

Bank Administration Institute

Banks Join Forces to Heighten Awareness of Year 2000 Issues

CHICAGO, September 29, 1998 -- Forty of the nation's largest banks have developed a "Top 10 Awareness" list with information for consumers about their bank, their money and the year 2000. In the face of so much hype surrounding the year 2000 issue, this list urges consumers to take a common sense approach to their financial routines; recognize that banks are closely monitored; and be aware that the banking industry is considered to be a leader with respect to year 2000 preparation efforts. The list is printed on the reverse side of this page.

"Banks are working together and sharing best practices in an effort to make it business as usual for their customers in the year 2000," said Clint Swift, managing director of operations and technology at Bank Administration Institute (BAI) in Chicago. The banks, which represent 70% of the nation's banking assets, work together in BAI's Year 2000 Industry Forum. Through six roundtable discussions a year; an active Internet discussion list; and working groups that examine planning, testing, credit risk and other issues, the banks have been sharing year 2000 strategies for 18 months.

Recognizing this cooperative effort, year 2000 expert Peter de Jager said, "The year 2000 problem is, and always has been, a potential crisis, a crisis which could only become a reality if we failed to act. By coming together now, these banks are acting to avoid a crisis. They've proven once again that rather than bringing out the worst in us, a crisis brings out the best we have to offer."

The group emphasizes that the bank, where each depositor's accounts are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC), is still one of the safest places for money when the century date changes. Banks are being advised by federal regulators that they need to have substantially completed their mission-critical hardware and software systems by the end of this year. Supervisory agencies - including the Federal Reserve, the Office of the Comptroller of the Currency, and the FDIC - already have examined the processes that the nation's 10,000 banks have in place to deal with the year 2000, or Y2K, challenge.

These banks developed the list to help consumers understand the year 2000 problem, because no business can be certain that every one of its suppliers will be 100% ready. The complexity of the relationships among banks and their suppliers creates the potential for some inconvenience for consumers, Swift said. But he added that banks are focusing on potential points of failure and updating contingency plans. Banks will be working with local communities around the country to heighten year 2000 awareness.

The year 2000 computer problem was born decades ago when programmers coded years in two digits to save expensive storage space. Thus, many programs assumed the century digits to be "19", recording 1975 as "75". Without changes, programs might interpret the "00" of the year 2000 as 1900, which could result in incorrect calculations or even systems failures.

The "Top 10 Awareness" list with information consumers should know about their money, their bank and the year 2000.

Did you know that...

- 1...the Gartner Group, a Connecticut consulting firm, ranked the financial services industry first in year 2000 preparedness?
- 2...federal banking regulators have issued extensive guidance on year 2000 issues to all banks?
- 3...many banks are working together to share lessons learned in an effort to help solve the year 2000 problem across the industry?
- 4...banks keep backup records of transaction information? Consumers also have backup information in the form of transaction receipts and periodic statements on deposit, investment or loan accounts. It is always a good idea to maintain proper banking records and in preparing for the year 2000, there is no need to retain more than the usual types of documentation.
- 5...the century date change does not affect your deposit insurance coverage?
- 6...banks already have contingency plans in place? These plans identify pre-defined solutions to handle many potential business disruptions and are being updated to prepare for an orderly transition into the year 2000 for bank customers.
- 7...if you use a personal computer to bank from home, you will want to determine if the PC hardware and software is able to handle the date change? Consider checking with the manufacturers of your computer and software applications and ask them about their ability to handle the century change.
- 8...if you own a small business, you should assess how the year 2000 may impact your business? Some of the areas you may want to review include your computer systems, equipment and vendors which provide a service to your business.
- 9...many of the financial institutions, utility companies and governmental agencies with whom you do business have year 2000 information available? Web sites are usually a good place to start learning about the company's efforts.
- 10...local trade associations may need your help to be part of the year 2000 solution in your community?