

**YEAR 2000** The potential of the so-called 'Year 2000 problem' or 'Millennium bug' to bring widespread disruption to computer systems has been known for some time. Work by APRA's predecessor agencies to ensure that financial institutions would be well prepared began several years ago.

APRA has continued this process, in conjunction with the RBA and ASIC and, as the year progressed, we became increasingly confident of the preparedness of regulated financial institutions to operate smoothly through the date change.

By August, almost all regulated institutions had completed internal testing of critical systems, external testing of the payments system had been successfully completed and all institutions were well on the way to finalising their contingency plans.

## We are confident that financial institutions are taking appropriate measures to address Year 2000 issues

During the year, we closely monitored the Year 2000 preparations of regulated institutions through regular prudential returns and meetings with institutions. Through the Council of Financial Regulators, we sought to ensure a coordinated approach to supervising Year 2000 preparations across all financial institutions. The Council also focused on ensuring adequate disclosure of Year 2000 preparations by the institutions themselves and has itself produced regular booklets summarising developments in the financial sector. The latest booklet – *Year 2000 Preparations in the Australian Banking and Financial System* – is available at APRA's website. We also worked closely with the domestic Interbank Working Group on Year 2000 and actively participated in the Joint Year 2000 Council, which is an international group of financial sector regulators.

We also met with a small number of institutions where we had concerns about their Year 2000 programs. Following these meetings, we are confident that financial institutions are taking appropriate measures to address Year 2000 issues. Should there be any unforeseen problems, the extensive contingency plans being put in place will minimise any impact on depositors, policyholders, superannuation fund members and other customers.