



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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## FDIC PROPOSES NEW DATA RETENTION RULE

### FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today proposed requiring banks and thrift institutions with less-than-satisfactory Year 2000 ratings as of July 31, 1999, to maintain key deposit and loan information using a standard format at year end.

"Banking regulators have been working with financial institutions for two years to prepare for the century date change," said FDIC Chairman Donna Tanoue. "As a result, we expect virtually all financial institutions to be prepared for the transition.

"Since we are required to plan for the remotest contingency, however, the FDIC must make sure that depositors have the quickest possible access to their money in the unlikely event that a financial institution experiences significant Year 2000 difficulties," Chairman Tanoue added. "The FDIC is taking this step out of an overabundance of caution, because we have the job of developing contingency plans in case anything unexpected occurs — however remote that possibility."

The proposed rule would apply only to a small number of financial institutions. At present, more than 98 percent of insured institutions are rated "satisfactory" in regard to Y2K preparations. Since the end of March, the number of banks and thrift institutions rated less than satisfactory has declined from 357 to 205, out of a total of 10,400. The FDIC expects the number of less-than-satisfactory institutions to continue to decline throughout the year. Any institution that receives a satisfactory rating after July 31 would not be required to participate in the program.

Banks and thrifts — and the companies that provide data processing services to them — routinely maintain backup copies of the data stored in their systems. Many different



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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versions of business systems are in use today -- there is no standardized method of maintaining backup data. As a result, it takes a good deal of time and effort to translate and convert data from one system to another. The standardized backup programs required by the proposed rule would reduce the time needed to retrieve, translate and transfer information about accounts should a financial institution need the help of another data processor or be placed in receivership.

Standardized data would also promote continuity of customer services by supporting an open bank's transfer of key account information to a Y2K-compliant replacement data processor, asset servicer, or purchasing institution, should that become necessary.

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