

April 8, 2003

Opening Statement for Congressman Paul E. Gillmor
House Financial Services Committee
Subcommittee on Financial Institutions and Consumer Credit
Hearing to consider HR 1474, the "Check Clearing for the 21st Century Act"

Thank you, Mr. Chairman, for holding this hearing to consider this important modernizing legislation. As we all observed in the days following September 11th, systems dependent on the movement of time-sensitive materials nationwide must be prepared if the steady flow of air and ground transportation is interrupted.

Our committee has taken the lead on this issue with its hearings held during the 107th Congress and, with today's discussion, makes clear its commitment to negotiate the best way to end our financial system's dependence on paper checks that must be physically transported. I am glad to see that the Federal Reserve has already conducted a study on this issue and has expressed their support for increased electronic truncation to bring these procedures into the 21st century.

I am happy to be an original cosponsor of this legislation and feel it strikes a positive balance between the need for modernization and the ability of small institutions to adapt to a new system within the timeline provided, as not all banks nationwide are currently equipped to accept electronic check transmissions. The substitute check proposal is very important in this regard and I am glad to see it included in the proposal.

Again, I thank Chairman Bachus for his leadership on this issue and look forward to an informative dialogue.