

NATIONAL CREDIT UNION ADMINISTRATION

1775 Duke Street, Alexandria, VA 22314

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LETTER NO.: 98-CU-15

TO: FEDERALLY INSURED CREDIT UNIONS

SUBJECT: Year 2000 Date Change Credit Union Member Brochure

The Federal Financial Institutions Examination Council's (FFIEC)¹ recent guidance on Year 2000 customer awareness programs stated the FFIEC was developing a customer brochure highlighting the efforts of financial institutions and the FFIEC to address the Year 2000 computer problem (see FIL-52-98, dated May 13, 1998). The brochure, *The Year 2000 Date Change*, is now available to the public and is being issued by the National Credit Union Administration (NCUA) for credit unions and the Federal Deposit Insurance Corporation (FDIC) for other financial institutions.

The brochure:

- addresses basic consumer questions about the potential effects of the Year 2000 date change on financial institutions;
- reassures consumers that the industry and regulators are taking appropriate steps to address the problem; and
- reminds consumers that the Year 2000 date change will not affect their National Credit Union Share Insurance Fund (NCUSIF) deposit insurance coverage.

You may reprint the brochure in its entirety without prior permission from the NCUA. You may also customize the brochure to fit the needs of your credit union. However, unless the brochure text is used in its entirety, without modification, you may not use the NCUA and NCUSIF logos and you may not attribute the brochure to the NCUA.

Procedures for Obtaining Copies of the Brochure

Camera-Ready Art to Make Your Own Reprints: Due to the substantial demand anticipated for this brochure, the NCUA is providing all NCUSIF-insured institutions with the attached camera-ready art that they may use to produce their own supplies of the brochure. Also attached you will find a sample of the printed brochure.

¹ The following agencies make up the FFIEC: National Credit Union Administration, Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller and of the Currency, and the Office of Thrift Supervision.

The Year 2000 Date Change



What the Year 2000 Date Change Means to You and Your Insured Credit Union



National Credit Union Share Insurance Fund

There has been a lot of attention lately concerning the impact that the Year 2000 date change could have on businesses, utilities, and other organizations that rely on computerized systems to help run their operations. This brochure answers some questions you may have about the Year 2000 date change, its effect on companies like credit unions, and steps that the financial industry and its regulators are taking to minimize the effect the century date change may have on consumers' personal financial transactions.

Why is so much attention being paid to the Year 2000 date change?

The Year 2000 date change can affect any system that uses computer software programs or computer chips, including automated equipment and machinery. For example, many software programs and computer chips store the calendar year date as two-digit rather than four-digit numbers. These software programs record the year 1998 as "98." This approach will work until the Year 2000 when the "00" may be read as the Year 1900 instead of the Year 2000. Businesses, utilities, and other organizations are fixing their systems to make sure they will operate properly when the calendar changes.

How could the Year 2000 date change affect services provided by my credit union?

Credit unions use computer systems to perform financial calculations, track deposits and loan payments, transfer funds, make direct deposits, and provide other services. Computer software and computer chips are also used to run security systems, vaults, communications networks, and other essential credit union equipment. Because of their reliance on these systems, credit unions of all sizes are placing great emphasis on making sure their systems are ready for the Year 2000 date change.

What is my credit union doing to make sure that its systems will work correctly when the Year 2000 arrives?

From the smallest to the largest, credit unions are taking steps to make sure their systems will operate smoothly in the Year 2000.

- Credit unions are checking their systems to identify potential problems that could be caused by the Year 2000 date change.
- The Boards of Directors and senior management of each credit union are adopting plans to ensure that their credit union is ready for the Year 2000 date change. These plans are detailed roadmaps that set out specific dates when critical steps must be taken. Credit unions are expected to have critical steps completed well before the Year 2000.
- Credit unions that rely on outside companies to support their operations are working closely with these companies to make sure their systems will be ready for the Year 2000 date change.
- As part of the planning process, credit unions are establishing contingency plans that will provide for alternative methods of doing business, if needed.

What is the National Credit Union Administration (NCUA) doing to make sure my credit union follows through on its plans?

NCUA is the federal agency which regulates federally chartered credit unions and provides share deposit insurance, through the National Credit Union Share Insurance Fund (NCUSIF), for all federally insured credit unions. NCUA super-

vises the efforts by NCUSIF-insured credit unions to prepare for the Year 2000 date change. NCUA is conducting examinations of NCUSIF-insured credit unions to make sure they are taking necessary steps now to get ready for the Year 2000 date change. The agency is closely monitoring the progress made by these credit unions in completing critical steps required by their Year 2000 plans.

Could the Year 2000 date change affect my deposit insurance coverage?

No. The Year 2000 date change does not affect your deposit insurance coverage. Your deposits at an NCUSIF-insured credit union will continue to be protected up to \$100,000 against loss due to the failure of the institution.

For more information about NCUSIF deposit insurance coverage, you may obtain a copy of NCUA's "Your Insured Funds" brochure from your credit union, call your credit union's NCUA regional office (see the listing at the back of this brochure) or visit the NCUA's website on the Internet at <http://www.ncua.gov> (select Reference Information, Your Insured Funds).

What if the Year 2000 date change causes an error in my account?

Credit unions are required to keep backup records for account transactions so they can recover this information in case of an emergency. These backup records could be used to correct errors that might affect your share, loan, or other account due to a Year 2000 computer problem.

What can I do to get ready for the Year 2000 date change?

It is always a good practice to check your transaction receipts and periodic statements, and to

keep records of your share, investment, and loan accounts. If you don't already do so, you may want to start keeping records of financial transactions made a few months before January 1, 2000, and beyond. These records will help you to resolve any account errors that might occur due to the Year 2000 date change.

Are there any dates other than January 1, 2000 that could affect my credit union's automated systems?

Some other dates may affect some systems. As part of their Year 2000 readiness efforts, NCUSIF-insured credit unions are taking steps to make sure that their systems are able to handle these calendar dates properly.

How can I get more information?

Your credit union is the best source of information about its plans to get ready for the Year 2000 date change. Many credit unions have prepared information for members describing their efforts.

If you ask your credit union for information about its Year 2000 readiness plans, be sure to direct your inquiry to the appropriate person. If the person you ask is not aware of the institution's plans, ask to be directed to someone who can answer your question.

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