

Y2K PRESS CONFERENCE
FEDERAL RESERVE BANK OF CHICAGO

Chicago, Illinois
December 7, 1999

.....

- Thank you, Donna. Let me take a brief moment to thank Chairman Tanoue (Ta- NOY), Commissioner Darr, and all of today's participants for joining us.
 - Welcome.
 - We're delighted to have you all with us today as we host this event.
- Y2K preparations have been a top priority for the Chicago Fed and the Fed System for two years now, and something we've been working on for even longer.
 - I must say, after all that work, it is wonderful to be able to stand on the brink of the New Year and tell you about all that we've accomplished in terms of preparation and contingency planning.
 - First, let me put what we've been doing in context by briefly reviewing the role of the Chicago Fed.
 - As you may know, the Fed has three main responsibilities:
 - we provide financial services to depository institutions and the U.S. government;
 - we supervise bank holding companies and state-chartered banks that are members of the Fed System;
 - and we formulate monetary policy.

- The Chicago Fed serves the Seventh Federal Reserve District, which includes most of Illinois, Indiana, Michigan, and Wisconsin, and all of Iowa.
- Some 13 percent of the U.S. population lives within the boundaries of our district.
 - Serving all those consumers are 1,528 commercial banks, 1,785 credit unions, and 237 savings and loans — that's one sixth of the national total of financial institutions.
- The Federal Reserve is committed to do all we can to safeguard the operations of the U.S. financial system; and that's the reason why Y2K has been a top priority for us from day one.
 - We've addressed Y2K thoroughly at all levels.
- Our internal operations have been ready for Y2K for some time now.
 - In the area of financial services, we're confident there will be no disruption in our ability to meet the needs of banks and the U.S. government.
 - We've completed extensive testing with the financial institutions that use our services and that testing has gone very well.
 - As a supervisor, we've worked closely with other regulators including the FDIC and the state banking agencies to review the preparedness of the financial institutions we supervise.
 - Every bank has been examined at least twice, and we are very pleased with the preparedness of financial institutions nationally and in our district.
- As for the rollover weekend itself, the Chicago Fed will be well staffed, fully prepared and ready for all contingencies.
 - We've established a communication center that will work with other centers at Federal Reserve banks across the country to coordinate events as they unfold.
 - Our staff members will be working around the clock to ensure a smooth rollover in our district.
 - We will be conducting health checks,
 - testing connections with financial institutions,
 - as well as doing the sort of business we usually do over a holiday weekend, like processing checks.

- But sound preparation is only part of the battle.
 - We continue to encourage the public not to overreact.
 - There is still concern that popular misconceptions about Y2K could lead some people to withdraw large sums of money from their bank accounts.
 - For this reason the Federal Reserve has made available to depository institutions more than enough cash to cover any unusually large demands by the public.
 - In fact, we have doubled the amount of cash in our vaults as is usual for this time of year.
 - To ensure that the cash can be delivered to banks quickly, 8 strategic inventory locations have been set up around the district as well.
- The Fed is making cash available, but I would like to remind everyone once again that there is no safer place for your money than where it is, Y2K or not.
 - Although you may want to have enough cash on hand for the long holiday weekend,
 - remember that credit and debit cards, as well as checks, are expected to work over the New Year's holiday as they would at any other time of the year.
- In conclusion, I'd like to reiterate that we're confident that the century date change will come and go with a minimum amount of disruption.
- And now I'd like to turn the podium over to William Darr, the Commissioner of Banks & Real Estate for the State of Illinois.