

BANKING INSTITUTIONS ACT

CIRCULAR – BIA 2/98

TO: ALL BANKS AND BUILDING SOCIETY

INFORMATION TECHNOLOGY "YEAR 2000" COMPLIANCE

1. Background

The "Year 2000" compliance poses a significant threat to the banking system. Unless this risk is adequately addressed banking institutions will encounter major problems with their systems which could result in huge financial losses and trigger a systemic effect to the financial system.

Banking institutions should by now executed an effective plan of action to counteract the threat of system failure of computer based systems.

2. Year 2000

The attached "Year 2000" Questionnaire, (Annexure A) must be completed and returned to this Office by not later than 1 May 1998 for this authority to determine the extent to which a banking institution has already addressed this risk area. An additional copy is provided for the external auditors of the institution.

3. Acknowledgement of Receipt

The attached acknowledgement of receipt must be signed by the Chief Executive Officer of the Institution and the Auditors.

I have included some additional material which could be useful in creating a better understanding of the "Year 2000" problem (with the courtesy of SA Reserve Bank and Deloitte & Touche).

**R LAWRENCE
REGISTRAR OF BANKS AND
BUILDING SOCIETIES**