

Year 2000 Preparations in the Australian Financial System

John F Laker

Reserve Bank of Australia



Council of Financial Regulators

- Reserve Bank of Australia (RBA) - chair
- Australian Prudential Regulation Authority (APRA)
- Australian Securities and Investments Commission (ASIC).



Role of the Council

- Encourage consistency in Y2K oversight
- Co-ordinate involvement with industry
- Promote greater disclosure on Y2K.



APRA's role

- Focus on individual institutions
- Prime responsibility with board and management
- APRA judges adequacy of Y2K programs
- Involved since early 1997.



APRA's powers

- **Wide-ranging powers**
- **Apply equally to small and large institutions**
- **Not expecting to use them.**



Supervision of banks

- Remediation and testing virtually finished
- Contingency planning well underway
- Testing of back-up arrangements
- “Freeze” on changes to critical systems in late 1999.



Supervision of other institutions

- **Close monitoring of**
 - other deposit-taking institutions
 - insurance and superannuation
- **Remediation and testing virtually complete**
- **Contingency planning well underway.**



RBA's role - payments system

- RBA mandate for safety and stability
- Involved in industry-wide testing
- Testing completed successfully on schedule
- “Business as usual” over New Year.



RBA's role - currency

- RBA has ample stocks
- Financial institutions re-open after three days
- Other payments mechanisms available.



Disclosure

- **A positive story to tell**
- **Communications with customers**
- **Disclosure by other key sectors**
- **Importance of balanced media coverage.**



Key message

“...the simple fact is that [customers’] deposits are safe and their records are not at risk from Y2K related problems.”

Governor of the Reserve Bank

