

BASLE COMMITTEE ON BANKING SUPERVISION
1998 YEAR 2000 SURVEY

A. Supervisory activities and assessment of banks' Year 2000 efforts

1. How have banks been contacted about the need to ensure that their information systems and other operations are Year 2000 compliant? By "Year 2000 compliant" we mean that before, on and after 31st December 1999, a bank's information systems will correctly process dates without error or interruption in service and that other operating systems will function normally. (Note: more than one box may be checked.)

- This contact was
- part of the normal supervisory process
 - one or more specific supervisory communications on the Year 2000
 - done by other government agencies or institutions (for example, bankers' associations)
 - through Basle Committee or Joint Year 2000 Council issuances

2. When did the program for assessing the adequacy of banks' preparations for the Year 2000 begin? (Leave blank if no such program has been initiated.)

3. Is the assessment program coordinated by the supervisors
 others (trade association, auditors, etc.)

4. Has written guidance to banks been issued describing the steps that should be taken to achieve Year 2000 compliance?

- Yes No

If guidance has been issued, it deals with:

- General awareness
- Project organisation/progress reports
- Examiner/auditor guidance outlining how to monitor banks' progress
- Customer risk¹
- Customer awareness¹

¹ If yes, and if such guidance has not already been provided to the Basle Committee Secretariat, please include a copy of the guidance.

- Testing¹
- Contingency planning¹
- Other issues¹

5. Have you conducted any surveys on the Year 2000 compliance of banks in your country?

- Yes
- No

If yes, please indicate:

The dates of these surveys:

.....

.....

Were the results of these surveys made public?

- Yes
- No

5a. Are you planning to conduct any future surveys?

- Yes
- No

If yes, please indicate when? _____

6. Have there been any independent assessments, either through examiners or external auditors, of individual bank's readiness?

- Yes
- No

If yes, are these assessments conducted on a regular basis?

- Yes
- No

If yes, how often do you conduct these assessments? _____
(e.g., quarterly, annually)

6a. Do you intend to conduct such assessments going forward?

- Yes
- No

If yes, when? _____

7. Based on the results of these assessments, do you:

- discuss the conclusion with the senior management of the bank

make recommendations on additional actions necessary to ensure the bank's Year 2000 readiness

apply proactive supervisory pressure and formal enforcement actions on unsatisfactory banks

8. Based on your review of surveys and independent assessments, approximately what percentage of banks:

	Have taken no steps to date to address Year 2000 problems?	Have a plan in place but need to achieve more progress?	Have taken most or all of the necessary steps to be Year 2000 compliant by 1st January 2000?
Large banks ²			
Other banks ²			

9. Have you discussed the Year 2000 problem with other financial regulators (i.e., securities, insurance, payment systems) in your country?

Yes No

If yes, which regulators?

.....

.....

.....

10. Have you discussed the Year 2000 problem with bankers' associations in your country?

Yes No

11. Have you communicated with the home country supervisors of foreign banks operating in your market regarding the Year 2000 preparations of those banks?

Yes No

12. Have you discussed the Year 2000 problem with regulators of other industries, such as telecommunications, utilities, etc?

Yes No

If yes, which regulators?

² By "large bank" we mean a bank that you consider sufficiently large that its failure could have systemic consequences for your banking system. By "other bank", we mean all other banks.

.....
.....

13. Do you participate in a national coordinating body and/or any industry groups focused on the Year 2000 issue?

- Yes No

If yes, which groups?

.....

.....

14. Do you have a plan for placing conditions on the expansion (e.g., acquisitions, mergers) and other changes in business strategy of banks that have made less than satisfactory progress in their Year 2000 conversions?

- Yes No

15. Do you have a plan to deal with banks that are non-viable or insolvent due to Year 2000-related problems?

- Yes No

If yes, have you discussed these plans with other relevant supervisors?

- Yes No

16. Do you have a plan to deal with banks that have unexpected systems failures that do not affect viability but will require supervisory attention?

- Yes No

17. Do you have a plan to communicate with the public regarding problem situations that may arise?

- Yes No

B. Steps taken by banks: Awareness and planning

*The following sections ask for an approximation of the number of banks that have taken specific steps in the Year 2000 conversion process. As a general guide, "Most or all banks" should refer to more than 75% of banks, "Some banks" should refer to between 25% and 75% of banks and "Few or no banks" should refer to less than 25% of banks. **Please note**, in those countries where bank assets are concentrated in a few institutions,*

you may choose the option of designating the percentage of bank assets, rather than the number of institutions. For example, if two banks in your country hold 80 percent of bank assets and you can respond positively for them in the following questions, then the box designated "Most or all banks" should be checked even though there may be numerous smaller institutions for which you cannot respond positively. In order to make your designation clear please check one of the following two boxes:

Answers based on number of institutions

Answers based on percentage of banking assets

18. Has senior management at banks acquired an understanding of the Year 2000 problem, endorsed a strategic plan for it and made sure that personnel throughout their organisation are fully aware of the issue?

Most or all banks Some banks Few or no banks Do not know

19. Has senior management developed an internal reporting system for Year 2000 efforts/status, detailing internal corrective efforts and the ability of the bank's major vendors or servicers to provide Year 2000-ready products and services?

Most or all banks Some banks Few or no banks Do not know

20. Have banks conducted an inventory of systems (i.e., software, hardware, and other computer-controlled systems) that may be affected by the Year 2000 problem?

Most or all banks Some banks Few or no banks Do not know

21. Have banks prioritised inventory items and identified those deemed to be mission-critical?

Most or all banks Some banks Few or no banks Do not know

22. Have banks considered the impact of the Year 2000 problem on internal environmental systems that are dependent on embedded microchips (e.g., vaults, security and alarm systems, elevators, telephones, fax machines)?

Most or all banks Some banks Few or no banks Do not know

23. Have banks contacted external vendors and other service providers regarding the Year 2000 issue and determined what steps are being taken to address the issue?

Most or all banks Some banks Few or no banks Do not know

24. Are banks aware that they cannot rely on the statements issued by vendors/suppliers that their systems are Year 2000 compliant and do they plan on testing the systems of suppliers to ensure that they are compliant?

Most or all banks Some banks Few or no banks Do not know

25. Have banks discussed the Year 2000 problem with their large corporate borrowing customers and other major counterparties to ensure that customers will be able to meet their financial and informational obligations to the banks?
- Most or all banks Some banks Few or no banks Do not know
26. Have banks established a sufficient budget for the Year 2000 effort?
- Most or all banks Some banks Few or no banks Do not know
27. Are banks able to obtain the resources (e.g. skilled programmers or consultants) necessary to carry out their Year 2000 programs?
- Most or all banks Some banks Few or no banks Do not know
28. Have banks identified and assessed Year 2000 risks posed by customers and other counterparties and established controls for these risks? (*This would include: identifying material customers, evaluating their Year 2000 readiness, assessing their Year 2000 risk to the bank, implementing appropriate controls to manage and mitigate their Year 2000-related risk to the bank.*)
- Most or all banks Some banks Few or no banks Do not know
29. Have banks considered the legal implications of the Year 2000 and potential liabilities?
- Most or all banks Some banks Few or no banks Do not know
30. Have banks taken measures to ensure Year 2000 efforts are communicated and coordinated among departments throughout the organisation, including, where applicable, foreign branches and subsidiaries?
- Most or all banks Some banks Few or no banks Do not know
31. Have banks discussed the Year 2000 problem with the authorities/companies responsible for the payments systems, clearing arrangements and stock exchanges?
- Most or all banks Some banks Few or no banks Do not know
32. Have banks discussed the Year 2000 problem with telecommunication companies and utility suppliers?
- Most or all banks Some banks Few or no banks Do not know
33. Are banks disclosing information on their Year 2000 preparations to the general public?
- Most or all banks Some banks Few or no banks Do not know

C. Steps taken by banks: Testing

Testing is needed to determine whether a bank's Year 2000-compliant systems will function properly together, and whether they will be compatible with external systems like those of vendors, service providers and customers.

34. Have banks set target dates for the following key points in the testing process?
- a. Development of written testing strategies and plans?
 Most or all banks Some banks Few or no banks Do not know
 - b. Commencement of internal testing of mission-critical systems programmed in-house?
 Most or all banks Some banks Few or no banks Do not know
 - c. Commencement of internal testing of mission-critical systems purchased from software providers?
 Most or all banks Some banks Few or no banks Do not know
 - d. Substantial completion of internal testing of mission-critical systems?
 Most or all banks Some banks Few or no banks Do not know
 - e. Substantial completion of testing of service providers and vendor products?
 Most or all banks Some banks Few or no banks Do not know
 - f. Commencement of external testing with other material third parties (e.g., customers, other financial institutions, business partners, payment systems providers)?
 Most or all banks Some banks Few or no banks Do not know
 - g. Substantial completion of external testing and implementation of mission-critical systems?
 Most or all banks Some banks Few or no banks Do not know
35. Are banks devoting sufficient time and resources to widespread, integrated Year 2000 testing of their systems?
 Most or all banks Some banks Few or no banks Do not know

D. Steps taken by banks: Contingency planning

36. Do banks have a contingency planning process to deal with possible failure to successfully complete renovation, testing or implementation of their Year 2000 readiness plans?
- Most or all banks Some banks Few or no banks Do not know
37. Do banks have a contingency planning process to deal with potential failure of core business processes/systems?
- Most or all banks Some banks Few or no banks Do not know
38. Do banks make a clear and adequate distinction in their contingency planning processes between business critical systems and other systems?
- Most or all banks Some banks Few or no banks Do not know
39. Do banks have a contingency planning process to deal with risks generated by dealing with others (e.g. creditors, counterparties, etc.) who are not Year 2000 compliant?
- Most or all banks Some banks Few or no banks Do not know
40. In case of serious problems with an existing software vendor or third party service provider, do banks that rely on these entities for Year 2000 systems remediation have contingency plans to obtain alternative service providers or software vendors?
- Most or all banks Some banks Few or no banks Do not know

E. Interaction with other information technology issues

41. Does the Year 2000 planning of banks include a review of the potential impact of other significant dates such as 9/9/99 and the fact that the Year 2000 is a leap year? (*For a list of such dates, see Annex of "Testing for Year 2000 Readiness" issued by the Joint Year 2000 Council in September 1998.*)
- Most or all banks Some banks Few or no banks Do not know
42. Are banks undertaking other priorities (for example, preparation for the single European currency) that are competing with the Year 2000 issue for resources?
- Most or all banks Some banks Few or no banks Do not know

If yes, please describe briefly.
.....
.....

If yes, are these projects being undertaken together, or separately?

If separately, which effort is taking priority?

Year 2000 Others

F. Holidays

43. Which of the following dates are currently designated as bank or national holidays in your country, or are otherwise considered to be a day where the full range of normal business activities will not be conducted (e.g., Sunday may not be a national holiday but is still a non-working day in many countries)?

Friday December 31, 1999 Yes No

Saturday January 1, 2000 Yes No

Sunday January 2, 2000 Yes No

Monday January 3, 2000 Yes No

Tuesday January 4, 2000 Yes No

Country: _____

Contact person: _____

Phone: _____ Fax: _____

Statistical Summary of the Survey Responses

		"Yes"	%	Most	Some	Few	Don't know			
A. Supervisory activities and assessment of banks' Year 2000 efforts										
1	Banks contacted?	99	100%	-	-	-	-	-	-	-
	Normal supervision	64	65%	-	-	-	-	-	-	-
	Specific supervisory communication	82	83%	-	-	-	-	-	-	-
	Contacts by other institutions	24	24%	-	-	-	-	-	-	-
	By Basle Committee or Y2K Council	36	36%	-	-	-	-	-	-	-
2	Program for assessing banks?	88	89%	-	-	-	-	-	-	-
3	Program coordinated by:									
	Supervisors	92	93%	-	-	-	-	-	-	-
	Others(trade associations, etc.)	17	17%	-	-	-	-	-	-	-
4	Written guidance to banks?	87	88%	-	-	-	-	-	-	-
	For the purposes of									
	General awareness	78	79%	-	-	-	-	-	-	-
	Project organization	74	75%	-	-	-	-	-	-	-
	Examiner guidance	53	54%	-	-	-	-	-	-	-
	Customer risk	38	38%	-	-	-	-	-	-	-
	Customer awareness	40	40%	-	-	-	-	-	-	-
	Testing	61	62%	-	-	-	-	-	-	-
	Contingency planning	48	48%	-	-	-	-	-	-	-
	Other issues	24	24%	-	-	-	-	-	-	-
5	Surveys conducted?	88	89%	-	-	-	-	-	-	-
	Results made public?	15	15%	-	-	-	-	-	-	-
5a	Future surveys?	79	80%	-	-	-	-	-	-	-
6	Independent assessments?	69	70%	-	-	-	-	-	-	-
6a	Assessments going forward?	79	80%	-	-	-	-	-	-	-
7	How do you use the results?	-	-	-	-	-	-	-	-	-
	Discussed with banks?	73	74%	-	-	-	-	-	-	-
	Make recommendations	75	76%	-	-	-	-	-	-	-
	Take supervisory actions	58	59%	-	-	-	-	-	-	-
8	Percentage of large banks:	-	-	-	-	-	-	-	-	-
	No steps taken	-	-	-	-	-	-	-	-	-
	Plan in place but more progress to be made	-	-	-	-	-	-	-	-	-
	Most and all necessary steps taken	-	-	-	-	-	-	-	-	-
	Percentage of other banks:	-	-	-	-	-	-	-	-	-
	No steps taken	-	-	-	-	-	-	-	-	-

Statistical Summary of the Survey Responses

		"Yes"	%	Most	Some	Few	Don't know			
	Plan in place but more progress to be made	-	-	-	-	-	-	-	-	-
	Most and all necessary steps taken	-	-	-	-	-	-	-	-	-
9	Discussed with other regulators?	68	69%	-	-	-	-	-	-	-
10	Discussed with banks' associations?	84	85%	-	-	-	-	-	-	-
11	Communications with home supervisors?	52	53%	-	-	-	-	-	-	-
12	Discussed with industry regulators?	51	52%	-	-	-	-	-	-	-
13	Participated in industry groups?	62	63%	-	-	-	-	-	-	-
14	Conditions on expansion etc.?	42	42%	-	-	-	-	-	-	-
15	Plan for insolvent banks due to Y2K problem?	41	41%	-	-	-	-	-	-	-
	If yes, discussed plans with other supervisors?	19	19%	-	-	-	-	-	-	-
16	Plan for banks with unexpected system failure?	40	40%	-	-	-	-	-	-	-
17	Plan for public communication?	36	36%	-	-	-	-	-	-	-
B. Steps taken by banks: Awareness and planning										
18	Management understands problems?	-	-	88	7	2	0	-	-	-
19	Internal reporting system?	-	-	74	15	1	7	-	-	-
20	Inventory of affected systems?	-	-	84	12	1	0	-	-	-
21	Mission-critical items identified?	-	-	80	12	2	3	-	-	-
22	Consideration for embedded chips?	-	-	70	20	3	4	-	-	-
23	Contacted vendors and suppliers?	-	-	76	17	3	1	-	-	-
24	Plan to test the systems of suppliers?	-	-	76	12	3	6	-	-	-
25	Discussed with large borrowers?	-	-	47	36	9	5	-	-	-
26	Sufficient budget for Y 2K?	-	-	70	17	3	6	-	-	-
27	Necessary resources for Y 2K?	-	-	72	23	0	3	-	-	-
28	Risks from customers identified?	-	-	34	46	11	5	-	-	-
29	Consideration for legal implications?	-	-	41	35	9	13	-	-	-
30	Effective internal communications?	-	-	69	19	2	5	-	-	-
31	Discussed with payments system authority?	-	-	77	13	3	4	-	-	-
32	Discussed with utility suppliers?	-	-	49	29	5	13	-	-	-
33	Info disclosure to the public?	-	-	22	29	39	6	-	-	-
			(Average)	65%	22%	6%	5%			

Statistical Summary of the Survey Responses

		"Yes"	%	Most	Some	Few	Don't know			
C. Steps taken by banks: Testing										
34	Target dates for key points:	-	-							
	a: written testing strategies	-	-	69	20	3	3	-	-	-
	b: testing proprietary mission-critical systems?	-	-	69	19	4	2	-	-	-
	c: testing mission-critical systems purchased?	-	-	67	23	3	1	-	-	-
	d: basic completion of internal testing?	-	-	51	29	10	3	-	-	-
	e: basic completion of testing vendor products?	-	-	45	32	11	4	-	-	-
	f: commencement of external testing?	-	-	33	29	17	14	-	-	-
	g: basic completion of external testing?	-	-	34	32	21	7	-	-	-
35	Sufficient time and resources for testing?	-	-	55	26	8	7	-	-	-
			(Average)	53%	27%	10%	5%			
D. Steps taken by banks: Contingency planning										
36	Contingency plan for renovation etc.?	-	-	24	48	13	9	-	-	-
37	Contingency plan for core business?	-	-	25	48	13	8	-	-	-
38	Distinction between such plans?	-	-	34	32	14	15	-	-	-
39	Contingency plan for outside risks?	-	-	22	31	27	14	-	-	-
40	Contingency plan for alternative vendors?	-	-	19	31	22	21	-	-	-
			(Average)	25%	38%	19%	14%			
E. Interaction with other information technology issues								Taken		Y2K
								Together	Separately	Priority
41	Review of significant dates?	-	-	76	11	3	5	-	-	-
42	Competing priorities for resources?	-	-	24	18	33	19	-	-	-
	If yes, brief description	-	-	-	-	-	-	-	-	-
	If yes, projects undertaken	-	-	-	-	-	-	27	25	-
	If separately, which effort prioritized	-	-	-	-	-	-	-	-	28
F: Holidays										
43	Designated bank or national holidays?									
	Friday Dec. 31, 1999	32	32%	-	-	-	-	-	-	-
	Saturday Jan. 1, 2000	94	95%	-	-	-	-	-	-	-
	Sunday Jan. 2, 2000	86	87%	-	-	-	-	-	-	-
	Monday Jan. 3, 2000	25	25%	-	-	-	-	-	-	-
	Tuesday Jan. 4, 2000	4	4%	-	-	-	-	-	-	-
Note: One country's response to the survey was not in a format that could be properly summarized.										

LIST OF COUNTRIES WHICH RESPONDED TO THE SURVEY

Algeria	Argentina	Armenia	Aruba	Australia	Austria	Bahamas
Bahrain	Belarus	Belgium	Belize	Bermuda	Brazil	Br. Virgin Is.
Bulgaria	Cameroon	Canada	Cayman Is.	Chile	China	Costa Rica
Cyprus	Czech Rep.	Denmark	Dominican Rep.	Eastern Caribbean	Egypt	El Salvador
Estonia	Fiji	Finland	France	Gambia	Germany	Ghana
Gibraltar	Greece	Guatemala	Guernsey	Guyana	Hong Kong	Hungary
Iceland	India	Indonesia	Ireland	Isle of Man	Israel	Italy
Jamaica	Japan	Jersey	Jordan	Kenya	Korea	Kuwait
Lesotho	Liechtenstein	Lithuania	Luxembourg	Malta	Mauritius	Mexico
Mozambique	Namibia	Netherlands	Neth. Antilles	New Zealand	Nicaragua	Norway
Panama	Peru	Philippines	Poland	Portugal	Qatar	Russia
Saudi Arabia	Seychelles	Singapore	Slovakia	Slovenia	South Africa	Spain
Sri Lanka	Suriname	Swaziland	Sweden	Switzerland	Thailand	Tonga
Trinidad & Tobago	Ukraine	U.K.	U.S.	Uruguay	Venezuela	West Africa
Zambia	Zimbabwe					

Note: Moldova has responded that it is in the course of conducting a survey, following which the questionnaire will be completed.