

Y2K: Federally Insured Institutions Are Prepared

The FDIC is confident that banking customers will be able to conduct business as usual in the Year 2000. Here's the latest information on what you need to know and do to prepare yourself.

The financial services industry is among the best-prepared for the Year 2000 (Y2K) date change. (That's when some computers may experience glitches if they haven't been fixed to distinguish dates in the Year 2000 from those in 1900.) Despite the good news about the financial industry and Y2K, there may be an increase in attempted fraud, unfounded rumors and negative advertising with a Year 2000 theme—all causing you anxiety. That's why the FDIC wants you to know

about Y2K and be able to separate fact from fiction. Above all, we want you to remember that:

- **The banking system is prepared for Y2K.** Federal and state

government examiners have conducted special Y2K examinations at every FDIC-insured financial institution at least twice and, in some cases, three, four or more times. Our findings indicate that FDIC-insured banks and thrifts are prepared for the Year 2000. Financial institutions and their regulators are confident that it will be business as usual before, on and after January 1, 2000, and that any disruptions that may occur will be minimal.

- **Your money is safe in a federally insured deposit.** No thief or Y2K bug can harm your federally insured deposit—your money is protected up to \$100,000. But the money you carry in your wallet, hide at home

or give to a stranger to “protect” from a Year 2000 problem is *not* federally insured.

- **You may want to consider taking some simple precautions.** No one can guarantee that everything will work perfectly, on *any* day of *any* year. That's why you should continue keeping good records of your financial transactions and checking the accuracy of your bank statements and receipts. These efforts can go a long way toward resolving a problem, Y2K-related or not, if you experience one.

So, before you turn your calendar to January 1, 2000, please turn the page to read our latest Y2K tips and information. 🏠

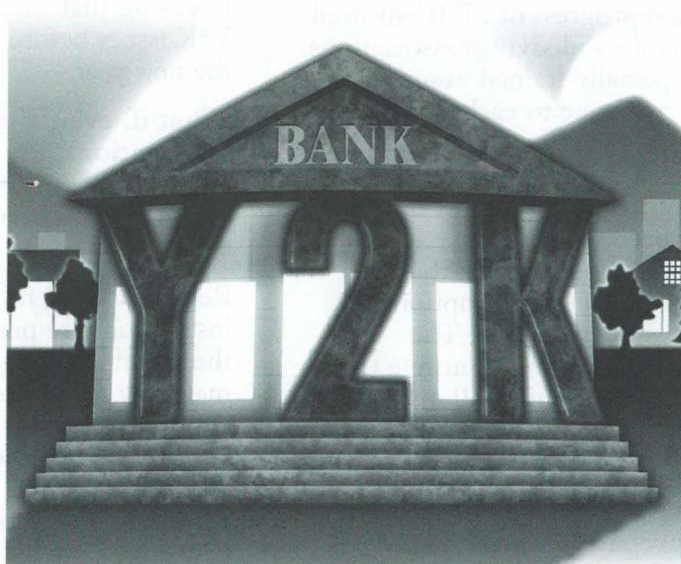


Illustration: T.W. Ballard

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Bank Preparedness

How does the government know if a bank is prepared for the Year 2000?

For the last few years, federal and state bank regulators have been systematically monitoring the progress of FDIC-insured banks and savings associations. Specially trained examiners have gone to each institution several times to verify that technical problems have been addressed and that the necessary steps have been taken to minimize the potential for disruptions in customer service. The regulators will continue to closely monitor all institutions throughout the remainder of 1999 and into next year.

How can I tell if *my* bank is prepared?

Regulators have been encouraging institutions to tell their customers as much as possible about their Y2K preparations. So if you want to learn more about your bank and the Year 2000, we suggest you contact a Y2K representative there. Many institutions also have brochures, special pages on their Internet sites and other literature describing their Y2K efforts.

The government has been releasing industry-wide results on Y2K. Nearly every federally insured financial institution is prepared for the Year 2000 and is already using Y2K-compliant systems in its daily operations. The handful of

financial institutions that were lagging (as we went to press) are subject to enforcement actions from federal and state regulators requiring that corrective measures be taken. The regulators are working closely with these institutions to ensure that they address Y2K issues before the start of the new year.

What if, even after all the preparations, my bank still is affected by a Y2K problem? Will banking services be available?

Regulators and financial institutions are preparing for the possibility of glitches, no matter how remote, by making contingency plans for banks to conduct business with alternate methods and processes, if necessary. Those contingency plans may include alternate work sites and the capability to handle banking transactions on paper.

Remember, too, that financial institutions have an excellent track record for dealing with emergencies. They deal with power failures, floods, fires, earthquakes and other problems, and rarely has customer service been significantly disrupted for long.

Could my bank go out of business because of a Year 2000 computer problem?

The FDIC and other federal and state regulators don't expect any bank to close because of a Y2K-related problem. Due to the

exhaustive efforts undertaken by the industry and the rigorous programs established by state and federal regulators, we expect business as usual for customers in 2000. Rest assured, that in the unlikely event your bank were to close because of Y2K, your funds in an insured deposit will be protected up to the federal limit of \$100,000. "No one has ever lost a cent of insured funds," says FDIC Chairman Donna Tanoue. "And no one will."

To play it safe, keep copies of your financial records (such as deposit and ATM receipts) and check your account statements for accuracy. Also, if you have more than \$100,000 in deposits at one insured institution, it's a good idea to review your deposit insurance coverage. Check with your financial institution or call the Federal Deposit Insurance Corporation at 800-934-FDIC (for banks and savings institutions) or the National Credit Union Administration (NCUA) at 703-518-6330 (for credit unions).

You can also get deposit insurance information from the agencies' Internet sites—www.fdic.gov for the FDIC and www.ncua.gov for the NCUA. The FDIC site even has an interactive Electronic Deposit Insurance Estimator (EDIE) at www2.fdic.gov/edie that can help you quickly and easily figure out whether your deposits at an FDIC-insured institution are within the \$100,000 insurance limit.

Cash Needs

Should I take extra money out of the bank before January 1, just in case my bank's automated teller machines (ATMs) don't work because of a Y2K problem?

We believe there is no need for you to take extra money

out of your federally insured deposit account, for several reasons.

First, government regulators are confident that insured institutions are prepared to conduct business as usual. That means you should be able to withdraw cash or make payments the normal way using a variety of options, including checks, credit cards, debit cards, ATMs and (during business hours) tellers. In the unlikely event that one option doesn't work as planned, the other services will be available.

For example, ATM networks, credit card companies and merchants have been upgrading their computer systems to make cards work properly. If one card or ATM doesn't work, try another one. Contact your financial institution or your card issuer if you have any questions about a credit card or an ATM card, or if you encounter any problems with a card. The phone number for customer service usually is on your account statement and the back of your card.

Remember, your money is safe in a federally insured deposit account. Once funds are taken out of the bank, they are no longer protected by

continued on next page

Reliable Sources on...

The Financial Industry's Y2K Preparedness

"Although no one can say there won't be glitches—after all, there are glitches now—we're confident that bank, thrift and credit union customers will be able to conduct business as usual before and after January 1."

Donna Tanoue
Chairman, Federal Deposit Insurance Corporation

"Financial institutions in the United States, along with their service providers and software vendors, have responded magnificently to the challenge. They have spent literally billions of dollars getting ready for Y2K. And as a result, they are ready. And we're not just taking their word for it. Federal examiners have conducted Y2K examinations in each insured financial institution at least twice, and in some cases three, four or more times."

John D. Hawke, Jr.
Comptroller of the Currency

"Based on the most recent data, I believe Americans can be confident that a number of vital industries, including banking, power, telecommunications, and air transportation, are now well-positioned to make a successful transition to the new millennium."

John A. Koskinen
Chair, President's Council on Year 2000 Conversion

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On the Internet

Consumer information from the FDIC is available at the agency's home page (www.fdic.gov).

Find current and past issues of **FDIC Consumer News** at www.fdic.gov/consumers/consumer/news/index.html

To receive e-mails about new issues and links to stories, write to listserv@peach.ease.lsoft.com and type "Subscribe FDIC-Consumer News" (include the hyphen) and your name in the message area.

federal deposit insurance, and they stop earning interest. You also open up opportunities for the money to be lost or stolen.

Reliable Sources on...

The Y2K and Cash

"People use cash on a long holiday weekend, but mainly they use credit cards, debit cards, checks and other forms of alternative money. Those systems are going to continue working."

Ellen Seidman
Director, Office of Thrift Supervision

"The safest thing for consumers to do with their money around year-end is to leave it where it is... Those people who do cash out a significant part of their deposits only increase the risk that they will become victims of crime or fraud."

Alan Greenspan
Chairman, Federal Reserve Board

"A percentage of automated systems are down every day without causing serious disruptions to commercial transactions and markets. For example, one to two percent of ATM machines in the United States are down at any given moment—some simply because they are out of paper—yet consumers know to go down the block to another machine or into the bank branch or local supermarket to obtain the cash they need."

Roger W. Ferguson, Jr.
Governor, Federal Reserve Board

"The safest place for your money is in a financial institution. If the rumors should circulate, if fears should be generated, please check out with your financial institution or trusted friends whether those rumors have any validity."

Norman E. D'Amours
Chairman, National Credit Union Administration.

"Your homeowners' insurance probably only covers you for \$250, at the most, if you lose money because of a theft or fire," adds Frank Hartigan, the Washington-based Y2K Program Manager for the FDIC's Division of Supervision.

Will my bank have enough cash if a lot of customers withdraw money?

Yes. Financial institutions are preparing for the possibility of heavier-than-usual cash demands. The Federal Reserve also has additional money that can be quickly distributed to banks that may need it. But as we've said, financial institutions and their regulators have spent years preparing for Year 2000 so that customers will have routine access to their funds. That's why we don't anticipate a need for anyone to withdraw extra money.

If I can't get access to my account using an ATM, what should I do?

Just because an ATM is "down" doesn't mean your bank or your bank's ATM network is having a Y2K problem. "It may simply be unable to dispense cash or give out receipts because of a paper jam, a money misfeed or some other

common problem totally unrelated to the Year 2000," says Michael Benardo, a Y2K Examination Specialist with the FDIC in Washington.

So, if one ATM isn't working, try another nearby. Or, during regular banking hours, go into a bank branch. You also should be able to use your ATM card or credit card to get cash at a merchant's cash register. And don't forget your other non-cash payment options, including checks, credit cards and debit cards.

Account Information

Could the bank "lose" my money or post it to someone else's account due to a Year 2000 problem?

It's highly unlikely that a Year 2000 computer problem will trigger an error in your account balance. Federal and state regulators as well as the banking industry have gone to great lengths to make sure that the systems that keep track of customer transactions and funds have been tested and are functioning properly. In case something were to go wrong, though, institutions are required to keep back-up records to identify and correct errors that might affect your account.

How will I know if my account balances are correct after January 1, 2000?

Review your bank statements. For that, you need to have complete and accurate records of your account transactions—a prudent practice under any circumstances. We suggest you have copies of your deposit slips, ATM receipts, bank statements and other records

of your transactions, especially for the last few months of 1999 and until you get several statements in 2000. Compare your records against what's shown on your statement. If you find a discrepancy, contact your institution to resolve the error.

Financial institutions also are required to keep back-up records of account transactions, so they can recover this information in case of an emergency. This second set of records could be used to identify and correct errors that might affect your account due to a Year 2000 computer problem.

What if I can't gain access to my bank account with my personal computer through the Internet or otherwise?

First, some advice about how to prevent this from happening. Before January 1, check to make sure your personal computer is Y2K-compliant. If you're not sure how to do that, contact your computer manufacturer or software vendor. But if you've checked out your computer and you still encounter a problem, call your bank and report that you're having difficulty accessing your account.

My family uses direct deposit to send our salary, Social Security and other income directly into our bank accounts. Will those deposits continue to be posted accurately and on time?

Direct deposit should continue to be the fastest and safest way to transfer money into your

account. Among the reasons: federal and state government agencies have been ensuring that institutions have tested and upgraded the computer systems that handle electronic payments so they are Y2K-compliant.

Many consumers want to know in particular whether Social Security Administration (SSA) payments will be made accurately and without interruption. "Social Security's benefit payment systems are Y2K-ready and have been for a full year ahead of the millennium," the SSA says. "Social Security is recognized as a leader in preparing our systems for the Year 2000, and we are confident that the monthly benefit payments to 50 million people and the earnings records of 145 million workers will not be affected."

While the FDIC expects that direct deposit and automatic payment programs (such as prearranged deductions from your account for a loan payment) will continue to be safe and efficient in 2000, you may wish to take some precautions (in case, for example, your employer's payroll system hits a Y2K snag). Keep your account statements for the last few months of 1999 and the first few months of 2000 to confirm the accuracy of your payments. Also, read what your bank and others involved in your electronic payments have to say about their Y2K preparations. If you're concerned about something, call or visit the people or organizations involved and ask for more details.

Y2K Scams

It's been reported that crooks may use the Year 2000 as a cover for scams. How can I detect Y2K fraud?

Chances are you'll never encounter Y2K fraud. However, it's possible that some people *will* try to put some new twists (using the Year 2000) on some old con games—all to trick consumers into revealing bank account information or sending cash. That's why we want you to know the classic warning signs of a scam.

We suggest that you hang up the phone or walk away from any unsolicited offer if:

- The deal seems too good to be true or doesn't seem to make sense;
- The offer is from an unfamiliar company, often without a street address or direct telephone number;
- The person or company won't give you written details of the offer;
- You're asked to give cash, a check, or your credit card or bank account number before you receive goods or services; or
- The sales person uses high-pressure tactics or is intimidating.

To give you an idea of the kinds of Y2K scams that government agencies are warning consumers about, here are two possible scenarios: (1) You get a call from someone who claims to be a bank official and asks you

continued on next page

to transfer funds to a "safe account" while the institution corrects Y2K problems. In reality, the caller is trying to get enough account information to steal money from your account. (2) You get a call from someone claiming to represent your credit card company and asking for confidential information, such as your account number or Personal Identification Number (PIN), in order to fix a Y2K problem with the magnetic strips on your card. Remember, *financial institutions and credit card issuers will not call you to ask for account information, because they already have it.* A con artist who gets this personal information, though, can use it to access your account and even order new credit cards in your name.

How can I make sure I don't become a Y2K fraud victim?


Whether it's Y2K-related or not, fraud can be prevented by following these guidelines:

Never give out personal information—such as your Social Security, bank account or credit card numbers—to an unknown person or company unless you initiated the contact. Get as much information as you can from a reliable source before you agree to any offer to buy or invest in a product or service. For example, if you're approached about a supposed Y2K problem with your bank account, independently check with your financial institution to confirm that there's really a problem or that there isn't a better solution.

Always review your account statements and credit card bills to make sure someone hasn't withdrawn money or made purchases in your name. Also,

be sure that you receive your account statements on a timely basis. If your bank account or credit card statement doesn't arrive in the mail, that could be a sign that someone has changed your billing address for fraudulent purposes.

If you think you've been victimized by a financial scam or you just suspect something isn't quite right with one of your financial dealings, get to the telephone immediately. Call both your financial institution and the police to alert them to the possibility of a fraud.

Got more questions about Y2K? Consider getting answers from the federal government agencies listed below. (Note: Federally insured credit unions are subject to similar oversight and insurance rules as those described here for banks.) 

For More Help and Information Regarding Y2K

Federal Regulators of Depository Institutions

The federal regulators of banks, savings institutions and credit unions have publications, Internet sites, staff and other resources that can help answer your questions on Year 2000 matters:

- **Federal Deposit Insurance Corporation** (Division of Compliance and Consumer Affairs, 550 17th Street, NW, Washington, DC 20429, phone toll-free 877-FDIC-Y2K or 877-334-2925, Internet www.fdic.gov)

- **Federal Reserve Board** (Division of Consumer and Community Affairs, 20th Street and Constitution Avenue, NW, Washington, DC 20551, phone


202-452-3693, Internet www.federalreserve.gov/y2k)

- **Office of the Comptroller of the Currency** (Customer Assistance Unit, 1301 McKinney Street, Suite 3710, Houston, TX 77010, phone 800-613-6743, Internet www.occ.treas.gov/y2k/default.htm)

- **Office of Thrift Supervision** (Consumer Affairs Office, 1700 G Street, NW, Washington, DC 20552, phone 800-842-6929, Internet www.ots.treas.gov/y2k.html)

- **National Credit Union Administration** (Office of Public and Congressional Affairs, 1775 Duke Street, Alexandria, VA 22314, phone 703-518-6330, Internet www.ncua.gov/news/year2000/year2000.html)

President's Council on Year 2000 Conversion

This organization established by President Clinton has an Internet site (www.y2k.gov) and a toll-free line for general Y2K information (888-USA-4-Y2K or 888-872-4925). 

Toll-Free Y2K Assistance from the FDIC

(877) FDIC-Y2K or (877) 334-2925

A Year 2000 "To-Do" List

While banking institutions are well prepared for Y2K, here are steps consumers may want to consider taking to protect themselves

From the smallest to the largest, federally insured financial institutions have worked hard to make sure their computer systems will operate smoothly in the Year 2000 (Y2K). In addition, federal and state regulators have closely monitored the progress of institutions they supervise to make sure Y2K issues have been addressed. The result: financial institutions are well prepared for Y2K. But despite the best efforts of the industry and the regulators, no one can guarantee that everything will work perfectly (just as no one can guarantee perfection on *any* given day). That's why financial institution customers may want to consider taking the following steps—most of which are generally wise precautions at any time.

✓ **Educate yourself about Y2K.** Pay special attention to the Year 2000 mailings from your financial institutions. These often include helpful tips. Many institutions also provide Year 2000 information on their Web sites. Find out what your financial institution is doing to address consumer concerns. If you have questions, speak with a representative who knows about your institution's Y2K program.

✓ **Keep copies of financial records, especially for the last few months of 1999 and until you get several statements in 2000.** These records should document your deposits, investments, ATM withdrawals and loan payments. Bank statements and transaction receipts will help your bank and you quickly resolve any errors in the unlikely event that they occur.

✓ **Pay attention to your finances.** As always, balance your checkbook regularly. When you receive a transaction receipt from your institution, check it for accuracy and save it to compare against your statement. Contact your institution immediately if there's a discrepancy in your records or if you notice something suspicious, such as a missing payment or an unauthorized withdrawal. Direct deposits and other electronic payment programs are expected to function normally, but you should still be aware of when an automated payment is due and for how much, so you know what to look for when checking the accuracy of your account statement.

✓ **Make prudent preparations.** Remember all your payment choices (checks, credit cards, debit cards and ATMs) in the unlikely event that one option doesn't work as planned. The Federal Reserve and your

financial institution have plans to ensure that there will be sufficient cash available for consumers. If you withdraw money, make reasonable decisions based on solid information. Regulators are concerned that theft may increase (especially near ATM machines) if crooks think customers are carrying extra cash or keeping large sums of money at home. And remember that every extra dollar you take out of your account is a dollar that no longer earns interest and is no longer federally insured.

✓ **Be on guard against Y2K scams.** Be skeptical if someone asks for your account information or tries to sell you a product, service or investment that's supposedly Y2K "safe." Protect your personal information, including your bank account, credit card and Social Security numbers, and even your mother's maiden name. This information can be very valuable to a con artist, so never divulge it in response to an unsolicited offer from a stranger, whether it comes by phone, fax, mail, Internet or a knock at the door. Contact your financial institution *and* the police to report any suspicious request for confidential information. Don't hesitate to make these calls because they may prevent other people from becoming victims.

✓ **If you bank by home computer, make sure your personal computer is Y2K-compliant.** Contact the computer manufacturer or software vendor to find out what, if anything, you need to do to prepare your home computer systems for Year 2000. Most computer companies have Web sites with useful information about their products and Y2K. Also keep back-up copies of your electronic account records and transactions.

✓ **Review your deposit insurance coverage.** The federal government's protection of insured deposits will not be affected by Y2K. If you have more than \$100,000 in deposits at an insured bank, thrift or credit union, you should be aware of the insurance rules and how they affect your coverage. Check with your financial institution or call the Federal Deposit Insurance Corporation at 800-934-FDIC (for banks and savings institutions) or the National Credit Union Administration (NCUA) at 703-518-6330 (for credit unions). You can also get helpful information on deposit insurance from the agencies' Internet sites— www.fdic.gov for the FDIC and www.ncua.gov for the NCUA. 🏠

Your Credit Card: Why and How to Focus on the Fine Print

Many costs and complaints could be avoided if consumers better understood a card's rules and fees

It doesn't take much effort to find out about the latest offers in credit cards—promotions galore appear in newspaper, TV and radio ads, in telephone and mail solicitations to your home, and even in e-mails. But consumers do find it difficult comparing one credit card with another, especially when they all boast low interest rates and fabulous features designed “just for you.” Many people also need help understanding the cards they already carry around.

You may not want to read every word of every document about a credit card, especially the fine print. But we suggest that you try to understand as much as you can about the most important features of a card, because that little extra work can save you a lot of time and money later on.

“Many of the complaints we receive about credit cards occur because the customers didn't understand the basic terms and conditions of the account before they signed up,” says Kathleen Nagle of the FDIC's Division of Compliance and Consumer Affairs in Washington. “These complaints could have been prevented if the consumer had taken a little more time to read the paperwork from the card company.” Janet Kincaid, who oversees an FDIC office in Kansas City that handles consumer complaints about credit cards, agrees that the bulk of the problems involve “consumers who aren't aware of fees and service charges even though they are clearly defined in the card member agreement.”

To help you shop for a new credit card or resolve problems with your current card, **FDIC Consumer News** offers the following tips:

1. Learn about the most important costs and rules of the card.

Among the main things most consumers should want to know: Is there an annual fee? What's the interest rate—better known in the business as the Annual Percentage Rate (APR)? Is the offered rate an introductory, short-term “teaser” rate that will go up in a matter of months? Is there a “grace period” that lets you pay your bill in full without being charged interest? What method will the card issuer use to calculate your monthly interest payment? (The most common method is the “average daily balance” approach, where finance charges are calculated on the daily average for the billing period. Other calculation methods, including one called the “two-cycle” system that covers balances for two months instead of one, may result in higher interest charges.)

Also, what is your credit limit, and what's the penalty if you go over your limit? How and when can your interest rate or credit limit be changed? How do you earn special bonuses, like airplane tickets or discounts on cars? (Beware: Some people can end up paying more in card fees or

interest than the value of their freebies.)

In general, if you expect to pay your credit card bill in full each month, the interest rate isn't your number one concern—you're probably better off having a card with no annual fee and the kinds of features (including rebates and rewards) you expect to use. If you expect to carry a balance on your card most months, you'll want to look for a card with a low APR, a grace period before finance charges are imposed for your *new* purchases, and the right mix of benefits to justify any fees.

We've developed a checklist of information (see the box on the right) to help you ask the right questions about a card. If you can't find the answers in the card company's literature or if you just don't understand something, call the company's customer assistance line (most are toll-free) and ask for a simple explanation. Also ask where to find this information in the paperwork, so you can refer to it later if you have more questions or a problem.



2. Closely review your account statements and other mailings from your card company.

Read your account statement carefully as soon as possible after it arrives. Why? First, the sooner errors are detected, the easier it will be to get them corrected.

Also, you may not be covered by some federal consumer protection rules if you don't act within prescribed time limits. Let's say you spot an error in your monthly statement, such as a wrong dollar amount on a purchase. To be fully covered by federal consumer protection rules, you must send a letter to the creditor that is received within 60 days after the creditor sent you the statement with the error. So, if you don't closely examine your credit card bill or you wait months to give it a good look, you could end up paying for someone else's mistake. (Note: Lost or stolen credit cards come under different rules. In those cases, the most you'd owe is \$50, but you owe nothing if you report the lost card before unauthorized charges are made.)

Here's another reason to read your account mailings promptly. Card issuers generally are required to give you notice (typically at least 15 days) before increasing your interest rate, lowering your credit limit, adding fees and penalties, reducing or eliminating your grace period or cutting back on bonus programs. But card issuers sometimes provide this notice as part of their regular mailings to customers. So if you don't monitor your monthly billings or other mailings for notices of rule changes from your card company, you could pay more for a credit card that offers you less—and not even realize it. “Card issuers are not required to get your signature agreeing to these changes,” explains Kate Spears, also of the FDIC Division of Compliance and Consumer Affairs in Washington. “Once you charge something to the card

under the new rules, that's considered to be your acceptance of the changes.”

Spears gives another example of why it's important to read the mail from your card company. Some lenders wait until *after* a card application has been submitted and approved before they send out additional details about the new card. “If after reviewing the new information you don't want a card, you can return it without being liable for any annual or other fees, but only if you haven't made any charges to the account,” she says. “Once

you use the card, it's implied that you've agreed to all of the rules, so you'd automatically be responsible for any fees.”

3. Hold on to the original card agreement and any later notices of account changes.

“Lots of consumers throw away the paperwork they received, often because it was too confusing or too overwhelming,” says the FDIC's Nagle. “That's a mistake because they may need to refer to this information, even years later, if a problem or disagreement arises.”

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Consider these questions when reviewing credit card offers or re-evaluating existing cards

- **Fees:** Is there an annual fee? What are the fees for late payments, returned checks or charges over the credit limit? What's the fee for getting a “cash advance” (such as using your credit card to get quick cash from an automated teller machine)? Is there a fee for paying off your balance in full each month? Can one fee trigger another fee? For example, if a late fee or annual fee makes your balance go over the credit limit, can the bank also charge you an over-limit fee?
- **Interest Charges:** What is the Annual Percentage Rate (APR) on the card? Is the advertised APR a short-term “teaser” rate that may increase dramatically after several months? Does the low advertised rate apply only to balances you transfer to your card from other loans or cards you have and not to any new purchases you put on the card? What method will be used to calculate interest payments—the “average daily balance” approach (the most common) or some other system that may cost you more? Is there a different interest rate for cash advances than for other uses of the card? Can the interest rate be increased without prior notice and, if so, under what circumstances (for example, if you're late on a payment)?
- **Grace Periods:** Does the lender give you time to send in a payment before interest is charged on your account balance? If so, how long is that grace period, and does it apply differently to new purchases versus old purchases still on your account? How many days beyond the due date will the lender give you before imposing a fee for a late payment?
- **Miscellaneous:** What's your credit limit? What are the rules and restrictions on the various freebies, such as airplane tickets, cash rebates or other bonuses? What is the card company's policy on sharing or selling information about you (your address, phone number, account number, payment history) to other companies or even charities that might want to contact you? How can you “opt out” if you don't want this information provided to anyone else?

These documents could help you quickly answer questions such as these: How do you notify your card company if you charged something to your account that's defective? What's your liability if someone else makes unauthorized purchases with your card? If you cancel the card before the expiration date, do you lose certain freebies, such as cash-back bonuses?

4. Don't be afraid to complain or cancel a card if you think you're not being treated fairly.

Given the intense competition in the card industry, you might be surprised at how far a card issuer will go to keep you as a customer. So if you're not happy with your card's interest rate, credit limit or other terms, or if you just don't like the way a problem is being resolved, try to work things out with the card company directly.

If you can't resolve the problem on your own, consider contacting

the government for help. These offices may be able to enforce a consumer protection rule or provide information about it. You also have the right to file a complaint against the card issuer with its primary federal regulator. If the card was issued by a bank or savings institution, the federal regulator would be one of four agencies—the FDIC, the Federal Reserve, the Office of the Comptroller of the Currency, or the Office of Thrift Supervision (all listed on the next page).

At a minimum, the FDIC can help you determine which banking agency to contact. First, you must know the name of the institution that issued your card—information you can get on your account statement or by calling the card's customer service number. Then, you can find out the name of the primary regulator for that institution by consulting the FDIC's Internet site (go to www.fdic.gov and click on "bank

data") or by calling the FDIC's Consumer Call Center toll-free at 800-934-3342. For a complaint involving a credit union, contact the National Credit Union Administration (also listed on the next page).

Some cards are issued by companies that are not federally insured depository institutions. Complaints involving those cards should be directed to the Federal Trade Commission (call toll-free phone 1-877-382-4357; write to the FTC's Consumer Response Center, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or e-mail by going to the Web site at www.ftc.gov and clicking on "Complaint Form").

And as we've said before in *FDIC Consumer News*, if you're unhappy with your current cards, remember there are thousands of others being offered to the public. Chances are that you'll find at least one or two to your liking. 🏠

FDIC Web Site Now Easier to Use

Readers of *FDIC Consumer News* know that the FDIC's Internet site (www.fdic.gov) is full of helpful information, including consumer brochures and an interactive Electronic Deposit Insurance Estimator (EDIE) that can help you determine if some of your funds are over the \$100,000 insurance limit. Now we're pleased to report that the FDIC Web site has gotten even easier to use, thanks to a recent redesign. Among the latest features:

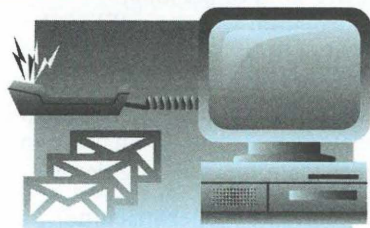
- A revised front page, to be updated weekly, that makes it a breeze to locate what's new from the FDIC.
- An electronic "card catalog" of 50 key words or phrases (such as "deposits") that can help speed your search to the information you want. To get to the card catalog, simply click on the word "Search" in the upper right corner of any page on our Web site.
- A Customer Assistance Form you can use to ask the FDIC a question about banking or deposit insurance or to submit a complaint about an FDIC-supervised financial institution. Go to www.fdic.gov/consumers/questions/customer/index.html to find the Customer Assistance Form plus resource material. 🏠

Special Delivery: Our Consumer News Now Arrives by E-Mail

The FDIC now offers a new way to receive our quarterly *FDIC Consumer News* at home or work—by e-mail sent directly to your computer. After each new edition is posted to our Web site, you can get an e-mail telling you about the issue and linking you to any story that interests you. You'll find out about the newsletter as soon as it's published, it can't get lost or delayed in the mail, and you can share stories with anyone who has an e-mail address. The online version is formatted for the computer screen, but it contains the same information as our printed newsletter. (Check out the Web version of this edition of *FDIC Consumer News* as well as previous issues at www.fdic.gov/consumers/consumer/news/index.html)

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For More Information



For questions about consumer or civil rights laws, or complaints involving a specific institution: First attempt to resolve the matter with the institution. If you still need assistance, write to the institution's primary regulator listed on this page. Although the FDIC insures nearly all banks and savings associations in the United States, the FDIC may not be the primary regulator of a particular institution.

For questions about deposit insurance coverage: The FDIC insures deposits up to \$100,000 at federally insured banks and savings associations. For more information, contact the FDIC's Division of Compliance and Consumer Affairs. The National Credit Union Administration insures deposits up to \$100,000 at federally insured credit unions. Addresses and phone numbers are listed on this page.

Federal Deposit Insurance Corporation

Supervises state-chartered banks that are not members of the Federal Reserve System. Insures deposits at banks and savings associations.

FDIC

550 17th Street, NW
Washington, DC 20429

Home Page: www.fdic.gov

For information about consumer protections, including deposit insurance:

FDIC Division of Compliance and Consumer Affairs
550 17th Street, NW
Washington, DC 20429

Phone: (800) 934-3342 or
(202) 942-3100

Fax: (202) 942-3427 or
(202) 942-3098

E-mail: consumer@fdic.gov

For questions, concerns or complaints about the Federal Deposit Insurance Corporation:

FDIC Office of the Ombudsman
550 17th Street, NW
Washington, DC 20429

Phone: (800) 250-9286 or
(202) 942-3500

Fax: (202) 942-3040 or
(202) 942-3041

E-mail: ombudsman@fdic.gov

Office of the Comptroller of the Currency

Charters and supervises national banks. (The word "National" appears in the name of a national bank, or the initials "N. A." follow its name.)

Customer Assistance Unit
1301 McKinney Street
Suite 3710
Houston, TX 77010

Phone: (800) 613-6743
Fax: (713) 336-4301

Home Page:
www.occ.treas.gov

E-mail:
consumer.assistance@occ.treas.gov

Federal Reserve System
Supervises state-chartered banks that are members of the Federal Reserve System.

Division of Consumer and Community Affairs
20th Street and
Constitution Ave., NW
Washington, DC 20551

Phone: (202) 452-3693
Fax: (202) 728-5850

Home Page:
www.federalreserve.gov

National Credit Union Administration

Charters and supervises federal credit unions. Insures deposits at federal credit unions and many state credit unions.

Office of Public and Congressional Affairs
1775 Duke Street
Alexandria, VA 22314

Phone: (703) 518-6330
Fax: (703) 518-6409

Home Page:
www.ncua.gov

E-mail:
pacamail@ncua.gov

Office of Thrift Supervision

Supervises federally and state-chartered savings associations plus federally chartered savings banks. (The names generally identify them as savings and loan associations, savings associations or savings banks. Federally chartered savings associations have the word "Federal" or the initials "FSB" or "FA" in their names.)

Consumer Affairs Office
1700 G Street, NW
Washington, DC 20552

Phone: (800) 842-6929 or
(202) 906-6237

Home Page:
www.ots.treas.gov

E-mail:
consumer.complaint@ots.treas.gov

Some banking matters may involve state laws. For assistance, contact the appropriate state financial institution regulatory agency or state Attorney General listed in your telephone book and other directories.

New Law “Modernizes” the Financial Services Industry

Eliminates legal barriers separating banks from insurance and securities firms

As *FDIC Consumer News* went to print, Congress approved and President Clinton signed a major banking law changing the way financial services are offered to the public. Here’s a summary of key provisions of the “financial modernization” law that are of interest to consumers:


- After decades of debate, the lawmakers agreed to remove legal restrictions—some dating back to the Depression era—on the authority of banks to affiliate with insurance and securities companies. The new law will make it easier for banking organizations to become “financial supermarkets” that offer a wide range of products and services, in areas such as insurance, stocks and mutual funds.
- Federal regulators will be required to adopt consumer protection rules governing bank sales of insurance. For example,

these regulations must prohibit an institution from misleading a consumer that an insurance product bought at the bank is federally insured. (Only *deposits* at an insured bank are eligible for FDIC insurance.) Also, a bank will be required to disclose that it cannot condition the approval of a loan on the consumer’s purchase of insurance from that bank or one of its affiliates.

- All financial institutions (including banks, thrifts, credit unions, insurance companies and securities brokers) must describe their privacy policies to customers when accounts are opened and at least once a year thereafter. The new law addresses such issues as what the financial institution must tell the customer about how it may share “nonpublic” personal information with an affiliate or a third party. Also, with certain exceptions, financial institutions must give their customers the chance to “opt out” of the sharing

of this kind of personal information with nonaffiliated third parties. Details about the types of customer information that can or cannot be shared, and related issues will be finalized in rules from financial regulators.

- Automated teller machine (ATM) operators will be required to disclose clearly, at the machine, any user fees charged to non-customers and give them a chance to cancel a transaction before incurring a fee.

The new law also makes it a federal crime, punishable by up to five years in prison, for anyone to use fraud or deception to learn account numbers or other personal information from a financial institution. This provision of the law is aimed primarily at “pretext calling,” or situations when someone uses a false identity to trick an institution or a customer into divulging personal information. 



Federal Deposit Insurance Corporation
Washington, DC 20429-9990
OFFICIAL BUSINESS
Penalty for Private Use, \$300

