



FEDERAL RESERVE BANK
OF DALLAS

DALLAS, TEXAS
75265-5906

September 10, 1999

Notice 99-78

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

**Year 2000 Readiness of all
Federally Insured Financial Institutions**

DETAILS

Federal bank, thrift, and credit union regulators have announced that 99 percent of federally insured financial institutions have completed testing of critical systems for Year 2000 (Y2K) readiness. The Board of Governors, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision noted that most financial institutions are already using Y2K-ready systems on a daily basis without problems.

Over the past two years, federally insured financial institutions have been identifying and overhauling systems that were not Y2K ready. At the same time, the regulatory agencies have been closely monitoring their efforts. As of June 30, 1999, the regulators had assigned a "Satisfactory" rating—the highest possible rating—to 99 percent of the federally insured financial institutions. This means the financial institutions are appropriately preparing for the Year 2000. The agencies are confident that, based on their reviews, financial institution customers will be able to conduct business as usual both before and after January 1, 2000.

During each Year 2000 review, regulators look at the overall progress that an institution is making in its Y2K efforts, as well as its compliance with federally mandated requirements. Examiners check to see that financial institutions are performing any ongoing system renovation and testing that may be needed, establishing comprehensive contingency plans, mitigating any identified Y2K-related business risk, and effectively informing their customers of their Y2K preparations.

The federal bank, thrift, and credit union regulators are closely supervising the few institutions that are lagging in their Y2K preparations. Regulators will increase and intensify their supervision of these institutions during the remaining months to ensure that needed corrections are made by December 31, 1999.

MORE INFORMATION

For more information, please contact Ann Worthy in the Banking Supervision Department at (214) 922-6156. For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254.