

RESCINDED

AL 99-2

Subject: Year 2000 Customer Communication Outline

Date: February 17, 1999

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

TO: Chief Executive Of
Branches and Agencies, Service Providers, Software Vendors,
Department and Division Heads, and Examining Personnel

This advisory is to alert you to the recent release of the FFIEC Customer Communication Outline. This guidance supplements previous FFIEC guidance on Year 2000 customer awareness programs and encourages national banks to consider doing the following in future customer communications:

- o Inform customers that maintaining confidence in banking with the financial institution -- now and after the Year 2000 -- is a top priority;
- o Explain that the financial institution is working hard to ensure that customers have access to their money and accurate account information;
- o Remind depositors that the Year 2000 date change will not affect their \$100,000 federal deposit insurance coverage;
- o Describe the institution's comprehensive plan to address the Year 2000 challenge, including remediation efforts and testing of internal and external systems; and
- o Discuss contingency plans for resuming operations in the event of a Year 2000 disruption.

The Customer Communication Outline also suggests that banks may want to provide information that is tailored to the needs and concerns of different types of customers. For example, when communicating with retail customers, banks may focus more on addressing deposit insurance, access to funds, and other specific customer concerns.

The FFIEC guidance is available on the OCC's Homepage at www.occ.treas.gov. For more information on Year 2000 issues, contact the Year 2000 Supervision Policy Division at (202) 874-2340.

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Bank Supervision Policy

Attachment□



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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).



Federal Financial Institutions Examination Council

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Press Release

For immediate release

February 17, 1999

FFIEC ISSUES ADDITIONAL YEAR 2000 GUIDANCE ON CUSTOMER COMMUNICATIONS

The Federal Financial Institutions Examination Council (FFIEC) today issued guidance to assist financial institutions with customer communications on the Year 2000. Customer communication is critical to Year 2000 efforts and the FFIEC has encouraged financial institutions to provide clear and accurate information and responses to questions and concerns raised by customers about the Year 2000. Today's issuance supplements FFIEC guidance issued in May 1998 on Year 2000 customer awareness programs.

The customer communications outline addresses key elements that a financial institution may wish to incorporate into its customer communication statements.

Financial institutions can address customer expectations by underscoring that maintaining customer confidence in the financial services system -- now and after the Year 2000 -- is a top priority of the institution and its senior management. It should be made clear to customers what the financial institution is doing to ensure that customers have access to their money and continue to receive accurate account information. The FFIEC also suggests that institutions may want to point out that the Federal Deposit Insurance Corporation and the 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.

A financial institution can describe its Year 2000 efforts, including a description of the step-by-step process the institution is following to fix and test its systems, which may be outlined using the five phases of FFIEC guidance on the Year 2000. This description can include a discussion of the progress the institution is making, and a review of the status of Year 2000 remediation efforts.

The goal of today's guidance is to assist financial institutions in their Year 2000 customer communication efforts, an aspect of Year 2000 preparation that will become increasingly important as the date change approaches. The FFIEC suggests financial institutions train tellers and other front-line personnel to provide information and respond to customer inquiries, provide informational brochures or other written disclosures in monthly or quarterly statements, establish toll-free hot lines for customer inquiries, hold educational seminars, and develop Year 2000 Web sites.

Today's guidance and related information on Year 2000 issues are available on the Internet at <http://www.ffiec.gov>.

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