

SUPPORTING STATEMENT
PROCEDURES FOR MONITORING BANK SECRECY ACT COMPLIANCE
(OMB No. - 0087)

INTRODUCTION

The FDIC is requesting a renewal of the currently approved collection of information captioned above without any change in the substance or in the method of collection. The collection of information requirements are contained in § 326.8(b)(1) and (c) of FDIC's regulation 12 C.F.R. 326.

A. JUSTIFICATION

1. Circumstances that make the collection necessary

As required by Section 8(s) of the Federal Deposit Insurance Act (12 U.S.C. § 1818(s)), the FDIC's 12 C.F.R. § 326.8(b) (1) and (c), requires all insured nonmember banks to establish and maintain procedures designed to assure and monitor their compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311 *et seq.*) and the Treasury's implementing regulations at 31 C.F.R. Part 103.

An institution's compliance program must be reduced to writing, approved by the institution's board of directors and noted in the minutes of the board meeting. The compliance program must consist of a system of internal controls to assure ongoing compliance and provide for independent testing for compliance to be conducted by bank personnel or by an outside party. The bank must also designate an individual or individuals responsible for compliance, and provide for the training of appropriate personnel. (The "Customer Identification Program" information collection required by § 326.8(b) (2) is approved under OMB PRA Control No. 1506-0026.)

2. Use of the information of information collected

The information will be reviewed by the FDIC during the course of bank examinations to verify compliance with statutory and regulatory requirements. The agency report of examination will describe any problem with the compliance program, including the procedures followed by an insured bank.

3. Consideration of the use of improved information technology

Banks may use any appropriate technology to prepare and maintain their written procedures. However, the applied technology must not impede the examination process.

4. Efforts to identify duplication

There is no duplication in the requirements to prepare and maintain written plans for Bank Secrecy Act compliance. Each Federal banking agency requires the banks it supervises to prepare written procedures as required by the Bank Secrecy Act (31 U.S.C. 5311 et seq.) and the Treasury's implementing regulations at 31 C.F.R. Part 103.

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

All banks are subject to the same requirement to prepare and maintain written procedures as part of this program to assure and monitor compliance with the Bank Secrecy Act (31 U.S.C. 5311 et seq.) and the Treasury's implementing regulations at 31 C.F.R. Part 103. The burden in preparing and maintaining written procedure is likely proportionate to the size and complexity of bank's operations.

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

As a sound practice, a bank's board of directors should update the written procedures, at least annually, to incorporate procedural changes and to ensure the program's effectiveness.

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

There are no special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR Part 1320.

8. Efforts to consult with persons outside the agency

The FDIC sought public comment on this collection in a Federal Register notice on August 29, 2007 (72 FR 49720). No comments were received.

9. Payment or gift to respondents

None.

10. Any assurance of confidentiality

This collection of information is not confidential.

11. Justification for questions of a sensitive nature

This collection does not contain information of a private and sensitive nature.

12. Estimates of Hour Burden and Annualized Cost

The FDIC estimates that the annual recordkeeping burden of approximately 5,168 FDIC regulated institutions will vary, depending on the size, complexity, and type of bank. The burden is calculated as follows:

Cite and Burden Type	Information Collection Requirements in 12 CFR Part 326.8(b)	Number of Recordkeepers as of 6/30/2007	Average Hours Per Response	Estimated Burden Hours
12 CFR 326 Recordkeeping	Subpart B – Procedures for Monitoring Bank Secrecy Act Compliance § Part 326.8(b)(1) - Bank Secrecy Act compliance – Each bank shall develop and provide for the continued administration of a program reasonably designed to assure and monitor compliance with recordkeeping and reporting requirements set forth in subchapter II of chapter 53 of title 31, United States Code, and the implementing regulations issued by the Department of Treasury at 31 CFR Part 103. The compliance program shall be written, approved by the bank's board of directors, and noted in the minutes.	5,168 recordkeepers Small Banks: 4,523 ≤ <u>\$0.5 billion</u> Mid-Size Banks: 624 <u>\$0.5 - \$10 billion</u> Large Banks: 21 ≥ <u>\$10 billion</u>	40 hours 150 hours 300 hours	180,920 hours 93,600 hours 6,300 hours
Total recordkeeping		5,168 recordkeepers		280,820 hours
	Hours / Recordkeepers= 54.34 hours			

Cost of Hour Burden to Respondents:

Executive Assistant (\$18/hour):	70% x 280,820 hours @ \$18 =	\$ 3,538,332
Compliance Officer (\$35/hour):	29% x 280,820 hours @ \$35 =	\$ 2,850,323
Board of Director (\$50/ hour):	1% x 280,820 hours @ \$50 =	\$ 140,410
Total		\$ 6,529,065

The annual cost per recordkeepers: \$1,263 (\$6,529,065 / 5,168)

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

None.

14. Estimate of annualized costs to the Federal government

There are no costs to the Federal government related to this information collection. The information is reviewed as part of the examination process.

15. Reasons for change in burden

The change in burden for this information collection of +278,170 hours (from 2,650 to 280,820 hours total , or 0.5 hours per respondent to 54.34 hours per respondent) is an adjustment due to a change in estimating methodology.

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

The FDIC does not intend to publish this collection of information for statistical use.

17. Reasons for not displaying OMB approval expiration date

No exceptions are requested.

18. Exceptions to the Certifications on OMB Form 83-I

There are no exceptions to the certifications on OMB Form 83-I.

B. STATISTICAL METHODS

Statistical methods are not employed in this collection of information.