
MARKING 100 YEARS OF CHECKS GETTING TO THE RIGHT PLACE

System launched in 1911 by ABA and Accuity honored by Smithsonian affiliate

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Years ago when I was a cub at ABA Banking Journal, I read a batch of letters a bank had received from children about the banking system. It was part of an essay contest.

One stood out, for me, all these years: "How banks make all those checks go the right places cannot be understood. It can only be wondered at!"

I must admit, my understanding of how checks go from A to B is still at the diagrammatic level—that is, I get the idea, but don't ask me to run IT or Operations. In fact, my wife laughs at me because I am more comfortable talking to bank presidents than handling the details of the family checking accounts.

But the process of getting checks—and now also other types of transactions—to the right places is not something to be "wondered at." It was the result of cooperation and effort that began with the American Bankers Association and the private sector, 100 years ago.

What I'm referring to is the ABA Key to Routing Numbers directory. Earlier this week the players, or descendants of players, who made and make this possible came together at New York City's Museum of American Finance to mark the anniversary. Accuity, Inc., the company that now, as registrar, produces and maintains the directory, had called a press conference to mark the inclusion of the original printed and bound 1911 ABA Key to Routing Numbers in the museum's "Banking In America" exhibit. Indeed, the book, representing a milestone in the payments system, will become centerpiece of that particular exhibition. (The museum is an affiliate of the Smithsonian Institution.)

"This 100-year-old directory is a valuable piece of American banking history and we are honored to be able to share this archive with museums in New York and around the nation," said Hugh Jones, president and CEO of Accuity. The directory, encased to protect it is open to the page showing the very first institution to be included, The Bank of New York. The museum happens to be at a former BONY branch on Wall Street, featuring old-time banking features such as high ceilings and a dramatic grand spiral stairway.

The nine-digit routing numbers recorded in the directory, from 1911 on, get payments to the right place. Before the system was adopted, incredible chaos prevailed, with no uniformity in numbering existing. ABA created the numbering system as a mechanism for identifying each financial institution in the country. Now, there are over 24,000 active routing numbers in use. Accuity has been official registrar of the system since the 1911 beginning.

“It’s amazing to see how the introduction of the routing number system revolutionized the banking industry in the U.S.,” said Jones. “But what’s more amazing is that, aside from new payment methodologies and the speed of payment processing, little has changed with the need for the routing number itself. A well-planned and well-managed system persists.”

ABA Executive Vice-President Doug Adamson, attending the ceremony, noted that the system adapted along the way to milestones of financial payments evolution. These included the creation of the Federal Reserve System in 1913, the adoption of MICR encoding in the late 1850’s for check reading/routing; and, more recently, Check 21, and the ensuing rapid adoption of remote check capture on machinery ranging from in-office readers to consumer scanners and even mobile phones.

Adamson called the routing number system an “elegant solution by ABA” that continues to adapt to the payment system’s development.

In a statement, ABA President and CEO Frank Keating noted that “we have enjoyed our partnership with Accuity as the Official Routing Number Registrar and publisher of the ABA Key to Routing Numbers directory and look forward to continuing that partnership.”

So, while the book that started it all lies encased in a physical place, you might say that the system, in that time’s words, to be “wondered at,” permeates the banking industry and beyond.

Maybe someday I’ll even learn to balance my checkbook.

100 years ago ABA’s checking routing number system debuted, and it continues to serve the nation and its banks today. A copy of the original book has been put on special display at the Museum of American Finance in New York City.

A closeup of the book shows the first institutions to get routing numbers. The very first was The Bank of New York.