

SUPPORTING STATEMENT
NOTIFICATION OF PERFORMANCE OF BANK SERVICES
(OMB No. 3064-0029)

INTRODUCTION

The FDIC is requesting OMB approval to continue the use of the information system captioned above. The current clearance for the collection expires on October 31, 2008. There is no change in the method or substance of the collection. The information collection requirements are contained in 12 CFR Part 304 of FDIC's rules and regulations.

Insured state nonmember banks are required to notify the FDIC, under section 7 of the Bank Service Company Act (12 U.S.C. 1867), of the relationship with a bank service company. The Form FDIC 6120/06, NOTIFICATION OF PERFORMANCE OF BANK SERVICES, may be used by banks to satisfy the notification requirement.

A. JUSTIFICATION

1. Circumstances and Need

Section 7 of the Bank Service Company Act (12 U.S.C. 1867) states that any bank regularly examined by a federal supervisory agency that has bank services performed by a third party must notify the agency within 30 days of signing the contract or the start of the service, whichever occurs first. To help insured state nonmember banks comply with the Act the FDIC developed Form FDIC 6120/06. The information to be entered on the form is basically the identity and location of the submitting bank, the identity and location of the servicer and a brief description of the services performed. The form provides respondents with a quick, simple way to submit the required information in a uniform manner. In lieu of the form, a bank may satisfy the notification requirement by submitting a letter stating; the name of the servicer; the address at which the service is performed; the service being performed; and the date the service commenced.

According to the Act, the service becomes subject to examination and regulation by the federal agencies to the same extent as if the service were performed by the bank on its own premises. Section 304.5(b) of FDIC's regulation 12 CFR Part 304 implements the notification requirement of 12 U.S.C. 1867.

2. Use of Information Collected

The information collected from the serviced bank is forwarded to the appropriate FDIC regional office. The information is inputted into the Corporation's Virtual Supervisory Information on the Net (ViSION) system. The information is used to during the examination process to determine the location of bank-related records before the examination begins. In addition, the information is beneficial in determining whether the service provider may need to be examined as well.

3. Use Technology to Reduce Burden

FDICconnect is an interactive website between FDIC insured institutions and the FDIC. All collections of information are reviewed to determine if converting to electronic collection is cost beneficial. FDIC continues to consider the addition of this form to FDICconnect whenever other low volume transactions are considered.

4. Efforts to Identify Duplication

No duplication exists. Each federal bank supervising agency collects this information from only those banks it directly supervises. In the case of the FDIC, the banks affected are insured state nonmember banks. Similar information does not exist elsewhere. The bank that engages a servicer is the only source for this information.

5. Minimizing the Burden on Small Banks

All banks, regardless of size, are required to submit the same information. The amount of information to be provided is minimal.

6. Consequences of Less Frequent Collections

There is no periodic reporting requirement. The information is submitted only on the occasion of a bank engaging the bank service company.

7. Special Circumstances

There are no circumstances related to this collection that are inconsistent with 5 CFR 1320.6.

8. Summary of Public Comments; Consultation with Persons Outside the FDIC

A "first" Federal Register notice (attached) seeking comment was published on July 29, 2008 (73 FR 43934). No comments were received.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality

The information reported is not considered to be confidential.

11. Information of a Sensitive Nature

No questions of a sensitive nature are involved.

12. Estimates of Annualized Burden and Associated Costs

Approximately 400 notices are received annually. It is estimated that it takes the average respondent approximately 1/2 hour to prepare and submit the notice. Thus the estimated annual burden on respondents is $400 \times 1/2 = 200$ hours.

13. Total Annual Cost Burden

None.

14. Annualized Cost to the Federal Government

None.

15. Reason for Change in Burden

Changes reflect market penetration level of existing services provided to financial institutions and/or a reduction in the level of new services offered by vendors.

16. Publication

The information collected is for use by the FDIC bank examination program. It is not published.

17. Expiration Date Display

The new expiration date will be shown.

18. Certification Exceptions

None.

B. STATISTICAL METHODS

Statistical methods are not employed in this collection.

Attachments

1. Form FDIC 6120/06
2. Legal Authority (Section 7 of the Bank Service Company Act, 12 U.S.C. 1867)
3. Regulatory Authority (12 CFR 304.3(d))
4. "First" Federal Register notice; "Second" Federal Register notice