



Office of Thrift Supervision
 Department of the Treasury
 1700 G Street, N.W., Washington, DC 20552 (202) 906-6590

Richard M. Riccobono
 Deputy Director

RESCINDED

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

March 19, 1999

MEMORANDUM FOR: Chief Executive Officers

FROM:

Richard M. Riccobono

SUBJECT:

Interagency Year 2000 Guidance on Customer Communications

Attached is the interagency "Year 2000 Customer Communications Outline" recently issued by the Federal Financial Institutions Examination Council (FFIEC). This supplements FFIEC guidance issued in May 1998 on Year 2000 customer awareness programs, and addresses key elements that financial institutions may wish to incorporate into their customer communications statements. Both documents are posted on our web site (www.ots.treas.gov). You are encouraged to review them as companion pieces.

At a minimum, financial institutions have a responsibility to provide forthright and honest responses to questions and concerns that customers and business partners may have concerning their financial institution's Year 2000 readiness. However, let me take this opportunity to urge you to take a more active communications role. A proactive approach to addressing customer concerns is critical to maintaining public confidence in the financial system. You are in the best position to communicate with your customers on matters of importance to them, including access to their funds, accuracy of your records of their funds, and actions you will take should disruptions occur, regardless of the cause of those problems.

I also recognize the need for the OTS to play a role in communicating with the public. The OTS has taken some steps to supplement Year 2000 communications by thrifts. For example, the OTS recently joined other regulators in "letters to the editor" to correct misinformation about financial institutions and one of our Regional Directors was interviewed by a leading TV channel in that city. We are working with other FFIEC agencies and consultants to develop a Year 2000 communications strategy.

We are interested in your questions and concerns regarding efforts to communicate with your customers and business partners regarding Year 2000 matters. For further assistance, please contact the Year 2000 Coordinator at your regional office (listed in the Millennium and at our web site); Dorothy Van Cleave, National Year 2000 Coordinator at (202) 906-7380; or Jennifer Dickerson, Technology Risk Manager at (202) 906-5631.

Attachment



2000 K Street, NW, Suite 310 . Washington, DC 20006 . (202) 872-7500 . FAX (202) 872-7501

February 17, 1999

Year 2000 Customer Communication Outline

To: The Board of Directors and Chief Executive Officers of all federally supervised financial institutions, service providers, software vendors, federal branches and agencies, senior management of each FFIEC agency, and all examining personnel.

The Federal Financial Institutions Examination Council (FFIEC) has issued numerous interagency statements concerning the Year 2000 project management process and other significant Year 2000 issues. In May 1998, the FFIEC issued guidance advising financial institutions to develop customer awareness programs that would provide information on their Year 2000 readiness efforts and ensure complete and accurate responses to customer questions and concerns. The FFIEC has noted that educating customers about the Year 2000 issue is critical to minimizing unwarranted public alarm that could cause serious problems for financial institutions and their customers. Customer awareness programs should consider appropriate communications channels to effectively respond to and anticipate these customer concerns. The programs also should address how a financial institution will respond to its customers should Year 2000 disruptions occur, whether caused by internal problems or external events.

The FFIEC believes that providing meaningful information to customers is an important part of a financial institution's Year 2000 project plan and financial institutions are in the best position to communicate with their customers. The FFIEC also recognizes that solutions to the Year 2000 challenge are as different as financial institutions themselves, and therefore, each institution will need to tell its own Year 2000 story. Financial institutions may consider: training tellers and other front-line personnel to provide information and respond to customer inquiries; providing informational brochures or other written disclosures in monthly or quarterly statements; establishing toll-free hot lines for customer inquiries; holding educational seminars; and developing Year 2000 Web sites. These efforts can be an important part of a program to help maintain customer confidence in the institution.

Many of the customer awareness programs developed by financial institutions use common elements in crafting effective communications statements on Year 2000 readiness. The FFIEC encourages financial institutions to consider incorporating the following elements in future communications with customers. The appropriate level of detail may vary depending on the financial institution's business activities and customer base.

Elements of a Year 2000 Customer Communication Statement

- **Describe the Year 2000 Issue:** Explain that the purpose of the communication is to inform customers of efforts undertaken by the financial institution to be prepared for the century date change and other dates that may affect its computer systems. Clearly explain what the Year 2000 issue is and how extensive it is, including, where appropriate, its effect on businesses and governments worldwide.
- **Address Customer Expectations:** Inform customers up-front that maintaining their confidence in banking with the financial institution -- now and after the Year 2000 -- is a top priority. Explain that the institution takes this project very seriously and mention the resources devoted to it and the level of senior management involvement. Explain that the institution and federal and state regulators are working hard to make sure that customer service is not disrupted. In particular, state that the institution will have contingency plans in place to ensure customers have access to their money and accurate account information in the event any problems occur. The institution may want to point out that the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund have issued Year 2000 notices to remind consumers that the Year 2000 date change will not affect their \$100,000 deposit insurance coverage.
- **Describe the Financial Institution's Year 2000 Project Plan:** Describe the institution's comprehensive plan to address the Year 2000 challenge, including remediation efforts and testing of internal and external systems. Track the institution's progress and discuss the milestones put in place, as reflective of business priorities and customer needs. Financial institutions may want to outline their progress using the five phases of Year 2000 project planning in the FFIEC guidelines -- awareness, assessment, renovation, testing, and implementation. Institutions also may want to discuss the status of mission-critical systems.
- **Describe Year 2000 Contingency Plans:** Provide information on the institution's business resumption contingency plans to be used in the event of a Year 2000 disruption. Describe how the plan will help the institution resume operations and continue to provide services in the event of a Year 2000 disruption.

Financial institutions may wish to consult with their legal counsel in designing their Year 2000 customer awareness programs. Among other things, they can review with counsel the application and effect of the recently enacted "Year 2000 Information and Readiness Disclosure Act" of 1998, which is available on the Web site of President's Council on Year 2000 Conversions (www.y2k.gov/text/y2kinfo.html).