SUPPORTING STATEMENT
OMB Control No. 1550-0023
Thrift Financial Report: Schedule DI

A. JUSTIFICATION

1. Circumstances and Need

The Office of Thrift Supervision (OTS) collects financial data from insured savings associations, which are used to regulate and supervise the industry and to develop policy. The vehicle used to collect these data is the Thrift Financial Report (TFR). OTS collects financial data from insured savings associations, their subsidiaries, and their holding companies in order to assure their safety and soundness as depositories of the personal monies of the general public.

On March 14, 2006, the Federal Deposit Insurance Corporation (FDIC) Board of Directors approved interim final rules pursuant to the Federal Deposit Insurance Reform Act of 2005 (Reform Act), Pub. L. No. 109-171, that will raise the deposit insurance coverage on certain retirement accounts at a bank or savings institution to $250,000 from $100,000. The increase, which became effective on April 1, 2006, is the result of a new law increasing federal deposit insurance coverage for the first time in more than 25 years. The basic insurance coverage for other deposit accounts for individuals, joint accountholders, businesses, government entities, and trusts - remains at $100,000.

Under the FDIC's new rules, up to $250,000 in deposit insurance will be provided to a depositor with money in a variety of retirement accounts, primarily traditional and Roth IRAs (Individual Retirement Accounts), at one insured institution. Other types of accounts included under the new deposit insurance limit are self-directed Keogh accounts, "457 Plan" accounts for state government employees, and employer-sponsored "defined contribution plan" accounts that are self-directed, which are primarily 401(k) accounts. In general, self-directed means the consumer chooses how and where the money is deposited. In addition, the IRAs and other retirement accounts that will be protected under the new rules to $250,000 are insured separately from other accounts at the same institution that will continue to be insured up to at least $100,000.

The new law also established a method by which the FDIC would consider an increase in the insurance limits on all deposit accounts (including retirement accounts) in the future, but only every five years starting in 2011. Any such increase would be based, in part, on inflation. Otherwise, accounts will continue to be insured as described above. Moreover, the new law also merged the Bank Insurance Fund and the Savings Association Insurance Fund into a new Deposit Insurance Fund.

As a result of these changes in deposit insurance for retirement accounts held at FDIC-insured depository institutions, OTS considered a range of potential information needs and identified those additions to the TFR that are believed to be most critical and relevant to OTS as it seeks to fulfill its supervisory responsibilities. At the same time, OTS identified certain existing TFR data that are no longer relevant or useful to warrant their continued collection. OTS believes that the reporting burden that would result from the new TFR items discussed in this proposal would increase only slightly due to the proposed elimination of a limited number of other TFR items. After savings associations make any necessary changes to their systems and records, OTS estimated that these deposit-related reporting changes would produce an average net increase of 0.4 hours per institution per year in the ongoing reporting burden of the TFR. Nevertheless, when viewing these proposed revisions to the TFR within a larger context, they are intended to maintain the effectiveness of the on- and off-site supervision activities of the OTS, which should help to control the overall regulatory burden on institutions.

2. Use of Information Collected

OTS uses this information to monitor the condition, performance, and risk profile of individual institutions and systemic risk among groups of institutions and the industry as a whole.

3. Use of Technology to Reduce Burden

Since 1993, all reporting associations file their TFRs electronically. Electronic transmission of regulatory reports has significantly reduced reporting burden, and has improved data quality by reducing transcription errors and providing edit checks at the source of data entry.

OTS internally developed and maintains the Microsoft Windows-based electronic filing software and provides it free of charge to all its reporting institutions via CDROM, including incremental updates via the Internet. The electronic software brings forward institution structural information and beginning balances. The software also calculates certain fields, sums totals, as well as provides capabilities for importing data from external sources, and exporting data for external review/preparation. OTS estimates that the need for data entry is reduced approximately 20 percent by these automatic features in its software.

There are over 900 data edits in the electronic software that allow associations to validate their data prior to transmitting the report. The software allows associations to explain reasons for edit exceptions in a memorandum system called "User Notes." Incorporating all edits used by OTS into the electronic filing software has ensured data quality and significantly reduced the amount of time OTS staff spends validating the data. This substantially reduces the need for phone calls to reporting institutions further lessening reporting burden on the industry.

In March 2004, OTS enabled institutions to submit their regulatory filings using the Internet. Industry feedback indicated that Internet communications reduced the technological burden of regulatory filing responsibilities.

Burden reduction through the use of technology is an ongoing initiative of OTS. Industry feedback on newly introduced software features, enhancements, and improvements consistently indicates a large degree of success in this effort.

4. Efforts to Identify Duplication

This information collection is not duplicative within the meaning of the PRA and OMB regulations. Information that is similar to or that corresponds to information that could serve OTS's purpose and need in this information collection is not being collected from OTS regulated institutions by any other means or for any other purpose; nor is this information otherwise available in the detail necessary to satisfy the purpose and need for which this collection of information is undertaken. However, the data gathered in this information collection are shared with the other Federal financial institution regulators, state financial institution regulators, and other Federal agencies.

5. Minimizing the Burden on Small Firms

Although the collection of information affects a significant number of small businesses, OTS does not anticipate that the net economic impact will be large.

6. Consequences of Less Frequent Collection

Collection of this information less frequently than quarterly would hinder the ability of OTS to monitor the industry and perform its supervisory function.

7. Special Circumstances

This collection meets the guidelines in 5 C.F.R. Part 1320.

8. Consultation with Persons Outside the OTS

On April 28, 2006, OTS requested public comment for 60 days (71 FR 25282) on proposed revisions to Schedule DI of the TFR. The notice described regulatory reporting revisions proposed for the TFR: Schedule DI – Consolidated Deposit Information to become effective September 30, 2006, primarily in response to the increased levels of deposit insurance from $100,000 to $250,000 for retirement accounts provided by the FDIC Board of Directors on March 14, 2006, in interim rules effective April 1, 2006 (71 FR 14629), implementing certain provisions of the Reform Act.

OTS received comments on the April 2006 proposal from the American Bankers Association (ABA), a trade group whose members include savings associations. OTS also received a request from the Board of Governors of the Federal Reserve System to maintain line DI200, IRA/Keogh Accounts, for their use in monetary analysis.

OTS has considered these comments and has decided to proceed with the proposed changes to Schedule DI, but will not eliminate line DI200, IRA/Keogh Accounts. These changes will become effective on December 31, 2006. This decision is discussed below.

ABA expressed concern about the short amount of time for savings associations to implement the revisions. ABA urged OTS to delay the reporting revisions until the FDIC finalizes its interim rule on retirement deposit account insurance and savings associations have had time to make necessary systems changes. The ABA noted that the amount of time that institutions have to prepare for these reporting revisions is shorter than usual and indicated that thrift deposit records and systems do not clearly distinguish the types of retirement deposit accounts eligible for the higher insurance coverage from other accounts. It also asserted that there is uncertainty in the thrift industry as to which retirement deposit accounts are eligible for the higher insurance coverage. To address these concerns, OTS will set the effective date of these changes at December 31, 2006.

For the December 31, 2006, TFR, thrifts would be expected to have made appropriate systems changes to enable them to report reasonably accurate data on all types of retirement deposit accounts eligible for the $250,000 insurance coverage. Thrifts' deposit records and systems should enable them to report information on all retirement deposit accounts in these TFR items in accordance with the applicable instructions.

9. Payment of Respondents

OTS provides no payment or gift to respondents.

10. Confidentiality

OTS does not include in the TFR instructions any explicit guarantee of confidentiality of this information. All but a very limited number of TFR data items, are available to the general public. Data from Schedule DI, including the proposed changes, are available to the general public.

11. Information of a Sensitive Nature

The TFR form does not request any information that could be considered personally sensitive.

12. Estimate of Annual Burden

OTS estimates 854 savings associations ("respondents"). The total annual hour burden to the respondents is estimated at 124,684, representing 4 submissions per respondent at 36.5 hours each submission.

854 savings associations x 36.5 hours = 31,171 hours per response

31,171 hours x 4 submissions per year = 124,684 hours.

13. Estimate of Annual Cost

The cost to the thrift industry for the reporting burden of quarterly TFR schedules, including Schedule DI, is $3,117,100.

The burden per report was derived by multiplying the number of items requiring input by the number of reports per year, with appropriate adjustment of especially difficult items. Variation in burden among reporting associations exists depending on the extent to which their activities require an entry in every item requested on the reporting form, the complexity of calculating the entry for an individual association, and the extent to which their own accounting systems conform to the requirements of the reporting form.

14. Estimates of Annualized Cost to Government

The total annualized cost to the federal government will be minimal.

15. Reason for Change in Burden

This submission reflects a slight increase in individual institution burden (from 36.4 to 36.5), but a net decrease in total industry burden (from 128,128 to 124,684), due to fewer respondents (from 880 to 854).

16. Publication

OTS publishes a series of statistical reports of aggregate data on a national and geographical area basis. Financial institutions, investment consultants, real estate consultants, brokers, and appraisers as well as other Federal and state government agencies and institutions of higher learning use the publications. These statistical reports are an adjunct to the data collected, which are primarily for supervisory purposes.

17. Expiration Date

OTS has received permission to not display the expiration date on this form. This form is revised and issued annually. The expiration date will not assist the public in determining if this is the correct form to be used when filing with OTS. In addition, OTS distributes copies of the current form to all institutions and other interested parties and posts it on the OTS web site whenever the report is changed.

18. Exceptions

Not applicable.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.