

**Public Confidence and Corporate Priorities
Remarks
By
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This emblem brings all of us together and symbolizes who we are. There are few guarantees in life. The FDIC offers one of them. You can walk into any of the branches of the largest bank in our country - and see our guarantee. You can walk into the smallest bank in West Texas - and find it there, too. From Hawaii to Maine, our guarantee is the first thing people see when they walk into a bank. It gives millions of people peace of mind. When people see our guarantee, they know that we are there for them, just as we were there for their parents and their grandparents.

Every one of us can be proud of the FDIC symbol of confidence, because every one of us contributes to what it stands for. We don't just insure people's money. We insure that they have some stability in their lives, and we insure their dreams.

For 66 years, our mission has been to maintain stability in the banking system. It's been "mission accomplished" because we have worked together. The challenges have changed over the years, but our goal remains the same.

Today, I want to discuss three corporate priorities for 1999: first, Year 2000; second, adapting to the changing financial services marketplace; and third, promoting diversity in the workplace. These priorities will affect all of us. I want to enlist your help and your support in making these priorities a success.

First, let's consider Year 2000, or Y2K as it is commonly known. Y2K involves reprogramming computers to make sure they don't mistake the date 2000 for the year 1900. If computers aren't fixed by January 1, there may be problems. Most of the Y2K focus to date has been on the necessary system fixes. We at the FDIC must continue our aggressive efforts in terms of examination, supervision, and contingency planning, but there is another part of this issue that could prove tougher than the technology, and that is the psychological impact of the event: instilling public confidence about bank transactions come January 1.

Many people are puzzled about how a technical flaw in computers will affect their everyday lives, and many may fear the unknown. What I hear in traveling around the country is many customers asking: "Is my money safe?" "Will it be there when I want it?" "Is my bank prepared?"

The banks have the primary responsibility to tell their customers what they have done to prepare themselves for Y2K, but we at the FDIC also have a story to tell. Ours isn't a

story about individual banks. Ours is a story about all FDIC-insured institutions and ours is a story about why the public can be confident that the banking system is doing everything possible to meet the Y2K challenge.

People can take comfort from the fact that examiners have visited -- and will revisit -- each bank and thrift institution across the country to make sure that banks are on track in preparing for the date change, and to motivate them to catch up if they are not. We will monitor the banks closely until January 1 - and beyond -- and we will be prepared, as the FDIC has always been, for any problems that may arise.

By telling our story, we offer people reassurance, and we remind them of our guarantee. That guarantee is federal deposit insurance. Should the worst happen - should a bank fail -- insured deposits will be safe. In fact, our story boils down to a simple message: There is no safer place to keep your money than in a federally-insured account at a bank or savings institution.

So if your friend asks you, or your neighbor asks you, or, most importantly, your mother asks you: "With this Y2K problem coming, should I take money out of the bank?"

Tell them three things. First, tell them: Our latest figures show that 97 percent of the banks are on track - while only a handful of institutions are rated unsatisfactory. Second, tell them: Y2K is our top priority -- we're visiting and revisiting every bank in the country. Third, tell them: the Chairman of the FDIC is taking enough money out for the long weekend, and she is planning on using her ATM card to do that.

But the jewel in the crown is the fact that there is no safer place to keep your money than in a federally-insured account at a bank or savings institution.

We're focusing a lot of attention on Y2K - but we cannot afford to focus on it exclusively. We have to remain alert to emerging risks, especially at this point in the business cycle. So I would like to switch gears to our second priority: adapting to a rapidly changing financial services marketplace.

In size, in complexity, in sensitivity to the global marketplace, banks today are not what they were five years ago, and the FDIC as an insurer and a supervisor must adapt accordingly, which means we must find ways to better understand these increasingly large, complex institutions, the businesses they conduct, and the risks they pose. We have to identify risks to the banks -- and if they are significant, deal with them. That means redeploying and refocusing our resources where they are needed. That means working as a team to acquire better information about risks. That means educating and training staff so we can better understand the changing financial landscape.

We also have to face two fundamental questions: One, what companies should be covered by the safety net? And, two, how are we to deal with a "megabank" that is in trouble - or that has failed?

Regardless of what we do at the FDIC, every one of us will feel the impact of the changing financial services marketplace.

Our third priority is diversity in the workforce.

To continue to be successful, we must attract the most qualified, the most talented, the most motivated employees the country has to offer. To attract these people, we must have the reputation of being a Corporation that people want to work for, an organization in which people are valued for their contributions. We are working to make the Corporation such a place.

During our recent celebration of the Martin Luther King holiday, I announced our corporate definition of diversity. It reads: "Diversity is about who we are as individuals, both differences and similarities. The Corporation recognizes that its strength comes from the dedication, experience, and diversity of its employees and believes that, given the opportunity, each employee can make a difference. The FDIC is committed to creating and supporting an inclusive environment that provides to all employees the chance to work to their full potential in the pursuit of the Corporation's mission."

You might be asking: Who composed that definition?

The answer is: A team made up of our FDIC colleagues. Just as a winning team is composed of diverse individuals working together toward a common goal, we must work together to make diversity at the FDIC a shared success.

In the days ahead, the officers, managers, and supervisors of this Corporation will adhere to and will advocate our definition of diversity in all corporate business dealings - public and private. The leaders of this Corporation will be those who truly understand the business case for diversity. The leaders of this Corporation will be those who consistently communicate that understanding to their staff, not only with words, but with action.

In April, we will unveil a formal plan to guide our diversity program in the months ahead, and I have asked our managers and supervisors to speak to you directly about diversity: About opportunities for training, about opportunities for promotion, and about opportunities for you. Diversity can only add to the FDIC's success. Simply put: diversity is good business.

The priorities I've talked about today - Y2K, adjusting to a changing financial services industry, and diversity - will directly impact each of us.

I would like to close on a personal note. As many of you have heard me say, I am truly inspired by the people I have met in the Corporation -- people like Karen Luu, Louie Couto, and Terry Chambliss, in our East Los Angeles field office.

Several months ago, I went with Karen, Louie and Terry on a Y2K examination. I wanted to experience first-hand what our people in the field are doing. I did that - but, perhaps most importantly, I also saw the enthusiasm that Karen and Louie bring to their jobs, their appreciation of how vital their work is, and their desire to do even better within the FDIC. Their energy, their drive, and their optimism are inspirational, as is Terry Chambliss' encouragement and guidance of the younger examiners. Terry is a 30-year veteran of the FDIC and he has been our field office supervisor in East Los Angeles since 1995. It was clear to me that Terry wants his examiners to excel and to benefit from all of his experience.

I've also been inspired by Stirling Phillips, from our Legal Division in Dallas. Stirling is the project manager for a working group that is crafting a part of our upcoming diversity plan. He served as the Chairman of our Mentoring Program. In addition to his legal work in contracting, Stirling took upon himself responsibility for making a contribution to the Corporation in the field of diversity, and as a result, we all will benefit. His work has had a visible and lasting impact on this Corporation.

The people I have recognized today are only a few of our many FDIC colleagues who bring a wide variety of talents and expertise to the Corporation.

Because of what you do, when people go to the bank and see our emblem, it gives them a feeling of confidence and security. Because of what you do, we have something unique and special: a relationship of trust with the American people. It is in that spirit that I ask all of you today to join with Vice Chairman Hove and me to assure that we meet our corporate priorities and that the FDIC emblem remains a symbol of confidence. Our success in the future will rest with you.

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