

**Supporting Statement for
Consolidated Reports of Condition and Income
(Interagency Call Report)
OMB Control No. 1557-0081**

A. JUSTIFICATION

1. Circumstances and Need

Institutions submit Call Report data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for on-site and off-site examinations, and monetary and other public policy purposes. The agencies use Call Report data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institution would control more than ten percent of the total amount of deposits of insured depository institutions in the United States. Call Report data are also used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

In February 21, 2013, the Agencies requested public comment for 60 days on a proposal to extend, with revision, the Call Report. After considering the comments received on the proposal, the FFIEC and the agencies announced their final decisions regarding certain proposed revisions on May 23, 2013, which took effect June 30, 2013. The agencies also announced they were continuing to evaluate the other Call Report changes proposed in February 2013 in light of the comments received and would not implement these changes as of June 30, 2013 (and, in one case, as of December 31, 2013), as had been proposed.

The FFIEC and the agencies have now completed their evaluation of these other proposed changes and plan to implement in March 2014 the proposed reporting requirements for depository institution trade names; a modified version of the reporting proposal pertaining to international remittance transfers; the proposed screening question about the reporting institution's offering of consumer deposit accounts; and, for institutions with \$1 billion or more in total assets that offer such accounts, the proposed new data items on consumer deposit account balances. The FFIEC and the agencies would then implement the proposed breakdown of consumer deposit account service charges in March 2015, but only for institutions with \$1 billion or more in total assets that offer consumer deposit accounts. The proposed instructions for these new items have been revised in response to comments received. In addition, the FFIEC and the agencies have decided not to proceed at this time with the proposed annual reporting by institutions with a parent holding company that is not a bank or savings and loan holding company of the amount of the parent holding company's consolidated total liabilities.

2. Use of Information Collected

- Effective March 31, 2014, institutions would begin to report:
 - Information about international remittance transfers (including certain questions about remittance transfer activity and, for institutions not qualifying for the Bureau's safe harbor, certain data on the estimated number and dollar value of remittance transfers) on March 31, 2014 and semiannually thereafter as of each June 30 and December 31, to monitor compliance with the remittance transfer rule;
 - Trade names (other than an institution's legal title) used to identify physical branches and the Uniform Resource Locators of all public-facing Internet Web sites (other than the institution's primary Internet Web site) that are used to accept or solicit deposits from the public, to improve the FDIC's monitoring of insured depository institutions and facilitate consumer protection; and
 - Whether the reporting institution offers one or more consumer transaction or nontransaction savings deposit account products and, for institutions with \$1 billion or more in total assets that offer one or more of such consumer deposit account products, the total balances of these consumer deposit account products, to improve the monitoring of deposit balances.
- Effective March 31, 2015, institutions with \$1 billion or more in total assets that offer one or more consumer deposit account products would begin to report a breakdown of their total year-to-date income from service charges on deposit accounts that would include the income from three categories of service charges on these consumer deposit accounts, to improve the monitoring of deposit balances.

3. Use of Technology to Reduce Burden

All banks and savings associations are subject to an electronic filing requirement for Call Reports. Institutions may use information technology to the extent feasible to maintain required records.

4. Efforts to Identify Duplication

This information is unique because no other report or a series of reports provides all the Call Report data in a consistent and timely manner.

5. Minimizing the Burden on Small Entities

Only the minimum information needed to evaluate the condition of an institution, regardless of size, is required. Furthermore, data on consumer deposit account balances will only be required from institutions with \$1 billion or more in total assets and not from institutions below that threshold.

6. Consequences of Less Frequent Collection

The Federal financial regulatory agencies must have condition and income data at least quarterly to properly monitor individual bank and industry trends. Less frequent collection of this information would impair the agencies' ability to monitor financial institutions and could delay regulatory response. For remittance transfers, the agencies are only collecting this information semiannually, which is sufficient to monitor compliance with the regulation.

7. Special Circumstances

There are no special circumstances.

8. Consultation with Persons Outside the OCC

The agencies sought written comment on all items in their 60-day information collection notice. The agencies received comments from two banks, three consumer groups, one government agency, and five bankers' associations on three areas of the proposed collection: consumer deposit account balances, fees on consumer deposit accounts, and remittance transfer information. Generally, three of the bankers' associations objected to the proposal and asked that the agencies not move forward with implementation. The two other bankers' associations and the two banks sought modifications to the proposal. The government agency and the consumer groups all expressed support for the proposal.

The five bankers' associations and two banks also commented on technical aspects of this proposal. Two of the bankers' associations acknowledged that the current proposal represented an improvement over prior proposals submitted by the agencies to disaggregate reporting of deposits held by individuals from those of partnerships and corporations. However, one bankers' association commented generally that bank deposits cannot be readily categorized as proposed. The four other bankers' associations commented that unclear definitions and wording in the proposal could result in different interpretations and varying measurement and reporting methodologies across the industry. More specifically, four of the bankers' associations asked for clarification as to whether the proposal sought separate reporting of deposit balances in products intended solely for consumer use or balances in products intended for personal, household, or family use. The same four bankers' associations also commented that many customers that use products targeted to consumers are actually sole proprietors, microbusiness owners, and others with non-consumer purposes and that these customers' accounts are hard to distinguish from those used entirely for consumer purposes. The four bankers' associations further commented that "many retail account customers migrate to [become] business customers and *vice versa*" and thus are difficult to classify. One bank commented that while it offers both business and consumer accounts, it does not distinguish these two types of accounts within its general ledger. Another bank that stated that it offers both personal and business accounts asked whether it would need to report balances held in these products separately if the products share the same account terms.

Some commenters also expressed concern about the burden and timing of the proposal. One of the bankers' associations commented that this proposal adds to institutions' overall

regulatory burden and expressed particular concern that “many community banks with over \$1 billion in assets would be adversely impacted by this proposal.” This bankers’ association consequently proposed that only banks with \$10 billion or more in assets be subjected to the new requirements. Four of the bankers’ associations commented that the proposal would not allow sufficient time for banks to implement changes necessary to meet the new reporting requirements. Three bankers’ associations proposed that the agencies not move forward with implementation without consulting further with their respective community bank advisory councils and others in the industry, while another bankers’ association and one bank proposed delaying implementation until March 2014 or later next year. The bankers’ association that proposed delaying implementation until March 2014 also proposed that the agencies do so with clarification regarding what constitutes a consumer product and how banks should treat balances held in consumer accounts by sole proprietors.

The government agency and three consumer groups, in contrast, all supported the proposed changes. One consumer group commented that the proposed change would provide important insight into how consumers access and use deposit products and how institutions serve consumers. Two consumer groups commented that the data would aid regulators in monitoring and ensuring safety and soundness. One consumer group proposed that the agencies eliminate the \$1 billion threshold and collect the proposed data from all banks.

The agencies also held two outreach calls, one with a bank trade group and another with a bank data service provider. During the call with the trade group, the group’s members expressed concerns about the timing and feasibility of the data collection for remittance transfer information, consumer deposit account balances, and consumer deposit account fees. During the call with the data service provider, the provider acknowledged that it provides products that could allow banks to collect information on deposit account balances and fee breakouts. However, the provider stated that many of their customers had not purchased that product or activated the features that would allow collecting the information, as it would increase the costs to the banks to implement those changes.

After considering the comments, the agencies decided to postpone the data collection for the consumer deposit account balances until March 31, 2014, and the collection of deposit account balance fee amounts until March 31, 2015. In addition, the agencies are exempting all institutions under \$1 billion in assets from reporting the deposit fee data. For institutions with assets greater than \$1 billion, they will have until March 31, 2015 to reconfigure their systems to report this new data.

The agencies also sought comment in the 30-day information collection submission notice. The agencies received two comments from banking organizations and one comment from a bank trade association. The commenters primarily raised concerns about the cost and potential burden of implementing the data collection related to deposit account balances and service charges. One institution also raised cost and burden concerns about the collection related to remittance transfer reporting. The agencies responded to similar comments on the 60-day notice by establishing an institution size threshold for reporting certain information and postponing the collections to reduce the immediate burden on banking institutions. The agencies considered the

commenters' concerns, but do not believe they necessitate any additional modifications. Therefore, the agencies decided not to make any changes for the final collection.

9. Payment or Gift to Respondents

No payments or gifts will be given to respondents.

10. Confidentiality

Except for selected data items, the Call Report is not given confidential treatment.

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

Estimated Number of Respondents: 1,807 national banks and federal savings associations.

Estimated Time per Response: 57.03 burden hours per quarter to file.

Estimated Total Annual Burden: 412,213 burden hours.

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

Clerical:	20% x 412,213 =	82,442.60 @ \$20 =	\$ 1,648,852.00
Managerial/technical:	65% x 412,213 =	267,938.45 @ \$40 =	\$ 10,717,538.00
Senior mgmt/professional:	14% x 412,213 =	57,709.82 @ \$80 =	\$ 4,616,785.60
Legal:	01% x 412,213 =	4,122.13 @ \$100 =	<u>\$ 412,213.00</u>
Total:			\$ 17,395,388.60

13. Capital, Start-up, and Operating Costs

Not applicable.

14. Estimates of Annualized Cost to the Federal Government

Not applicable.

15. Change in Burden

Former burden: 406,141 burden hours.

New burden: 412,213 burden hours.
Change: + 6,072 burden hours.

The increase in burden is due to the additional questions and the breakdown of existing questions.

16. Publication

Not applicable.

17. Exceptions to Expiration Date Display

None.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.