Remarks by

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A thousand days seems like a long time ago. The Atlanta Olympics were just getting under way. The Dow Jones Industrials closed at a record 6000. And Federal bank regulators had begun their work to prepare for the Year 2000.

Not many others were thinking about it back then. The Y2K problem -- and few were willing to concede that it was a serious problem -- seemed esoteric and far in the future. Most of those who did think about it contended that Y2K talk was overstated and alarmist. Or that a magic bullet was right around the corner. Or that, with the right incentives, software developers and vendors would get the job done.

We in the financial regulatory community took a different tack. First, we rigorously studied the likely impact of Y2K on the banking system and we calculated what it would take to prepare for it. Second, we looked at our own internal systems and earmarked the necessary resources to bring them to a state of readiness.

Third -- and perhaps most important -- we began working with the financial institutions we supervise to heighten their awareness and encourage them to move with all due haste toward Y2K solutions of their own. We encouraged, we supported, and we cajoled. Through the FFIEC, we issued more than 20 interagency policy statements, dealing with such things as testing, contingency planning, customer awareness, and more. We even took enforcement actions in those cases where it seemed warranted.

Financial institutions in the United States, along with their service providers and software vendors, have responded magnificently to the challenge. They have spent literally billions of dollars getting ready for Y2K.

As a result, they are ready. And we're not just taking their word for it. Federal examiners have conducted Y2K examinations in each insured financial institution at least twice, and in some cases, three, four, or more times. The largest banks have received continuous Y2K oversight.

The results prove how effective our collaborative efforts have been. Right now, 99.7 percent of all federally supervised financial institutions have finished their renovations and tests of their systems -- not just the systems that house their records and run their elevators, but the systems that bank customers rely upon for access to their funds.

No more than a small handful of institutions are still awaiting our determination that they are in acceptable shape. And these few are receiving intensive, on-site supervision to ensure that they, too, will experience no disruptions of the systems their customers depend upon when the long anticipated day arrives.

The American people need to know how well prepared the banking system is to meet the century date change, and we in the regulatory community are doing everything in our power to get the word out -- including holding this press event.

We've prepared videos and brochures that financial institutions can use to tell the American people what all of us, working together, have accomplished to ensure that their funds are safe. And we're doing everything in our power to encourage financial institutions to do more to bring their own accomplishments to the attention of their customers.

The coming New Year's Day promises to be a memorable one in many respects. But I'm confident that, at least as far as the banking system is concerned, it will be remembered primarily for the seamlessness of the transition from the 20th century to the 21st and for glitches that never occurred.

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