



Year 2000 Project Management Awareness

FIL-50-97
May 9, 1997

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Interagency Statement on Year 2000 Project Management Awareness*

The Federal Financial Institutions Examination Council (FFIEC) on May 5, 1997, issued the attached press release and interagency statement providing guidance on the scope of the activities necessary for insured financial institutions to make all information-processing systems capable of recognizing dates in the Year 2000 and beyond.

The attached statement updates the FFIEC's statement "The Effect of Year 2000 on Computer Systems," issued in June 1996, and it reflects the federal agencies' concerns about the industry's readiness for the Year 2000. The statement outlines the agencies' supervisory strategy to ensure an orderly transition into the next century.

Financial institutions should be well into the "assessment" phase of their Year 2000 project management plan. As noted in the statement, mission-critical systems should be identified and priorities set for Year 2000 work by the end of the third quarter of 1997. For mission-critical applications, the agencies strongly recommend that programming changes be largely completed and testing well underway by December 31, 1998. This time line for testing critical applications has been accelerated since the June 1996 interagency statement to ensure that system interdependencies are not disrupted. Reprogramming for other applications should also be completed by December 31, 1998, to allow a full year for testing and adjustments.

The statement discusses three Year 2000-related issues requiring management attention:

- reliance on vendors,
- risks posed by exchanging data with external parties, and
- the potential effect of Year 2000 noncompliance on corporate borrowers.

Other operational issues related to Year 2000 planning are also highlighted.

The FDIC and state banking authorities will review the conversion efforts of all FDIC-supervised banks in 1997, using the attached examiner questionnaire and examination procedures or similar tools. Meanwhile, management is encouraged to use these examination tools to assess the adequacy of its own efforts in addressing Year 2000 issues. If you foresee significant problems meeting the target time lines in this guidance, please notify your Division of Supervision regional office.

The attached interagency statement and related information on Year 2000 issues are available on the Internet via the World Wide Web at

[News, Events & FOIA](#)

and

<http://www.ffiec.gov>.

For more information, please contact your Division of Supervision Regional Office.

Nicholas J. Ketcha Jr.
Director

Attachments: (below)

[FFIEC Press Release](#)

[FFIEC Press Release attachment](#)

[Appendix A](#)

[Appendix B](#)

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, N.W., Room 100, Washington, D.C. 20434 (800-276-6003 or (703) 562-2200). Electronic versions are available at: /banknews/fils/