

# Chicago Clearing House Association

## Case Study

### ***CCHA introduces Web-based service to reduce costs associated with cash-letter adjustments, relying on strong authentication to ensure security***

**A**lthough much has changed in the banking world since 1865, the year Chicago's largest banks teamed up to create the Chicago Clearing House Association (CCHA), one thing stayed constant: The exchange of checks, and settlements, between member banks remained largely a paper process. But today, the CCHA is making waves in the industry with its innovative EDIBANX® service, a Web-based technology that significantly reduces the costs of exchanging cash-letter adjustments between banks. The proprietary service incorporates a strong authentication security solution to protect the thousands of high-value transactions it processes on a daily basis.



Kim Oanh Le, LAN Administrator for CCHA, uses the Digipass® 300 to log onto EDIBANX®.

# Secure Electronic Transactions Reduce Paperwork, Costs

## Objective

To ensure the security of cash-letter adjustment transactions conducted over the Internet by banks and processing centers that participate in the CCHA's EDIBANX® service.

## Challenge

Implement a security solution that would make it simple to recognize the hundreds of authorized users who would be accessing the service from many different entry points – but at the same time, provide a high degree of protection for valuable cash-letter adjustment transactions.

## The Solution

CCHA incorporated a strong authentication method of security into its system design. Built around software provided by VASCO and the Digipass Pro 300 authentication device, the EDIBANX® log on sequence requires authorized users to enter a dynamic (or one-time) password before they are granted access to the system.



Paul O'Toole, CCHA Vice President: "The security that the Digipass solution provides is critical. Banks wouldn't even consider using the service if it wasn't protected by this type of security."

Each and every business day, the CCHA provides check clearing and settlement services totaling more than \$2.5 billion for its eight member banks\* and its 250-plus affiliates throughout the Midwest. For the most part, it's a paper process: Hundreds of thousands of checks, presented in bulk for payment.

In such a high-volume operation, mistakes inevitably appear in the process (for example, accounts that don't tally correctly, missing checks, and so on). Today, most banks address these errors just as they've done for over a century, by issuing a cash-letter adjustment, a paper process that lets them reconcile their accounts, sometimes many days after the original cash-letter date.

Recently, the CCHA introduced a better idea: EDIBANX®, a secure web-enabled application that speeds the adjustment process by eliminating paper forms and attachments. The innovative service allows financial institutions, both CCHA members and non-members, to exchange and settle adjustments electronically with participating financial institutions located anywhere in the United States.

"Security is essential to the EDIBANX® service", says Paul O'Toole, CCHA Vice President, "because every cash-letter adjustment issued between banks has a dollar value. But any potential solution had to do more than provide a secure solution. It also had to be flexible enough to accommodate hundreds of different authorized users, who might access the service from almost as many different entry points across North America. CCHA turned to VASCO Data Security for the answer – a dynamic password (or one-time password) solution anchored by the Digipass Pro 300."

\* The eight member banks of the Chicago Clearing House Association are: American National Bank & Trust Company of Chicago, Bank of America, Bank One, Cole Taylor Bank, Harris Trust & Savings Bank, LaSalle Bank, The Northern Trust Company and U.S. Bank.

## A New Standard in the Making

“When new users sign up, we issue them a Digipass,” says Madeleine Koch, Services Coordinator at CCHA. “We also register them on the EDIBANX® system, which was designed to incorporate a server running VASCO’s Digipass software. For authorized users to log on, they must enter both a User ID, and the one-time password generated by the strong authentication device. It’s a simple process, but also very secure.”

“The security that the Digipass solution provides is critical,” O’Toole says. “Banks wouldn’t even consider using the service if it wasn’t protected by this type of security.” Although relatively new, EDIBANX® is catching on quickly: CCHA’s eight member banks’ are using the system to its full capacity.

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*The innovative service allows financial institutions, both CCHA members and non-members, to exchange and settle adjustments electronically with participating financial institutions located anywhere in the United States.*

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Paul O’Toole and Madeleine Koch, CCHA Services Coordinator, discuss the benefits and savings the EDIBANX® system offers their customers.

Cash-letter adjustment transactions are being processed through the system today, along with a growing number of transactions from the nearly 100 non-member banks who have subscribed to the service. These banks are re-configuring their work systems and O’Toole believes they will be fully on board by third quarter of 2001.

“It’s a tremendous growth opportunity for the CCHA,” O’Toole says. “We expect that our product will become a national standard for the industry. Eventually, we expect to get all the cash letter adjustments in the country flowing through our system.”

### How It Works

The Digipass device works in combination with a security server running the Digipass Controller software to generate a code that ensures authentication when users log on to the EDIBANX® service. An authorized user must possess a Digipass, and know a PIN code, before a one-time password is generated.

### Results

Nearly half of the cash-letter adjustments issued by the CCHA’s eight member banks are now processed through EDIBANX® – a service introduced in June, 2000. In addition, nearly 100 non-member banks have signed up to use the EDIBANX® system, creating a significant growth opportunity for the association.



Actual Size

## Chicago Clearing House Association

Formed in 1865 by Chicago's largest banks, the Chicago Clearing House Association was established to facilitate check exchanges between its affiliates, and to provide for the settlement of balances resulting from those exchanges. It is a voluntary, not-for-profit association. CCHA provides check clearing and settlement services totaling more than \$2.5 billion daily for its eight member banks and 250 affiliates throughout Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin.

### Website

[www.chgo.org](http://www.chgo.org)

[www.edibanx.com](http://www.edibanx.com)

**For regional offices or to learn more about us, visit our web site at [www.vasco.com](http://www.vasco.com)**



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