

SUPPORTING STATEMENT  
PROCEDURES FOR MONITORING BANK PROTECTION ACT COMPLIANCE  
(OMB No. 3064-0095)

INTRODUCTION

The FDIC is requesting OMB approval of a three-year extension of the collection of information captioned above, without any change in the method or substance of collection. This collection, which expires on September 30, 2009, is imposed on insured nonmember banks as a result 12 CFR Part 326, subpart A -- MINIMUM SECURITY DEVICES AND PROCEDURES FOR INSURED NONMEMBER BANKS.

A. JUSTIFICATION

1. Circumstances and Need

The Bank Protection Act of 1968 (12 USC 1881-1884) requires each Federal supervisory agency to promulgate rules establishing minimum standards for security devices and procedures to discourage financial crime and to assist in the identification of persons who commit such crimes.

To avoid the necessity of constantly updating a technology-based regulation, the FDIC takes a flexible approach to implementing this statute. It requires each insured nonmember bank to designate a security officer who will administer a written security program. The security program shall: (1) establish procedures for opening and closing for business and for safekeeping valuables; (2) establish procedures that will assist in identifying persons committing crimes against the bank; (3) provide for initial and periodic training of employees in their responsibilities under the security program; and (4) provide for selecting, testing, operating and maintaining security devices as prescribed in the regulation. In addition, the FDIC requires the security officer to report at least annually to the bank's board of directors on the effectiveness of the security program.

2. Use of Information Collected

The information is used by FDIC bank examiners to assure that insured nonmember banks comply with 12 CFR 326, which implements the Bank Protection Act of 1968, and to review bank security programs.

3. Use of Technology to Reduce Burden

The FDIC has created an interactive Website, FDICconnect, between FDIC insured institutions and the FDIC. All PRA collections are reviewed to determine if converting to electronic collection is cost beneficial. In this case, however, updates to the written security program and training materials are not required to be submitted to the FDIC.

Institutions need only maintain the records for review during on-site examinations and, therefore, may use technology to the extent deemed feasible and appropriate to maintain and update the required documents.

4. Efforts to Identify Duplication

The information is collected from insured nonmember banks and does not duplicate information available within other government agencies nor in other FDIC collections.

5. Minimizing the Burden on Small Banks

The establishment of a written security program and developing training materials are one-time requirements. Updating and maintaining the program and training materials should not involve more than a minimal burden.

6. Consequences of Less Frequent Collection

The only periodic recordkeeping requirement is the security officer's annual report to the board of directors, the completion of which is in most cases a small burden. Less frequent reporting would create a risk of inadequate security systems in insured nonmember banks.

7. Circumstances Inconsistent with 5 CFR 1320.6

The recordkeeping requirements of 12 CFR 326 are not inconsistent with 5 CFR 1320.6.

8. Consultation with Persons Outside the FDIC

A "first" Federal Register notice seeking public comment for a 60-day period was published on May 26, 2009 (74 FR 24852). No comments were received.

9. Payment or Gift to Respondents

None.

10. Confidentiality

All information required by this recordkeeping is retained by the bank for review by FDIC bank examiners. Information obtained thereby would be exempt from public disclosure under the provisions of the Freedom of Information Act.

11. Information of a Sensitive Nature

No information of a sensitive nature is collected.

12. Estimate of Annual Burden

Estimated number of respondents: 5,110 state nonmember banks

Average annual burden hours: 1/2 hour

Average annual burden hours: 2,555

13. Capital, Start-up, Operating, and Maintenance Cost Burden

None.

14. Estimated Annual Cost to Federal Government

None.

15. Reason for Change in Burden

The change in burden is an adjustment due to a reduction in the number of state nonmember banks.

16. Publication

The information is retained at the bank for review by FDIC examiners to verify compliance with regulatory requirements. No publication is made of the records.

17. Display of Expiration Date

Not applicable.

18. Exceptions to Certification

None.

B. STATISTICAL METHODS

Not applicable.