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Comptroller Urges Regulators, Financial Institutions
To Improve Communication with Consumers on Year-2000 Issues

WASHINGTON -- Comptroller of the Currency John D. Hawke Jr. said today that he expected the banking industry would meet the Y2K challenge "with flying colors." He stressed, however, that more must be done to inform customers about the progress that has been made.

"It's not enough to fix your data systems if your customers don't know about it," he said in an address before a meeting of regulators and trade group representatives on Year-2000 issues. "They have to be informed -- and disabused of whatever misinformation they may have picked up along the way. Unfortunately, the evidence suggests that we are lagging behind in this vital task."

The Comptroller said regulators also have to do a better job in informing the public about their rigorous oversight process for ensuring that banks are meeting Y2K deadlines. With banks completing testing of systems, he said, the agencies will become more vocal.

"I -- along with my FFIEC counterparts -- will be speaking out on this subject with increasing frequency as the clock winds down to the Year 2000," he said. "And what I'll be saying is this: thanks to the combination of their own pace-setting remediation efforts and the whole intensive program of agency oversight, the banking industry will pass the Y2K test, and pass it with flying colors."

Mr. Hawke said polls report that most bank customers say they haven't heard from their financial institution on this issue.

"Now, we know from our own surveys that this cannot be true," he said. "But it suggests that the materials that banks are sending out have done little to capture customers' attention. Either way, we must do a better job of publicizing Y2K remediation efforts if we expect to be doing any real celebrating next New Year's eve."

Mr. Hawke told the conference that it is crucial that everyone involved -- regulators, trade associations, bankers, and other members of the financial community -- turn their attention now to public opinion and make sure that bank customers receive Y2K information that is complete, accurate, and sober about the accomplishments to date, as well as the challenges that remain, in preparing the financial system for the century date change.

The Comptroller called on financial institutions to counter

misinformation about Y2K remediation -- including rumors and false reports published on the Internet -- by communicating directly with their customers.

"Rumor and gossip are potentially as grave a threat to our Y2K readiness as time itself," Mr. Hawke said. "Direct communication with bank customers is the best way I can think of to conquer fear and falsehood -- and our best assurance of a tranquil New Year 2000."

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