

Supporting Statement
Bank Secrecy Act/Anti-Money Laundering Risk Assessment
OMB Control No. 1557-0231

A. Justification.

1. Circumstances that make the collection necessary:

Under 12 CFR § 21.21, national banks are required to develop and provide for the continued administration of a program reasonably designed to assure and monitor their compliance with the Bank Secrecy Act (BSA) and Treasury Regulations at 31 CFR Part 103. The compliance program must be in writing, approved by the board of directors and noted in the minutes. This requirement is currently approved by OMB under control no. 1557-0180.

In addition to these procedures, the OCC has a money laundering risk assessment system (MLR) to assist national bank examiners in measuring levels of risk in individual banks. It provides a more thorough and systematic method for examiners to assess a bank's risk profile to determine examination scopes and areas where expanded procedures and transaction testing may be needed.

This risk assessment is critical in protecting banks from potential abuse from money laundering or terrorist financing. Certain products, services, customers and geographic locations are vulnerable to attempts to launder money, finance terrorism, or conduct other illegal activities through a bank. Depending upon the characteristics of the particular product, service, or customer, the risks are not always the same. Factors such as number and dollar volume, geographic location, and customer versus non-customer, are considered when making a risk assessment.

Implementation of the MLR reduces burden, because it allows examiners to be more precise in assessing AML risk, keeping them from spending excessive time examining low-risk banks. It also reduces banks' (especially small banks') burden because it provides a blueprint for conducting the risk assessment required by the AML Manual. Once banks have done their initial risk assessment, it reduces burden for most banks going forward, because they will have already accumulated the necessary data. The data should not change significantly year-to-year, absent a change in the bank's business lines or risk profile.

2. Use of the information:

The OCC needs the information generated through the risk assessment to evaluate and examine the risks associated with each banks' products, services, customers, and locations. As new products and services are introduced, existing products and services change, and the banks expand through mergers and acquisitions, bank management's evaluation of money laundering and terrorist financing risks must evolve as well. Absent appropriate controls, such as this risk assessment, national banks could not appropriately address their unique Bank Secrecy Act/Anti-Money Laundering risks. The OCC also provides the risk assessment information, gathered through this process, back to the individual national banks.

3. Consideration of the use of improved information technology:

National banks may use any information technology that permits review by OCC examiners.

4. Efforts to identify duplication:

The required information is unique and is not duplicative of any other information already collected.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

Not applicable. The collection does not have a significant impact on a substantial number of small entities.

6. Consequences to the Federal program if the collection were conducted less frequently:

Conducting the risk assessment less frequently would be harmful to the OCC's risk-based supervisory approach by making it more difficult to determine which banks pose the greatest BSA/AML risk and thus requiring more comprehensive examinations. It would also prevent national banks from being able to appropriately address their unique Bank Secrecy Act/Anti-Money Laundering risks.

7. Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR Part 1320:

The information collection will be conducted in a manner consistent with 5 CFR Part 1320.

8. Efforts to consult with persons outside the agency:

The OCC requested comments on the renewal of the information collection (72 FR 44920, August 9, 2007). Two comments were received. Please see Response to Public Comments for comment summary and response.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

Appropriate system security safeguards have been put in place to protect against unauthorized access.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Small banks:

1,670 respondents @ 1 response = 1,670 responses

1,670 responses @ 6 burden hours = 10,020 burden hours

Total burden:

10,020 hours

Cost of Hour Burden to Respondents:

The OCC estimates the cost of the hour burden to respondents as follows:

10,020 x \$60/hour (combination of management and technical staff) = \$601,200

Total Hour Burden Cost: \$601,200

13. Estimate of total annual costs to respondents (excluding cost of hour burden in Item #12):

Not applicable.

14. Estimate of annualized costs to the Federal government:

Not applicable.

15. Change in burden:

The collection of information applies only to community banks and not mid-size or large banks. However, in the past burden estimates included both mid-size and large banks.

Former Burden (includes community bank, mid-size bank, & large bank estimates):

2,042 respondents; 2,042 responses; 21,364 burden hours

New Burden (includes community bank estimates only):

1,670 respondents; 1,670 responses; 10,020 burden hours

Difference:

-372 respondents; -372 responses; -11,344 burden hours

The change in burden is due to a reduction in the number of OCC community banks and the elimination of the burden calculation estimates for mid-sized and large banks. Although

included in prior burden estimates mid-size and large banks were never included within MLR collections.

16. Information regarding collections whose results are to be published for statistical use:

The OCC has no plans to publish the information for statistical purposes.

17. Reasons for not displaying OMB approval expiration date:

The OCC is not requesting permission to not display the OMB approval expiration date.

18. Exceptions to the certification statement in Item 19 of OMB Form 83-I:

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.