well as large banks. Alternatively, the American Bankers Association maintains that the economies possible with EFT will be realized only if interstate barriers are eliminated. Therefore, they urge federal legislation to insure uniform national regulation and service.

