Supporting Statement for the
Consolidated Reports of Condition and Income
(FFIEC 031 and FFIEC 041; OMB No. 7100-0036)

Summary

The Board of Governors of the Federal Reserve System requests approval from the Office of Management and Budget (OMB) to extend, with revision, the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 and FFIEC 041; OMB No. 7100-0036). These data are required of state member banks and are filed on a quarterly basis. The revisions to the Call Reports that are the subject of this request have been approved by the FFIEC. The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) have also submitted a similar request for OMB review to request this information from banks under their supervision.

The Federal Reserve requires information collected on the Call Reports to fulfill its statutory obligation to supervise state member banks. State member banks are required to file both detailed schedules of assets, liabilities, and capital accounts in the form of a condition report and summary statement as well as detailed schedules of operating income and expense, sources and disposition of income, and changes in equity capital.

The Federal Reserve, the FDIC, and the OCC (the "agencies") are proposing to implement in March 2014 (1) information about international remittance transfers; (2) reporting requirements for depository institution trade names; and (3) 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 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. In addition, 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. The current annual burden for the Call Reports is estimated to be 192,724 hours and the proposed revisions are estimated to increase the annual burden by 2,691 hours.

Background and Justification

Banks that are members of the Federal Reserve System are required by law to file reports of condition with the Federal Reserve System. Section 9(6) of the Federal Reserve Act (12 U.S.C. § 324) states:

> ... banks ... shall be required to make reports of condition and of the payment of dividends to the Federal Reserve Bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal Reserve Bank on dates to be fixed by the Board of Governors of the Federal Reserve System. ...Such reports of

> condition shall be in such form and shall contain such information as the Board of Governors of the Federal Reserve System may require and shall be published by the reporting banks in such manner and in accordance with such regulations as the said Board may prescribe.

In discharging this statutory responsibility, the Board of Governors, acting in concert with the other federal banking supervisory agencies since 1979 through the FFIEC, requires banks to submit on the quarterly Reports of Condition and Income such financial data as are needed by the Federal Reserve System to: (1) supervise and regulate banks through monitoring of their financial condition, ensuring the continued safety of the public's monies and the overall soundness of the nation's financial structure, and (2) contribute information needed for background for the proper discharge of the Federal Reserve's monetary policy responsibilities. The use of the data is not limited to the federal government, but extends to state and local governments, the banking industry, securities analysts, and the academic community.

Description of Information Collection

The Call Reports collect basic financial data from commercial banks in the form of a balance sheet, income statement, and supporting schedules. The Report of Condition contains supporting schedules that provide detail on assets, liabilities, and capital accounts. The Report of Income contains supporting schedules that provide detail on income and expenses.

Within the Call Report information collection system as a whole, there are two reporting forms that apply to different categories of banks: (1) all banks that have domestic and foreign offices (FFIEC 031), and (2) banks with domestic offices only (FFIEC 041). Prior to March 2001, there were four categories of banks and four reporting forms. The FFIEC 031 was filed by banks with domestic and foreign offices and the FFIEC 032, FFIEC 033, and FFIEC 034 were filed by banks with domestic offices only and were filed according to the asset size of the bank.

There is no other series of reporting forms that collect from all commercial and savings banks the information gathered through the Reports of Condition and Income. There are other information collections that tend to duplicate certain parts of the Call Reports; however, the information they provide would be of limited value as a replacement for the Call Reports. For example, the Federal Reserve collects various data in connection with its measurement of monetary aggregates, of bank credit, and of flow of funds. Reporting banks supply the Federal Reserve with detailed information relating to such balance sheet accounts as balances due from depository institutions, loans, and deposit liabilities. The Federal Reserve also collects financial data from bank holding companies on a regular basis. Such data are presented for the holding company on a consolidated basis, including its banking and nonbanking subsidiaries, and on a parent company only basis.

However, Federal Reserve reporting forms from banks are frequently obtained on a sample basis rather than from all insured banks. Moreover, these reporting forms are often prepared as of dates other than the last business day of each quarter, which would seriously limit their comparability. Institutions below a certain size are exempt entirely from some Federal Reserve reporting requirements. Data collected from bank holding companies on a consolidated

basis reflect an aggregate amount for all subsidiaries within the organization, including banking and nonbanking subsidiaries, so that the actual dollar amounts applicable to any bank subsidiary are not determinable from the holding company reporting forms. Hence, these reporting forms could not be a viable replacement for even a significant portion of the Call Reports since the Federal Reserve, in its role as supervisor of insured state member banks, would be lacking the data necessary to assess the financial condition of individual insured banks to determine whether there had been any deterioration in their condition.

Beginning March 1998, all banks were required to transmit their Call Report data electronically. Banks do not have to submit hard copy Call Reports to any federal bank supervisory agency unless specifically requested to do so.

Proposed Revisions

Effective March 31, 2014, institutions would begin to report (1) information about international remittance transfers (including certain questions about remittance transfer activity and, for institutions not qualifying for the Bureau of Consumer Financial Protection (Bureau) safe harbor, certain data on the estimated number and dollar value of remittance transfers) on an initial basis and semiannually thereafter as of each June 30 and December 31; (2) trade names (other than an institution's legal title) used to identify physical branches and the Uniform Resource Locators of all public-facing Internet websites (other than the institution's primary Internet website) that are used to accept or solicit deposits from the public; and (3) their response to a yes-no screening question asking 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.

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.

In addition, the agencies have decided not to implement at this time the proposed annual item for the total consolidated liabilities of an institution's parent depository institution holding company that is not a bank or savings and loan holding company.

For the March 31, 2014, and March 31, 2015, report dates, as applicable, institutions may provide reasonable estimates for any new or revised Call Report item initially required to be reported as of that date for which the requested information is not readily available.

Remittance Transfers

The agencies are proposing to add a new item 16 to Schedule RC-M, Memoranda, to collect data regarding certain international transfers of funds. The new item would include multiple choice questions directed to all institutions regarding their participation in the remittance transfer market and seek additional information from those institutions that provided

more than 100 remittance transfers in the prior calendar year or expect to provide more than 100 remittance transfers in the current calendar year. The additional information would cover payment systems, the number and dollar value of transfers sent, and the use of a certain regulatory exception.

The agencies' proposal is related to section 1073 of the Dodd-Frank Act, which amended the Electronic Fund Transfer Act (EFTA) to create a consumer protection regime for remittance transfers, i.e., certain electronic transfers of funds requested by consumer senders to designated recipients abroad that are sent by remittance transfer providers. To implement the Dodd-Frank Act's remittance transfer requirements, the Bureau issued rules that were set to take effect on February 7, 2013, but were then amended and took effect on October 28, 2013. See 78 FR 49365 (Aug. 14, 2013); 78 FR 30662 (May 22, 2013); 77 FR 50244 (Aug. 20, 2012); 77 FR 40459 (July 10, 2012); 77 FR 6194 (Feb. 7, 2012) (collectively, "remittance transfer rule").

The remittance transfer rule applies only to entities that offer remittance transfers in the normal course of their business and that are thus deemed "remittance transfer providers." The remittance transfer rule includes a safe harbor under which a person, including an insured depository institution, that provided 100 or fewer remittance transfers in the previous calendar year and provides 100 or fewer remittance transfers in the current calendar year is deemed not to provide remittance transfers in the normal course of its business and thus is not subject to the Dodd-Frank Act requirements. See generally 12 CFR 1005.30(e) (defining "remittance transfer"); 12 CFR 1005.30(f) (defining "remittance transfer provider"). Furthermore, section 1073 of the Dodd-Frank Act provides insured banks, savings associations, and credit unions a temporary exception under which they may provide estimates for certain disclosures in some instances. The exception expires five years after the enactment of the Dodd-Frank Act, i.e., on July 21, 2015. If the Bureau determines that expiration of this "temporary exception" would negatively affect the ability of insured institutions to send remittances to foreign countries, the Bureau may extend the exception to not longer than 10 years after enactment of the Dodd-Frank Act. See 15 U.S.C. 1693o-1(a)(4)(B); see also 77 FR 6194, 6243 (Feb. 7, 2012).

The available data regarding the transactions and institutions covered by section 1073 of the Dodd-Frank Act are very limited. The lack of comprehensive reliable data regarding remittance transfers by institutions could restrict the agencies' and the Bureau's abilities to provide supervisory oversight and to monitor important industry trends. For example, the agencies acknowledge that some industry participants and industry associations had suggested that the Dodd-Frank Act's remittance transfer requirements, as implemented through the remittance transfer rule at that time, might cause some institutions to change or stop providing remittance transfer services. Changes to remittance transfer services could affect individual institutions' compliance requirements and have an impact on the nature and scope of services available to consumers who want to send money abroad. However, the agencies do not know of any comprehensive data source that will provide information on whether or not these changes take place.

The new item regarding remittance transfers could facilitate monitoring of market entry and exit, which would improve understanding of the consumer payments landscape generally, and facilitate evaluation of the remittance transfer rule's impact. The data regarding the services

offered and systems used by individual institutions could enable the agencies to refine supervisory procedures and policies. Finally, the proposed new item would help inform any later policy decisions regarding remittance transfers and activities regarding remittance transfers that are mandated by section 1073 of the Dodd-Frank Act.

Proposed item 16.a would include a one-time question and an ongoing question, both of which ask about the types of international transfer services the reporting institution offered to consumers. Item 16.a would exclude transfers that are outside the scope of the remittance transfer rule and focus on the regulatory definition of remittance transfer, as if it had been in effect during 2012, and to report only on whether they did offer or currently offer transfers to consumers that fall into two categories: (a) those that are "remittance transfers" as defined by subpart B of Regulation E, or (b) those that would qualify as "remittance transfers" under subpart B of Regulation E but that are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See generally 12 CFR 1005.30(e) (defining "remittance transfer"); 12 CFR 1005.30(f) (defining "remittance transfer provider"). Institutions should not consider transfers sent as a correspondent bank for other providers. The options listed in the proposed one-time and ongoing questions in item 16.a would include the following four categories: international wire transfers, international ACH transactions, other proprietary services operated by the reporting institution, and other proprietary services operated by another party. The agencies believe that both the one-time and the ongoing question are critical to assess important public policy questions regarding participation in and potential exit from the remittance transfer market. In 2013, the Bureau published amendments to the remittance transfer rule that it stated could reduce the chance of entities exiting the market or reducing their services. See 78 FR 30662, 30696-98 (May 22, 2013). Still, the agencies believe that the impact of the remittance transfer rule on market participation is uncertain; improved data could inform ongoing activities as well as monitoring by the Bureau.

Proposed item 16.b would be an annual screening question as to whether the reporting institution provided more than 100 remittance transfers in the prior calendar year or expects to provide more than 100 remittance transfers in the current calendar year. The agencies believe the question would be useful for assessing the application of the 100-transfer safe-harbor, for supervision and other purposes.

Proposed items 16.c and 16.d would seek additional data from the subset of reporting institutions that answer "yes" to the screening question regarding the 100-transfer threshold.

Proposed item 16.c would ask institutions to identify among three of the options listed in item 16.a.(2), which method the institution estimates accounts for the largest number of the institution's remittance transfers. The same definitions and limitations that would apply to item 16.a would apply to item 16.c. Only the three methods listed in item 16.a for which the institution is the provider would be covered by the question in item 16.c (international wire transfers (item 16.a.(2)(a)), international ACH transactions (item 16.a.(2)(b)), and other proprietary services operated by the institution (item 16.a.(2)(c))). Institutions should use reasonable and supportable estimation methodologies to respond to item 16.c. The agencies believe item 16.c, regarding the principal method of international transfers, would ensure that the

agencies have some information about the relative concentration or share of different types of remittance transfer services.

Proposed item 16.d would seek information regarding the number and dollar value of remittance transfers provided, as well as the use of the temporary exception. The item would seek only single totals regarding the number and dollar value of transfers, and the use of the temporary exception. Furthermore, the item would only seek data regarding transfers for which the reporting institution is the provider. In other words, it would not seek data regarding transactions for which a reporting institution is a correspondent bank or agent, and another entity is the provider. Similar to the other elements of item 16, item 16.d would seek information only about transfers that (a) are "remittance transfers" as defined by subpart B of Regulation E, or (b) would qualify as "remittance transfers" under subpart B of Regulation E but that are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. As with item 16.b, a transfer should be counted (or reflected in estimates) on the date of the transfer. The agencies believe that the data regarding the number and dollar value of remittance transfers and the use of the temporary exception would assist in their supervisory responsibilities for their institutions that conduct these transactions and serve important public purposes. Currently, there is no data from which the agencies or the Bureau can estimate, with any reasonable degree of confidence, the portion of the remittance transfer market covered by banks and savings associations, collectively or individually. Nor do they know about the participation of reporting institutions in various segments of the market, such as the segment of very large wire transfers and those of more modest sizes. The new information would significantly improve the ability of the agencies and the FFIEC to understand these basic characteristics of the market. Improved basic data can, in turn, help the agencies (as well as the Bureau) appropriately design ongoing activities regarding remittance transfers, including those mandated under section 1073 of the Dodd-Frank Act. Data regarding the number of institutions' remittance transfers can also contribute to monitoring of the Bureau's 100-transfer safe harbor. The agencies also believe data regarding insured institutions' activities in the remittances market may inform any later analysis related to the remittance rule's temporary exception for these institutions.

The new items would be effective as of the March 31, 2014, report date and items 16.a, 16.c, and 16.d would be collected semiannually thereafter as of each June 30 and December 31. Item 16.b would be collected annually thereafter as of each June 30.

Depository Institution Trade Names

In the absence of complete and current information on trade names used by depository institutions, the agencies propose to supplement the reporting of the Uniform Resource Locator (URL) of each institution's primary Internet website address, which has been collected for more than ten years in item 8 of Call Report Schedule RC-M, Memoranda, by having the institution report any other trade names it uses. More specifically, the agencies propose to add text fields to this Schedule RC-M item in which an institution that uses one or more trade names to identify branch offices and Internet websites would report all trade names (other than its legal title) used by these physical locations and the URLs for all public-facing website addresses affiliated with the institution. An institution using one or more trade names to identify Internet websites and

branch offices would report the URLs for all public-facing websites affiliated with the institution in new item 8.b of Schedule RC-M and all trade names (other than its legal title) used by these physical locations in new item 8.c.

Although there may be valid business reasons for an FDIC-insured institution to operate under one or more trade names, this practice can confuse customers as to the insured status of the institution as well as the legal name of the insured institution that holds their deposits. Customers, for example, could inadvertently exceed the deposit insurance limits if they do business with two different branches or websites that are, in fact, not separately insured, but rather are affiliated with the same FDIC-insured depository institution and thus subject to a single deposit insurance limit. Furthermore, customers risk monetary losses if they deal with fraudulent websites using trade names that purport to be insured depository institutions because customers cannot confirm whether the websites are, in fact, affiliated with an insured institution via the FDIC's publicly available Institution Directory or BankFind systems.

The agencies' Interagency Statement on Branch Names, issued in 1998, describes measures an insured institution should take to guard against customer confusion about the identity of the institution or the extent of FDIC insurance coverage if the institution "intends to use a different name for a branch or other facility" or "over a computer network such as the Internet." However, this guidance did not require institutions to inform customers of their legal identity nor did it establish a formal notification requirement for the trade names an institution uses.

As the agency that insures deposits in banks and savings associations, the FDIC regularly receives inquiries from the public about whether a particular institution, as identified by the name on its physical facilities, in print or other traditional media advertisements, or on Internet websites, represents an insured depository institution. The FDIC has found that many institutions commonly have multiple websites and that websites operated by insured institutions often do not clearly state the institution's legal (chartered) name. Moreover, because insured institutions at present are not required to report the multiple trade names that they use, including Internet websites other than their primary website, the FDIC's publicly available databases that identify insured institutions do not include trade name data that links the trade names to a specific insured institution and its deposit insurance certificate number. As a consequence, the FDIC is unable to effectively serve as an information resource for depositors and the public concerning the insured status of a physical branch office that uses a trade name rather than the legal name of an insured institution or an Internet website address other than the institution's primary address. Although the FDIC researches trade names and collects trade name information in response to inquiries from the public, this information is incomplete, lags behind the creation of new trade names, and depends on inquiries from the public to identify previously unknown trade names.

Consumer Deposit Account Balances

Schedule RC-E currently requires institutions to report separately transaction account and nontransaction account balances held in domestic offices according to broad categories of depositors. Over 90 percent of the reported balances are attributed to the category of depositors

that includes "individuals, partnerships, and corporations." Deposits that are held by individual consumers are not distinguished from deposits held by partnerships or corporations.

Surveys indicate that over 90 percent of U.S. households maintain at least one deposit account. However, there is currently no reliable source from which to calculate the amount of funds held in consumer accounts.

The agencies propose to modify Schedule RC-E, Deposit Liabilities, to collect and distinguish certain deposit data by type of depositor for institutions with $1 billion or more in total assets. More detailed Call Report data would enhance the agencies' and Bureau's abilities to monitor consumer use of deposit accounts as transactional, savings, and investment vehicles; assess institutional liquidity risk; and assess institutional funding stability.

To identify the institutions that would be subject to these proposed new reporting requirements, the agencies propose a screening question in Schedule RC-E concerning whether an institution offers consumer deposit accounts, i.e., accounts intended for use by individuals for personal, household, or family purposes. If an institution has $1 billion or more in total assets and responds affirmatively to the screening question, the institution would be subject to the proposed new Schedule RC-E consumer deposit account reporting requirements; otherwise, it would not be subject to the proposed new Schedule RC-E reporting requirements. Regardless of how an institution with less than $1 billion in total assets responds to the screening question, it would be exempt from the proposed Schedule RC-E consumer deposit account balance reporting requirements.

The agencies believe that most institutions maintain distinct transaction and nontransaction savings deposit products specifically intended for consumer use and that these institutional distinctions would enable institutions to utilize the same totals maintained on their deposit systems of record and in their internal general ledger accounts to provide the proposed new consumer deposit account balance data. The agencies understand that most institutions define time deposit products by tenure and rate and do not typically maintain time deposit accounts exclusively targeted to consumers. Thus, the proposal pertains only to non-time deposits in domestic offices.

The agencies believe that most depository institutions with distinct transaction and nontransaction savings deposit product offerings have instances in which proprietorships and microbusinesses utilize consumer deposit products; however, the agencies believe that these balances would not diminish the value of the insight gained into the structure of institutions' deposits.

At the same time, the agencies anticipated that certain institutions cater almost exclusively to non-consumer depositors, and as such, may not maintain segment-specific products. The agencies propose to identify these institutions by requiring all institutions to respond to the following screening question (which would be designated as Memorandum item 5 of Schedule RC-E): "Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?" Institutions with total assets of $1

billion or more answering "yes" to this screening question would be subject to the proposed new Schedule RC-E consumer deposit account reporting requirements. Institutions with total assets of less than $1 billion or answering "no" to the question would be exempt from these new reporting requirements and would continue to report deposit totals in Schedule RC-E as they currently do.

The $1 billion threshold proposes to limit the incremental cost and burden of reporting consumer deposit account balances to institutions whose total assets place them above the size level commonly used to distinguish community institutions from other institutions. Although the proposed threshold would exempt a substantial percentage of institutions from reporting their consumer deposit account balances, data on such balances from institutions with $1 billion or more in total assets will still yield broad marketplace insight. The agencies propose to revise Schedule RC-E (part I) further by adding a new Memorandum item 6 to follow the new Memorandum item 5 screening question described above. Specifically, new Memorandum item 6, "Components of total transaction account deposits of individuals, partnerships, and corporations," would be completed by institutions with total assets of $1 billion or more that responded "yes" to the screening question posed in new Memorandum item 5. Proposed new Memorandum item 6 would include the following three-way breakdown of these transaction accounts, the sum of which would need to equal Schedule RC-E, (part I), item 1, column A:

- In Memorandum item 6.a, "Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use," institutions would report the amount of deposits reported in Schedule RC-E, (part I), item 1, column A, held in noninterest-bearing transaction accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. The item would exclude certified and official checks as well as pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 6.b, "Total deposits in those interest-bearing transaction account deposit products intended for individuals for personal, household, or family use," institutions would report the amount of deposits reported in Schedule RC-E, (part I), item 1, column A, held in interest-bearing transaction accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. The item would exclude pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 6.c, "Total deposits in all other transaction accounts of individuals, partnerships, and corporations," institutions would report the amount of all other transaction account deposits included in Schedule RC-E, (part I), item 1, column A, that were not reported in Memorandum items 6.a and 6.b. If an institution offers one or more transaction account deposit products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, but has other transaction account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution would report the entire amount of these latter transaction account deposit products in Memorandum item 6.c. For example, if an institution

that responded "yes" to the screening question posed in new Memorandum item 5 has a single negotiable order of withdrawal (NOW) account deposit product that it offers to all depositors eligible to hold such accounts, including individuals, sole proprietorships, certain nonprofit organizations, and certain government units, the institution would report the entire amount of its NOW accounts in Memorandum item 6.c. The institution would not need to identify the NOW accounts held by individuals for personal, household, or family use and report the amount of these accounts in Memorandum item 6.b.

The agencies also propose to revise Schedule RC-E (part I) by adding new Memorandum item 7, "Components of total nontransaction account deposits of individuals, partnerships, and corporations," which would be completed by institutions with total assets of $1 billion or more that responded "yes" to the screening question posed in new Memorandum item 5. Proposed new Memorandum item 7 would include breakdowns of the nontransaction savings deposit accounts of individuals, partnerships, and corporations included in Schedule RC-E, (part I), item 1, column C, as described below. Nontransaction savings deposit accounts consist of money market deposit accounts (MMDAs) and other savings deposits. Specifically, proposed Memorandum item 7.a would include breakouts of "Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations." Proposed Memorandum item 7.b would include breakouts of "Other savings deposit accounts of individuals, partnerships, and corporations." Proposed Memorandum item 7 would exclude all time deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C.

- In Memorandum item 7.a.(1), "Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use," institutions would report the amount of deposits reported in Schedule RC-E, (part I), item 1, column C, held in MMDAs intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. The item would exclude MMDAs in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 7.a.(2), "Deposits in all other MMDAs of individuals, partnerships, and corporations," institutions would report the amount of all other MMDA deposits included in Schedule RC-E, (part I), item 1, column C, that were not reported in Memorandum item 7.a.(1).

- In Memorandum item 7.b.(1), "Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use," institutions would report the amount of deposits reported in Schedule RC-E, (part I), item 1, column C, held in other savings deposit accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. The item would exclude other savings deposit accounts in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 7.b.(2), "Deposits in all other savings deposit accounts of individuals, partnerships, and corporations," institutions would report the amount of all other savings deposits included in Schedule RC-E, (part I), item 1, column C, that were not reported in

Memorandum item 7.b.(1).

As with proposed new Memorandum item 6 on the components of total transaction accounts of individuals, partnerships, and corporations, if an institution offers one or more nontransaction savings account deposit products intended for individuals for personal, household, or family use but also has other nontransaction savings account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution would report the entire amount of this latter category of nontransaction savings account deposit products in Memorandum item 7.a.(2) or 7.b.(2), as appropriate. The sum of proposed Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2), plus the amount of all time deposits of individuals, partnerships, and corporations, would equal Schedule RC-E, (part I), item 1, column C.

Consumer Deposit Service Charges

Call Report Schedule RI, item 5.b, "Service charges on deposit accounts (in domestic offices)," currently requires reporting institutions to report all revenues from service charges on deposits in a single aggregate figure. Service charges on deposits can include dozens of types of fees that institutions levy on consumers, small businesses, large corporations, and other types of deposit customers. Service charges on deposits totaled more than $34 billion for calendar year 2012 and represent a substantial portion of industry operating income. Dependence upon service charges on deposit accounts is generally higher for smaller institutions (those with less than $1 billion in assets, in particular) and may account for 30 percent or more of such institutions' noninterest revenues.

However, there is currently no comprehensive data source from which examiners and policymakers can estimate or evaluate the composition of these fees and how they impact either consumers or the earnings stability of depository institutions. The agencies propose that institutions that offer consumer deposit accounts itemize three key categories of service charges on such deposit accounts: overdraft-related service charges on consumer accounts, periodic maintenance charges on consumer accounts, and consumer ATM fees.

The agencies believe that the vast majority of institutions track individual categories of deposit account service charges as distinct revenue line items within their general ledger or other management information systems, which would facilitate the reporting of service charge information in the Call Report. However, the agencies also recognize that internal accounting and recordkeeping practices may vary across institutions and that disaggregating all types of fees could be burdensome for smaller institutions. Because the agencies believe that overdraft-related, periodic maintenance, and ATM fees are of most immediate concern to supervisors and policymakers, the proposal calls for the separation of these consumer deposit service charges only.

The agencies propose to utilize responses to the proposed Schedule RC-E consumer deposit account screening question described in the preceding section to govern deposit service charge reporting requirements. Specifically, institutions that reported "yes" to the question posed in proposed Schedule RC-E, Memorandum item 5, "Does your institution offer one or

more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?," would be subject to the proposed new reporting requirements of Schedule RI, Memorandum item 15, while those that responded "no" would not. The agencies are also proposing to exempt institutions with total assets less than $1 billion from these reporting requirements.

More specifically, the agencies propose to add a new Memorandum item 15, "Components of service charges on deposit accounts (in domestic offices)" to Schedule RI, which would include the following specific and mutually exclusive items (the sum of which would need to equal Schedule RI, item 5.b):

- Memorandum item 15.a, "Consumer overdraft-related service charges levied on those transaction account and nontransaction saving account deposit products intended primarily for personal, household, or family use." For deposit account products intended, marketed, or presented to the public for individuals for personal, household, and family use, this item would include service charges and fees related to the processing of payments and debits against insufficient funds, including "nonsufficient funds (NSF) check charges," that the institution assesses with respect to items that it either pays or returns unpaid, and all subsequent charges levied against overdrawn accounts, such as extended or sustained overdraft fees charged when accounts maintain a negative balance for a specified period of time, but not including those equivalent to interest and reported elsewhere in Schedule RI ("Interest and fee income on loans (in domestic offices)").

- Memorandum item 15.b, "Consumer account periodic maintenance charges levied on those transaction account and nontransaction saving account deposit products intended primarily for personal, household, or family use." For deposit accounts intended, marketed, or presented to the public primarily for individuals for personal, household, and family use, this item would include service charges for account holders' maintenance of their deposit accounts with the institution (often labeled "monthly maintenance charges"), including charges resulting from the account owners' failure to maintain specified minimum deposit balances or meet other requirements (e.g., requirements related to transacting and to purchasing of other services), as well as fees for transactional activity in excess of specified limits for an account and recurring fees not subject to waiver.

- Memorandum item 15.c, "Consumer customer ATM fees levied on those transaction account and nontransaction saving account deposit products intended primarily for personal, household, or family use." For deposit accounts maintained at the institution and intended, marketed, or presented to the public primarily for individuals for personal, household, and family use, this item would include service charges for transactions, including deposits to or withdrawals from deposit accounts, conducted through the use of ATMs or remote service units (RSUs) owned, operated, or branded by the institution or other institutions. The item would not include service charges levied against deposit accounts maintained at other institutions for transactions conducted through the use of ATMs or RSUs owned, operated, or branded by the reporting institution.

• Memorandum item 15.d, "All other service charges on deposit accounts." This item would include all other service charges on deposit accounts (in domestic offices) not reported in Schedule RI, Memorandum items 15.a, 15.b, and 15.c. Memorandum item 15.d would include service charges and fees on an institution's deposit products intended for use by a broad range of depositors (which may include individuals), rather than being intended, marketed, or presented to the public primarily for individuals for personal, household, and family use. Thus, for such deposit products, an institution would not need to identify the fees charged to accounts held by individuals for personal, household, or family use and report these fees in one of the three categories of consumer deposit fees.

Time Schedule for Information Collection

The Call Reports are collected quarterly as of the end of the last calendar day of March, June, September, and December. Less frequent collection of Call Reports would reduce the Federal Reserve's ability to identify on a timely basis those banks that are experiencing adverse changes in their condition so that appropriate corrective measures can be implemented to restore their safety and soundness. State member banks must submit the Call Reports to the appropriate Federal Reserve Bank within 30 calendar days following the as-of date; a five-day extension is given to banks with more than one foreign office.

Aggregate data are published in the *Federal Reserve Bulletin* and the *Annual Statistical Digest*. Additionally, data are used in the *Uniform Bank Performance Report (UBPR)* and the *Annual Report of the FFIEC*. Individual respondent data, excluding confidential information, are available to the public from the National Technical Information Service in Springfield, Virginia, upon request approximately twelve weeks after the report date. Data are also available from the FFIEC Central Data Repository Public Data Distribution (CDR PDD) website (https://cdr.ffiec.gov/public/). Data for the current quarter are made available, shortly after a bank's submission, beginning the first calendar day after the report date. Updated or revised data may replace data already posted at any time thereafter.

Legal Status

The Board's Legal Division has determined that Section 9 of the Federal Reserve Act (12 U.S.C. § 324) authorizes the Federal Reserve to require these reports from all state member banks. The Board's Legal Division has determined that the following data items are confidential: (1) the FDIC deposit insurance assessment information reported in response to item 2.g on Schedule RI-E, (2) the prepaid deposit insurance assessments information reported in response to item 6.f on schedule RC-F, and (3) the information regarding other data for deposit insurance and FICO assessments reported in respond to memorandum items 6-9 and 14-15 on schedule RC-O. This information can be exempt from disclosure pursuant to the Freedom of Information Act (5 U.S.C. §§ 552 (b)(4) and (8)) for periods beginning June 30, 2009. The Board's Legal Division also determined that the individual respondent information contained in the trust schedule, RC-T are exempt from disclosure pursuant to the Freedom of Information Act (5 U.S.C. §§ 552(b)(4) and (8)) for periods prior to March 31, 2009. Finally, Column A and memorandum item 1 to Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other

Assets are exempt from disclosure pursuant to the Freedom of Information Act (5 U.S.C. §§ 552(b)(4) and (8)) for periods prior to March 31, 2001.

Consultation Outside the Agency and Discussion of Public Comments

On February 21, 2013, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (78 FR 12141) requesting public comment for 60 days on the extension, with revision, of the Call Reports. The comment period for this notice expired on April 22, 2013. The agencies collectively received comments on the proposal from 33 entities: 20 banking organizations, seven bankers' association, four consumer advocacy organizations, one life insurers' association, and one government agency. Many of the comments received opposed one or more of the proposed changes, although some supported one or more of these changes. In addition to reviewing the comments previously submitted, the FFIEC and the agencies gathered additional feedback from meetings with bankers' associations, reporting institutions, and depository institution data processors. The agencies' decisions regarding the proposed changes to the Call Report, including the comments received regarding each proposed change and the agencies' responses thereto, are described in detail below.

Remittance Transfers

The agencies proposed to add a new item 16 to Schedule RC-M, Memoranda, to collect data regarding certain international transfers of funds. The new item would include multiple choice questions directed to all institutions regarding their participation in the remittance transfer market and seek additional information from those institutions that provided more than 100 remittance transfers in the prior calendar year or expect to provide more than 100 remittance transfers in the current calendar year. The additional information would cover payment systems, the number and dollar value of transfers sent, and the use of a certain regulatory exception.

The agencies' proposal was related to section 1073 of the Dodd-Frank Act, which amended the Electronic Fund Transfer Act (EFTA) to create a consumer protection regime for remittance transfers, i.e., certain electronic transfers of funds requested by consumer senders to designated recipients abroad that are sent by remittance transfer providers. To implement the Dodd-Frank Act's remittance transfer requirements, the Bureau issued rules that were set to take effect on February 7, 2013, but were then amended and took effect on October 28, 2013. See 78 FR 49365 (Aug. 14, 2013); 78 FR 30662 (May 22, 2013); 77 FR 50244 (Aug. 20, 2012); 77 FR 40459 (July 10, 2012); 77 FR 6194 (Feb. 7, 2012) (collectively, "remittance transfer rule").

The remittance transfer rule applies only to entities that offer remittance transfers in the normal course of their business and that are thus deemed "remittance transfer providers." The remittance transfer rule includes a safe harbor under which a person, including an insured depository institution, that provided 100 or fewer remittance transfers in the previous calendar year and provides 100 or fewer remittance transfers in the current calendar year is deemed not to provide remittance transfers in the normal course of its business and thus is not subject to the Dodd-Frank Act requirements. See generally 12 CFR 1005.30(e) (defining "remittance transfer"); 12 CFR 1005.30(f) (defining "remittance transfer provider"). Furthermore, section 1073 of the Dodd-Frank Act provides insured banks, savings associations, and credit unions a

temporary exception under which they may provide estimates for certain disclosures in some instances. The exception expires five years after the enactment of the Dodd-Frank Act, i.e., on July 21, 2015. If the Bureau determines that expiration of this "temporary exception" would negatively affect the ability of insured institutions to send remittances to foreign countries, the Bureau may extend the exception to not longer than 10 years after enactment of the Dodd-Frank Act. See 15 U.S.C. 1693o-1(a)(4)(B); see also 77 FR 6194, 6243 (Feb. 7, 2012).

In the February 2013 *Federal Register* notice proposing revisions to the Call Report, the agencies explained that the available data regarding the transactions and institutions covered by section 1073 of the Dodd-Frank Act are very limited. The agencies stated that the lack of comprehensive reliable data regarding remittance transfers by institutions could restrict the agencies' and the Bureau's abilities to provide supervisory oversight and to monitor important industry trends. For example, the agencies acknowledged that some industry participants and industry associations had suggested that the Dodd-Frank Act's remittance transfer requirements, as implemented through the remittance transfer rule at that time, might cause some institutions to change or stop providing remittance transfer services. Changes to remittance transfer services could affect individual institutions' compliance requirements and have an impact on the nature and scope of services available to consumers who want to send money abroad. However, the FFIEC and the agencies do not know of any comprehensive data source that will provide information on whether or not these changes take place.

The agencies stated that the new item regarding remittance transfers could facilitate monitoring of market entry and exit, which would improve understanding of the consumer payments landscape generally, and facilitate evaluation of the remittance transfer rule's impact. The agencies also explained that data regarding the services offered and systems used by individual institutions could enable the FFIEC and the agencies to refine supervisory procedures and policies. Finally, the agencies stated that the proposed new item would help inform any later policy decisions regarding remittance transfers and activities regarding remittance transfers that are mandated by section 1073 of the Dodd-Frank Act.

The agencies proposed that new item 16 be introduced to Schedule RC-M in the second quarter of 2013 but also stated that they would consider a later implementation date in light of a Bureau proposal to change the effective date of the remittance transfer rule. The proposal was pending at the time of the agencies' February 2013 notice and has since been finalized. See 78 FR 30662 (May 22, 2013); 77 FR 77188 (Dec. 31, 2012).

The agencies received six comments on proposed item 16: two from sets of bankers' associations, one from a financial holding company, and three from consumer groups. Three bankers' associations submitted a combined comment letter; these same three bankers' associations also submitted a second combined letter with two other bankers' associations. The five bankers' associations stated that they generally support the collection of data that would provide information regarding the impact of the remittance transfer rule but suggested that some or all of proposed item 16 is better suited to a separate data collection. They also proposed modifications to, and requested delay of, the proposed new item. Three bankers' associations objected to the purpose of proposed item 16 and asked the agencies to withdraw the proposal and engage in further outreach, including with community bank advisory councils. The financial

holding company also sought delay of the new item, commented that the proposed new item sought too much detail, and expressed concern about the time and resources that would be required to change systems to report the requested data. The consumer groups generally supported proposed item 16 and suggested an additional subitem. The discussion below first addresses the general comments received about proposed item 16. The discussion then addresses comments specific to proposed subitems.

Proposed Schedule RC-M, Item 16, Generally

The five bankers' associations agreed with the agencies' assessment of the lack of available data regarding remittance transfers and stated support for the collection of data regarding the impact of the remittance transfer rule. However, the associations recommended that such data be collected through a separate mandatory survey (or set of surveys). The associations argued that a separate collection is appropriate because the Call Report does not apply to all providers of remittance transfers, such as non-depository money transmitters or branches of foreign institutions, and because institutions might not be able to attest to the proposed volume, dollar value, and temporary exception data for some time due to the need to build new reporting systems and test the relevant data. The associations also argued that quarterly collection was not necessary to identify market trends and that less frequent collection would suffice.

Separately, the three bankers' associations similarly commented that the agencies should withdraw the proposed item because the Call Report does not apply to all companies that provide remittance transfers, and thus cannot provide a complete picture of market trends. The three associations also expressed concern that the proposed item 16 would disproportionately affect banks, and could lead to both an incomplete picture of the market and inadequate policies for banks. As with the proposed collections regarding deposit balances and fees, the three associations questioned what they perceived as the Bureau's participation in a safety and soundness data collection. Further, these associations characterized proposed item 16 as a departure from standard Call Report practice. The associations questioned the agencies' authority to propose item 16 due to its focus on consumer utilization of payment systems and because item 16 might serve policy purposes other than the safety and soundness of the respondent institutions. They also stated that non-financial data was not appropriate for the Call Report, due to the requirement for attestation to Call Report submissions. They stated that the departments that generally validate non-financial data may be different from those that validate financial data.

In the combined letter from three bankers' associations, one association also stated a general concern that it might be preferable to keep confidential reporting of finely disaggregated data. However, while the same association expressed in more detail its concerns about the collection of deposit fee data, the association did not describe any concern particular to the proposed collection regarding remittance transfers. Relatedly, in suggesting mandatory surveys separate from the Call Report, the five bankers' associations stated that they assumed that data in response to such surveys would be kept confidential, but did not explain why such data should be kept confidential or suggest that data fields included in the Call Report should be confidential.

In contrast, the three consumer groups generally supported the proposed data collection. One group stated that the proposed collection would assist regulators in their duties to identify and address problems and encouraged data collection from banks of all sizes. Another consumer group stated the proposed data would inform supervision related to the remittance transfer rule, aid evaluation of the impact of the rule, and help ensure security of transfers.

After considering the comments received, the agencies propose to add to Schedule RC-M a new item 16 regarding international remittance transfers, but in response to the comments received and as described in more detail below, propose to narrow the scope of the data collection, reduce its frequency to semiannual after the initial collection (and annual, for one subitem), and permit estimation of the requested figures. The new item would be effective as of the March 31, 2014, report date and would be collected semiannually thereafter as of each June 30 and December 31. As discussed in more detail below, the FFIEC and the agencies continue to believe that information regarding remittance transfers is important to inform activities related to the new remittance transfer rule, for which all of the agencies, as well as the Bureau, have related authority (15 U.S.C. 1693o). The data could also inform the implementation of other Dodd-Frank Act remittances-related mandates, which place requirements on the agencies (as well as other entities). See Dodd-Frank Act sections 1073(b), (c). Furthermore, the FFIEC and the agencies believe that it is particularly important to support the Bureau's efforts to monitor the market regarding remittance transfers due to the lack of existing data and because of the difficulty of predicting the impact of the remittance transfer rule in a market that has previously been subject to little federal regulation and oversight. See generally Dodd Frank Act sections 1021(c)(3) and 1022(c)(1) (regarding Bureau's market monitoring function).

The FFIEC and the agencies also believe that this collection is both appropriate for and consistent with the purpose of the Call Report. A separate, but also mandatory, survey of banks and savings associations could be more burdensome for institutions than additions to the Call Report, with which institutions are already familiar. Further, for the same reasons described above, the FFIEC and the agencies disagree with commenters' suggestion that the Bureau's participation in FFIEC makes any Call Report collection improper. Also for the reasons described above, it is appropriate for the Call Report to be used to collect consumer protection-related data. Finally, as noted earlier, the Call Report of the FFIEC and the agencies does not extend to entities other than reporting institutions supervised by the Board, the FDIC, and the OCC.

The FFIEC and the agencies do not share commenters' concern that collecting remittance transfer data would unfairly burden reporting institutions or could lead to policies that are inadequate. To the contrary, they believe that additional data regarding banks and savings associations can only lead to policymaking that is better informed, given the dearth of currently available information. Despite the importance of the temporary exception and other elements of the remittance transfer rule to banks and savings associations, far less is known about these institutions' remittance transfer businesses than is known about other providers of remittance transfers, many of which already report data similar to the information that proposed item 16 would produce.

The FFIEC and the agencies note that in the non-depository segment of the market, the

Financial Crimes Enforcement Network and many states publish online lists of non-depository registrants or licensees engaged in money transmission. A number of state regulators also require non-depository money transmitters to submit reports that include information on the number and/or dollar value of money transfers or transmissions provided. Additionally, the FDIC has surveyed consumers regarding their use of non-depository companies to make certain international transfers.

Credit unions also report information related to remittance transfers. Prior to June 2013, the NCUA's Credit Union Profile Form had required credit unions to indicate whether or not they offered international wires, low-cost wire transfers, or low value cross-border person-to-person transfers, which the NCUA had defined as international remittances. That form also sought information on the systems that credit unions used to process electronic payments generally, as well as the processes that members could use to initiate wire transfers. In June 2013, credit unions began reporting on the NCUA's 5300 Call Report form the number of remittance transfers originated during the year to date. In September 2013, the NCUA's Credit Union Profile Form was revised to add additional questions relevant to remittance transfers. As revised, the form continues to seek information about the systems used to process electronic payments and whether or not credit unions offer international wire transfers. The form also asks about the processes that members can use to initiate electronic payments generally and seeks new information about whether credit unions offer international automated clearing house (ACH) transfers, as well as whether credit unions offer particular types of remittance transfer services.

The agencies recognize the concerns expressed by some commenters about institutions' ability to attest to accurate figures soon after the effective date of the remittance transfer rule. The agencies have delayed the proposed implementation of the new item to March 31, 2014, which is more than five months after the remittance transfer rule took effect. Furthermore, as discussed in more detail below, the agencies would permit reporting institutions to estimate all figures sought by item 16. This allowance for estimates should alleviate concerns regarding attestation, as the Call Report only requires attestation that the reports "have been prepared in conformance with the instructions" and are "true and correct." In other words, institutions do not attest to the exact accuracy of figures in cases in which the instructions permit estimation.

The agencies further note that the reliance on operational data should not be a general bar to Call Report attestation. The questions seeking operational data are consistent with the existing Call Report form, which already includes items that would likely require institutions to draw on operational data. These items include Schedule RI, Memoranda item 5, regarding the number of full-time equivalent employees, Schedule RC-E, Memoranda items 1.c through 1.f, regarding the amount of brokered deposits and other deposits obtained through deposit listing services, and Schedule RC-L, items 11.a and 11.b, regarding year-to-date merchant credit card sales volume.

In response to the general comments received, the FFIEC and the agencies believe it is appropriate to continue to propose item 16.b as annual and generally to reduce the reporting frequency of the three other subitems in proposed item 16 (items 16.a, 16.c, and 16.d) from quarterly to semiannual. Items 16.a, 16.b, 16.c, and 16.d would all be collected as of March 31, 2014, on an initial basis. Items 16.a, 16.c, and 16.d would be collected semiannually thereafter as of each June 30 and December 31. Item 16.b would be collected annually thereafter as of

each June 30. The FFIEC and the agencies recognize that there may be incremental effort associated with more frequent reporting, and agree with the bankers' associations' assessment that reporting institutions are unlikely to experience dramatic changes in their remittance transfer offerings from quarter to quarter.

To the extent that one bankers' association expressed a general concern regarding the public nature of the proposed new data items, the agencies do not believe the concern applies to item 16 in Schedule RC-M in the modified form in which the FFIEC and the agencies now propose to implement it. The FFIEC and the agencies believe that the data that would be collected by the new item 16 are sufficiently aggregated to not present any confidentiality concerns.

Subitems in Proposed Schedule RC-M, Item 16

In addition to commenting on proposed item 16 generally, the five bankers' associations, the financial holding company, and one consumer group commented on specific subitems within proposed item 16. Each subitem is discussed in turn below.

The agencies proposed item 16.a to include a one-time question and an ongoing quarterly question, both of which asked about the types of international transfer services the reporting institution offered to consumers. The proposed questions were structured in a multiple choice format, and the agencies sought comment on, among other things, the options listed. The five bankers' associations suggested that proposed questions only seek information regarding transfers that satisfy the regulatory definition of "remittance transfer." The five associations also sought clarification of one of the multiple choice options, services that the agencies described as "other proprietary services offered by the reporting institution." Furthermore, the associations suggested eliminating the proposed "other" category and replacing it with specific options, such as for online bill pay or prepaid card services, for clarity. The financial holding company suggested that the proposed detail would be burdensome, complex, and unnecessary.

The agencies propose to add to the Call Report the one-time question and the ongoing question largely as proposed previously. However, the ongoing question in item 16.a would be collected as of March 31, 2014, on an initial basis and semiannually thereafter as of each June 30 and December 31, rather than quarterly, as earlier proposed. The one-time and ongoing questions also would reflect several modifications and clarifications that respond to the comments received.

First, item 16.a would be narrowed to exclude transfers that are outside the scope of the remittance transfer rule. The revised draft instructions would direct institutions to focus on the regulatory definition of remittance transfer, as if it had been in effect during 2012, and to report only on whether they did offer or currently offer transfers to consumers that fall into two categories: (a) those that are "remittance transfers" as defined by subpart B of Regulation E, or (b) those that would qualify as "remittance transfers" under subpart B of Regulation E but that are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See generally 12 CFR 1005.30(e) (defining "remittance transfer");12 CFR 1005.30(f) (defining "remittance transfer provider"). The draft instructions

also would clarify that institutions should not consider transfers sent as a correspondent bank for other providers.

Second, the agencies would modify the options listed in the proposed one-time and ongoing questions in item 16.a. As modified, the options would include four of the categories proposed earlier: international wire transfers, international ACH transactions, other proprietary services operated by the reporting institution, and other proprietary services operated by another party. The revised caption and draft instructions for item 16.a would reflect several clarifying changes, including that for international wire and international ACH transactions, institutions should only reflect services that they offer as a provider. Similarly, the revised caption and draft instructions for item 16.a would clarify that "other proprietary services operated by the reporting institution" are those services other than ACH and wire services for which the reporting institution is the remittance transfer provider (rather than, for example, an agent of another provider). The revised caption and draft instructions for this item would clarify that "Other proprietary services operated by another party," in contrast, are those for which an entity other than the reporting institution is the provider. The reporting institution may be an agent, or similar type of business partner, that offers the services to the consumer. The proposed "other" option would be eliminated from item 16.a. The agencies believe that the prepaid card and online bill pay services that the five bankers' associations described can be considered "other proprietary services."

The agencies are proposing to add the new item 16.a, with these modifications, because they and the FFIEC continue to believe that both the one-time and the ongoing question in that subitem are critical to assess important public policy questions regarding participation in and potential exit from the remittance transfer market. In 2013, the Bureau published amendments to the remittance transfer rule that it stated could reduce the chance of entities exiting the market or reducing their services. See 78 FR 30662, 30696-98 (May 22, 2013). Still, the FFIEC and the agencies believe that the impact of the remittance transfer rule on market participation is uncertain; improved data could inform ongoing activities as well as monitoring by the Bureau.

At the same time, the FFIEC and the agencies appreciate commenters' concerns about the burden of reporting new data. They believe that the multiple choice structure of item 16.a minimizes the burden that would be associated with the one-time and ongoing questions. The agencies expect that their adoption of commenters' suggestion to narrow the scope of item 16.a would further simplify reporting. The FFIEC and the agencies anticipate that to ensure compliance with the remittance transfer rule, reporting institutions will likely seek to identify what types of remittance transfers they offer for reasons other than the Call Report.

Proposed item 16.b is an annual screening question as to whether reporting institutions expect to qualify for the 100-transfer safe harbor in the remittance transfer rule. A consumer group suggested that the subitem, or proposed item 16 generally, is important to inform regulators whether or not specific institutions are subject to the remittance transfer rule. The agencies agree that the subitem can be useful for assessing the application of the 100-transfer safe-harbor, for supervision and other purposes. The FFIEC and the agencies propose to implement the subitem largely as proposed earlier, asking whether the reporting institution provided more than 100 remittance transfers in the prior calendar year or expects to provide

more than 100 remittance transfers in the current calendar year. Item 16.b would first be added on the March 31, 2014, Call Report, and then would be collected annually as of June 30, 2014, and each June 30 thereafter. The revised draft instructions would clarify that if an institution could answer "yes" to either of the options described in item 16.b, it should answer "yes" to the entire question. Also, the draft instructions would clarify that a transfer should be counted (or included in estimates) as of the date of the transfer, and that the estimation method used should be reasonable and supportable. Additionally, the draft instructions would clarify that institutions are only to count transfers for which they are the provider to the consumer. They should not count transfers offered as a correspondent or agent of another provider. Finally, the instructions would also clarify that, as with subitem 16.a, institutions are to count as remittance transfers (a) those that are "remittance transfers" as defined by subpart B of Regulation E, and (b) those that would qualify as "remittance transfers" under subpart B of Regulation E but that are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. This instruction would also be consistent with Regulation E's comment 30(f)-2.ii. That comment explains that for purposes of determining whether the 100-transfer safe harbor applies, entities are to include any transfers excluded from the definition of "remittance transfer" due simply to the safe harbor.

Items 16.c and 16.d, as earlier proposed, would seek additional data from the subset of reporting institutions that answer "yes" to the screening question regarding the 100-transfer threshold. Specifically, the two subitems would ask reporting institutions about their use of certain payment, messaging, or settlement systems for international wire and international ACH transactions, the two types of transfers that the FFIEC and the agencies believe currently account for the great majority of remittance transfers sent by reporting institutions. The agencies sought comment on, among other things, whether the listed categories were appropriate.

No commenter addressed the proposed categories listed in these subitems. However, the five bankers' associations stated that the question could be confusing as institutions may use several different mechanisms in carrying out international payments, and suggested that the questions use the term "initiates" as opposed to "process" for clarity. One consumer group commented that information on settlement systems is important to ensuring the security of international transfers.

In recognition of institutions' efforts to modify their systems regarding remittance transfers, and to minimize the number of new remittance-related items being added at this time, the agencies are withdrawing the proposed subitems regarding the use of payment, messaging, or settlement systems. The agencies may consider whether it is appropriate to add these questions at some later date.

However, the agencies propose to add a new item 16.c to ask institutions to identify among three of the options listed in item 16.a.(2), which method the institution estimates accounts for the largest number of the institution's remittance transfers. The same definitions and limitations that would apply to item 16.a, as revised, would apply to the new item 16.c. Only the three methods listed in item 16.a, as revised, for which the institution is the provider would be covered by the question in new item 16.c (international wire transfers (item 16.a.(2)(a)), international ACH transactions (item 16.a.(2)(b)), and other proprietary services operated by the institution (item 16.a.(2)(c))). Furthermore, only institutions that respond "yes"

to the screening question in item 16.b would be required to respond to new item 16.c. The draft instructions would state that institutions should use reasonable and supportable estimation methodologies to respond to item 16.c. The draft instructions would also state that as with proposed item 16.b, a transfer should be counted (or reflected in estimates) on the date of the transfer. Consistent with proposed item 16.a, as revised, item 16.c would be collected as of March 31, 2014, on an initial basis and semiannually thereafter as of each June 30 and December 31. As revised, the proposed subitem would generally seek data regarding the two quarters ending on the semiannual report date. However, because the remittance transfer rule only took effect on October 28, 2013, the March 31, 2014, Call Report would seek data regarding only the period from October 28, 2013, through December 31, 2013.

The agencies expect that this new question would reduce further the burden of responding to item 16. As explained in more detail below, this new question would replace the service-by-service volume data that would have been required under item 16.e as proposed earlier. The FFIEC and the agencies expect that the new question would produce relevant data, with less effort by reporting institutions.

The final proposed item, 16.e, would also be limited to the subset of reporting institutions that answer "yes" to the screening question. As earlier proposed, this subitem would seek quarterly information on the number and dollar value of remittance transfers provided, and the frequency with which a reporting institution used the temporary exception in the remittance transfer rule for insured institutions. The agencies proposed to collect the number, dollar value, and temporary exception information in categories, according to the types of transfers that the reporting institutions offered. Specifically, the agencies proposed that these categories correspond to the categories in the proposed item 16.a questions regarding the reporting institutions' market participation. The agencies sought comment on, among other things, the feasibility of estimating number and dollar value figures; the date by which institutions may be able to provide actual figures; and the benefits or costs of various estimation methodologies or alternative approaches, such as reporting of numbers of transfers within ranges. The agencies also sought comment on the scope of transactions to be included in any reporting of the number and dollar value of transfers, as well as the inclusion of various categories of transfers.

The five bankers' associations asked that reporting on the number and dollar value of transfers and the temporary exception be limited to transactions provided by the reporting institutions in their capacity as remittance transfer providers, rather than as agents or correspondents of other providers. The associations stated that such a limitation would make the proposed reporting more manageable. They expressed concern that institutions acting as correspondents or international gateway institutions might not be able to identify which transfers are remittance transfers. Similarly, they expressed concern about the difficulty of knowing whether the temporary exception is used in instances in which the reporting institution is not the provider. The associations also argued that providers, rather than institutions acting as their agents, are in the best position to report the number and dollar value of their transfers, and that requiring institutions acting as agents to report these figures could lead to double-counting.

The financial holding company also addressed proposed item 16.e, regarding the number and dollar value of transfers, as well as the use of the temporary exception. The company stated

that information regarding the dollar value of transfers was unnecessary and that requiring the data to be reported by the type of service provided would be costly. The company stated that a single estimate of the number of remittance transfers sent would be sufficient to monitor compliance with the remittance transfer rule and inform any evaluation of the 100-transaction safe harbor in the remittance transfer rule. The company suggested that requiring additional data might lead regional and community banks to stop sending remittance transfers.

The agencies are revising and renumbering proposed item 16.e. They propose to implement it as item 16.d, seeking information regarding the number and dollar value of remittance transfers provided, as well as the use of the temporary exception. The subitem would be narrowed to seek only single totals regarding the number and dollar value of transfers, and the use of the temporary exception, rather than figures disaggregated by the type of transfer provided. Furthermore, the subitem would only seek data regarding transfers for which the reporting institution is the provider. In other words, it would not seek data regarding transactions for which a reporting institution is a correspondent bank or agent, and another entity is the provider. The draft instructions would be revised to state that, similar to the other elements of item 16, item 16.d would seek information only about transfers that (a) are "remittance transfers" as defined by subpart B of Regulation E, or (b) would qualify as "remittance transfers" under subpart B of Regulation E but that are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. The draft instructions would also state that as with proposed item 16.b, a transfer should be counted (or reflected in estimates) on the date of the transfer.

Proposed item 16.d would also be revised to permit responding institutions to estimate reported amounts. The draft instructions would clarify that reporting institutions should use reasonable and supportable methods to provide such estimates. Finally, consistent with proposed items 16.a and 16.c, as revised, proposed item 16.d would be collected as of March 31, 2014, on an initial basis and semiannually thereafter as of each June 30 and December 31 and generally would seek data regarding the two quarters ending on the semiannual report date. However, because the remittance transfer rule only took effect on October 28, 2013, the March 31, 2014, Call Report would seek data regarding only the period from October 28, 2013, through December 31, 2013.

The FFIEC and the agencies are proposing to implement item 16.d, as revised, because they continue to believe that the data regarding the number and dollar value of remittance transfers and the use of the temporary exception would assist in their supervisory responsibilities for their institutions that conduct these transactions and serve important public purposes. Currently, there is no data from which the agencies or the Bureau can estimate, with any reasonable degree of confidence, the portion of the remittance transfer market covered by banks and savings associations, collectively or individually. Nor do they know about the participation of reporting institutions in various segments of the market, such as the segment of very large wire transfers and those of more modest sizes. The new information would significantly improve the ability of the agencies and the FFIEC to understand these basic characteristics of the market. Improved basic data can, in turn, help the agencies (as well as the Bureau) appropriately design ongoing activities regarding remittance transfers, including those mandated under section 1073 of the Dodd-Frank Act. As the agencies explained in the February 2013 *Federal Register*

notice, data regarding the number of institutions' remittance transfers can also contribute to monitoring of the Bureau's 100-transfer safe harbor.

The agencies also believe data regarding insured institutions' activities in the remittances market may inform any later analysis related to the remittance rule's temporary exception for these institutions.

In addition, the agencies are narrowing item 16.d to seek only total figures in response to the comments received and to limit the burden on reporting institutions. The agencies recognize that if remittance transfer reporting systems are still developing, a requirement to report disaggregated data may be burdensome. The agencies believe that the question in new item 16.c, regarding the principal method of international transfers, would ensure that the agencies have some information about the relative concentration or share of different types of remittance transfer services. At the same time, the indication of a principal method would require less of reporting institutions than the proposed disaggregation of volume figures.

The other changes to proposed item 16.d are motivated by similar concerns. The agencies propose to revise the subitem to seek only figures regarding transfers for which the reporting institution is the provider in order to reduce confusion among reporting institutions and for consistency among the various parts of new item 16 in Schedule RC-M. The agencies did not originally intend to seek data regarding transfers provided by reporting institutions acting as correspondents for other providers. As revised, the item would also not require reporting regarding transfers provided as an agent of another provider, such as a state-licensed money transmitter.

Similarly, the FFIEC and the agencies believe that it is appropriate to permit reporting institutions to estimate the figures provided in response to item 16.d in light of the newness of the remittance transfer rule and the possibility that institutions may be continuing to develop their reporting systems. This allowance for estimation is consistent with other elements of the Call Report (such as Schedule RC-E, Memorandum item 1.f, and Schedule RC-O, Memorandum item 2, which are described as seeking estimates, and Schedule RC-C, part II, for which the instructions describe circumstances in which estimates can be used). Even if there were no requirement to report information on remittance transfers in the Call Report, the FFIEC and the agencies expect that to implement the requirements of the remittance transfer rule itself, reporting institutions will generally develop methods to distinguish remittance transfers from their other international transactions, such as corporate wires. These methods may include describing remittance transfers as such in the payment messages used to send them, or designating remittance transfers as such in the software that an institution uses to process them, in order to ensure proper handling in accordance with the rule. As a result, the FFIEC and the agencies believe that by March 31, 2014, institutions will have available, or will be able to develop with limited effort, reasonable and supportable mechanisms to estimate the number and dollar value of remittance transfers provided. These estimation mechanisms may be varied. For example, reporting institutions whose software systems automatically count the number of remittance disclosures provided could run reports from those sources. Other reporting institutions might, for example, sample the transfers provided during a representative month. If an institution's use of the temporary exception is based on the destination country for a transfer,

the institution could base its estimates regarding use of that exception on the frequency with which it sends consumer transfers to certain countries. Alternatively, if reporting institutions charge their customers identifiable and consistent fees for remittance transfers, they might identify remittance transfers by generating fee reports for accounts they estimate would send remittance transfers.

The agencies would not require estimation to two significant digits, as was earlier proposed, in order to provide reporting institutions additional flexibility. As a result, for example: though the report form would provide a space for institutions to report the dollar volume of transfers provided in thousands of dollars, institutions that provide millions of dollars of remittance transfers would only need to estimate the volume in millions of dollars. The FFIEC and the agencies believe that as such, the estimation requirement would also be less burdensome on reporting institutions than the other alternative suggested in the February 2013 *Federal Register* notice: to report the number and dollar value of remittance transfers within ranges. Identifying an applicable range could require a reporting institution to know the actual number and dollar value of remittances provided with greater accuracy than would be required for estimation. Furthermore, the FFIEC and the agencies do not yet have enough information about the range of volumes provided by reporting institutions to gauge appropriate ranges. The FFIEC and the agencies will continue to monitor, over time, the development of mechanisms to count the number of remittance transfers, as well as the quality of the estimates reported, to understand whether more accurate figures may be possible and needed at some later date.

One consumer group suggested adding a new item regarding the number of remittance transfers that do not reach designated recipients. The group explained its concern that remittance transfer providers are in a better place than consumers to bear any loss associated with such transfers, and that the remittance transfer rule inappropriately requires consumers to bear these losses in certain circumstances.

The agencies are not adopting the suggested new item. The FFIEC and the agencies appreciate that the treatment of misdirected transfers is an important aspect of the Bureau's remittance transfer rule. See generally 78 FR 30662, 30682-87 (May 22, 2013). However, the FFIEC and the agencies do not believe that reporting institutions can necessarily know with certainty how often a remittance transfer does not, in fact, reach the designated recipient; at most the reporting institutions will know how often they receive claims of such misdirection and the results of their investigations with respect to such claims. Given this, the FFIEC and the agencies do not believe that it is appropriate to use the Call Report to collect data with respect to this issue at this time.

The agencies proposed to add new item 16 to Call Report Schedule RC-M in the second quarter of 2013. The bankers' associations and financial holding company suggested that some or all of proposed item 16 be delayed, due to the time needed to create reporting mechanisms and the uncertainty about the effective date of the remittance transfer rule, which was not set at the time when comments were submitted. The five bankers' associations suggested that any reporting regarding the number and dollar value of remittance transfers, as well as use of the temporary exception, be added to the Call Report at least three quarters after the effective date of the remittance transfer rule. The associations further suggested that comments regarding these

aspects of the proposed data collection be accepted until two quarters after that effective date. Similarly, the three bankers' associations, writing before the new effective date for the remittance rule was announced by the Bureau, stated that because they expected final rules would be released close to June 30, 2013, institutions would be unable to comply with the proposed new requirements by June 30, 2013. The financial holding company suggested that proposed item 16 be delayed until late 2013.

As mentioned above, the agencies propose to add item 16 to Call Report Schedule RC-M on March 31, 2014. After the end of the period to comment on the agencies' February 2013 notice, the Bureau finalized pending amendments to the remittance transfer rule and designated October 28, 2013, as the rule's effective date. See 78 FR 30662 (May 22, 2013). The FFIEC and the agencies acknowledge that the initial reporting date of March 31, 2014, is less than the five associations' suggested three quarters after the remittance transfer rule's effective date. However, the FFIEC and the agencies do not believe it is appropriate to delay the implementation of item 16 any further. The agencies' obligations and authorities regarding remittance transfers have already begun. The FFIEC and the agencies anticipate that the changes reflected in proposed item 16, as described in this notice, would significantly reduce any difficulty associated with responding to the new questions such that initial reporting by institutions as of March 31, 2014, would be both reasonable and feasible.

Depository Institution Trade Names

In the February 2013 *Federal Register* notice, the agencies proposed to supplement the reporting of the Uniform Resource Locator (URL) of each institution's primary Internet website address, which has been collected for more than ten years in item 8 of Call Report Schedule RC-M, Memoranda, by having the institution report any other trade names it uses. More specifically, the agencies proposed to add text fields to this Schedule RC-M item in which an institution that uses one or more trade names to identify branch offices and Internet websites would report all trade names (other than its legal title) used by these physical locations and the URLs for all public-facing website addresses affiliated with the institution.

This reporting proposal addressed the agencies' recognition that, although there may be valid business reasons for an FDIC-insured institution to operate under one or more trade names, this practice can confuse customers as to the insured status of the institution as well as the legal name of the insured institution that holds their deposits. Customers, for example, could inadvertently exceed the deposit insurance limits if they do business with two different branches or websites that are, in fact, not separately insured, but rather are affiliated with the same FDIC-insured depository institution and thus subject to a single deposit insurance limit. Furthermore, customers risk monetary losses if they deal with fraudulent websites using trade names that purport to be insured depository institutions because customers cannot confirm whether the websites are, in fact, affiliated with an insured institution via the FDIC's publicly available Institution Directory or BankFind systems.

The agencies' Interagency Statement on Branch Names, issued in 1998, describes measures an insured institution should take to guard against customer confusion about the identity of the institution or the extent of FDIC insurance coverage if the institution "intends to

use a different name for a branch or other facility" or "over a computer network such as the Internet." However, this guidance did not require institutions to inform customers of their legal identity nor did it establish a formal notification requirement for the trade names an institution uses.

As the agency that insures deposits in banks and savings associations, the FDIC regularly receives inquiries from the public about whether a particular institution, as identified by the name on its physical facilities, in print or other traditional media advertisements, or on Internet websites, represents an insured depository institution. The FDIC has found that many institutions commonly have multiple websites and that websites operated by insured institutions often do not clearly state the institution's legal (chartered) name. Moreover, because insured institutions at present are not required to report the multiple trade names that they use, including Internet websites other than their primary website, the FDIC's publicly available databases that identify insured institutions do not include trade name data that links the trade names to a specific insured institution and its deposit insurance certificate number. As a consequence, the FDIC is unable to effectively serve as an information resource for depositors and the public concerning the insured status of a physical branch office that uses a trade name rather than the legal name of an insured institution or an Internet website address other than the institution's primary address. Although the FDIC researches trade names and collects trade name information in response to inquiries from the public, this information is incomplete, lags behind the creation of new trade names, and depends on inquiries from the public to identify previously unknown trade names.

In the absence of complete and current information on trade names used by depository institutions, the agencies proposed that an institution using one or more trade names to identify Internet websites and branch offices should report the URLs for all public-facing websites affiliated with the institution in new item 8.b of Schedule RC-M and all trade names (other than its legal title) used by these physical locations in new item 8.c.

The agencies received comments from three bankers' associations on the proposed collection of institutions' trade names. In their joint comment letter, the associations "urge[d] the agencies to take this structural as opposed to financial data out of the Call Report." While acknowledging this request, the FDIC believes the Call Report currently represents the most comprehensive, efficient, and uniform manner in which to gather information from depository institutions on the trade names they use. Creating a separate reporting process or mechanism for such structural data outside the Call Report under which, for example, trade name information should be reported when the use of a new name is initiated may not necessarily generate a comprehensive database of names and may tend to be overlooked or result in delayed submissions by institutions that infrequently initiate the use of a new name. The FDIC's Summary of Deposits (OMB No. 3064-0061) is an annual survey that contains structural data, but adding a trade name reporting requirement to this survey would result in less timely information than would be achieved through the use of the quarterly Call Report for the collection of trade names. Moreover, as previously mentioned, insured depository institutions already provide structural data in the Call Report because they have long reported their primary Internet website address in the Call Report.

The associations also noted that the proposed trade name "information may benefit some customers but will also provide more detailed information to criminals (e.g. phishers)." However, the collection of all of an insured depository institution's trade names, including names used on physical locations and in Internet website addresses, and the publication of this information by the FDIC should hinder criminal activity since depositors as well as the general public would be able to readily identify the legitimate names used by an insured depository institution.

For example, assume an FDIC-insured depository institution uses trade names in two separate Internet website addresses, both of which have been reported to the agencies in its Call Report. If a phisher established a website using a variation of one of the institution's two trade names and attempted to link this fraudulent and fictitious entity with the institution, a customer could confirm with the FDIC that the variation of the trade name is not legitimately associated with the institution. Therefore, assuming insured depository institutions that solicit deposits have reported the trade names they use on branch offices and in Internet website addresses, if a phisher uses a name that is not readily available by searching the FDIC's publicly available database, a depositor could more easily discern between legitimate and fraudulent offers.

The associations further observed that "[p]roviding more detail about website addresses used by a depository institution as well as trade names used to identify physical branch offices may address concerns regarding the completeness of information available to the FDIC as well as the public." However, they then expressed concern that "the quarterly collection of this information will be insufficient to eliminate the lag in identifying new information." The collection of website addresses and trade names used by insured depository institutions is intended to address concerns raised by depositors and customers regarding the status of entities purporting to be insured by the FDIC. Furthermore, collecting this information quarterly through the Call Report is an improvement over the current system where information regarding trade names and Internet website addresses is not collected at all or is done in an ad hoc manner. Nevertheless, absent a requirement for an insured depository institution to report immediately to its primary federal regulator or the FDIC any new trade name or Internet website address to be used in connection with soliciting deposits, the agencies acknowledge that will not eliminate the lag in public access to newly inaugurated trade names and website addresses. Standardizing the collection of all names and website used by insured depository institutions in the solicitation of deposits is consistent with one of the primary goals of the FDIC: providing accurate and complete information to depositors and the general public on the insured status of entities identifying themselves as FDIC-insured depository institutions. Thus, public availability of trade names and Internet website addresses should tend to benefit insured depository institutions because, for example, a potential depositor who visits a website of an entity that purports to be an FDIC-insured institution, but cannot readily confirm the legitimacy of the website address from the FDIC's publicly available Institution Directory or BankFind systems, may decide not to deposit funds at that institution.

Finally, the associations responded to the request the agencies made in the February 2013 *Federal Register* notice asking for comment on the clarity of the circumstances in which institutions would report Internet website addresses and trade names in proposed new items 8.b and 8.c of Schedule RC-M. They noted that some institutions have numerous subsidiaries and

non-bank affiliates and questioned whether the trade names used by these entities' physical offices and websites should be reported in Schedule RC-M. From the agencies' perspective, the primary reason for the proposed trade name data collection is to ensure that accurate information is available to consumers who deposit funds at FDIC-insured depository institutions. Without this information available to the FDIC, when a depositor contacts the FDIC, the FDIC cannot confirm whether a particular trade name used for a branch office or an Internet website address is associated with a particular insured depository institution. Accordingly, the trade name information an insured depository institution reports in Schedule RC-M, item 8, should cover all names, other than the institution's legal name, of physical locations and the URLs for all public-facing Internet websites that the institution uses to accept or solicit deposits from the public. Thus, trade names used by physical offices of an institution and URLs of its own Internet websites that do not accept or solicit deposits from the public should not be reported in Schedule RC-M. The institution also should not report the physical office trade names or Internet website addresses of any non-bank affiliates or subsidiaries that do not accept or solicit deposits from the public on behalf of the institution.

After considering the comments received, the agencies plan to implement the proposed Schedule RC-M items on trade names and Internet website addresses effective March 31, 2014, but with revisions to the draft instructions to address the associations' comments about the clarity of the reporting requirements. In this regard, when reporting the URLs for an institution's public-facing websites used to accept or solicit deposits, only the highest level URLs should be reported. In addition, when an institution uses multiple top level domain names (e.g., .com, .net, and .biz), it should separately report URLs that are otherwise the same except for the top level domain name.

For example, an institution with a legal title of XYZ Bank currently reports in the Call Report that its primary Internet website address is www.xyzbank.com. The bank also solicits deposits using the website address "www.safeandsoundbank.com" and provides more specific deposit information at "www.safeandsoundbank.com/checking" and "www.safeandsoundbank.com/CDs." Only the first of these three URLs would be reported in proposed item 8.b of Schedule RC-M. Continuing with this example, XYZ Bank also uses the website address "www.xyzbank.biz" in the solicitation of deposits and it would report this URL in proposed item 8.b. Finally, XYZ Bank operates a website for which the address is "www.xyzautoloans.com." This website does not accept or solicit deposits and its URL would not be reported in proposed item 8.b.

XYZ Bank operates one or more branch offices under the trade name of "Community Bank of ABC" (as identified by the signage displayed on the facility) where it accepts deposits. XYZ Bank would report this trade name (and any other trade names it uses at other office locations where it accepts or solicits deposits) in proposed item 8.c of Schedule RC-M. XYZ Bank also has a loan production office and a mortgage lending subsidiary that operate under the trade names of "XYZ Consumer Loans" and "XYZ Mortgage Company," respectively, neither of which accepts or solicits deposits. Thus, neither of these two trade names would be reported in proposed item 8.c.

Consumer Deposit Account Balances

Schedule RC-E currently requires institutions to report separately transaction account and nontransaction account balances held in domestic offices according to broad categories of depositors. Over 90 percent of the reported balances are attributed to the category of depositors that includes "individuals, partnerships, and corporations." Deposits that are held by individual consumers are not distinguished from deposits held by partnerships or corporations.

Surveys indicate that over 90 percent of U.S. households maintain at least one deposit account. However, there is currently no reliable source from which to calculate the amount of funds held in consumer accounts.

In their February 2013 *Federal Register* notice, the agencies proposed to modify Schedule RC-E, Deposit Liabilities, to collect and distinguish certain deposit data by type of depositor for institutions with $1 billion or more in total assets. The agencies explained that more detailed Call Report data would enhance the agencies' and Bureau's abilities to monitor consumer use of deposit accounts as transactional, savings, and investment vehicles; assess institutional liquidity risk; and assess institutional funding stability.

To identify the institutions that would be subject to these proposed new reporting requirements, the agencies proposed a screening question in Schedule RC-E concerning whether an institution offers consumer deposit accounts, i.e., accounts intended for use by individuals for personal, household, or family purposes. Under this proposal, if an institution has $1 billion or more in total assets and responds affirmatively to the screening question, the institution would be subject to the proposed new Schedule RC-E consumer deposit account reporting requirements; otherwise, it would not be subject to the proposed new Schedule RC-E reporting requirements. Regardless of how an institution with less than $1 billion in total assets responds to the screening question, it would be exempt from the proposed Schedule RC-E consumer deposit account balance reporting requirements.

In the February 2013 notice, the agencies explained that they had similarly proposed in 2010 the disaggregation of consumer- or individually owned deposits from those owned by businesses and organizations, i.e., partnerships and corporations. That proposal, however, would have required banks to distinguish consumer deposit balances by the account owner taxpayer identification number (TIN). The TIN methodology was ultimately deemed too burdensome, and the agencies withdrew the proposal from consideration. The agencies' February 2013 proposal was based on an alternative approach that the agencies believed to be less burdensome for depository institutions.

The FFIEC and the agencies further explained that they currently believe that most institutions maintain distinct transaction and nontransaction savings deposit products specifically intended for consumer use and that these institutional distinctions would enable institutions to utilize the same totals maintained on their deposit systems of record and in their internal general ledger accounts to provide the proposed new consumer deposit account balance data. The FFIEC and the agencies also explained that they understand that most institutions define time deposit products by tenure and rate and do not typically maintain time deposit accounts

exclusively targeted to consumers. Thus, the proposal pertained only to non-time deposits in domestic offices.

The FFIEC and the agencies believe that most depository institutions with distinct transaction and nontransaction savings deposit product offerings have instances in which proprietorships and microbusinesses utilize consumer deposit products; however, the agencies believe that these balances would not diminish the value of the insight gained into the structure of institutions' deposits.

At the same time, the FFIEC and the agencies anticipated that certain institutions cater almost exclusively to non-consumer depositors, and as such, may not maintain segment-specific products. The agencies thus proposed to identify these institutions by requiring all institutions to respond to the following screening question (which would be designated as Memorandum item 5 of Schedule RC-E): "Does your institution offer consumer deposit accounts, i.e., transaction account or nontransaction savings account deposit products intended for individuals for personal, household, or family use?" Institutions with total assets of $1 billion or more answering "yes" to this screening question would be subject to the proposed new Schedule RC-E consumer deposit account reporting requirements. Institutions with total assets of less than $1 billion or answering "no" to the question would be exempt from these new reporting requirements and would continue to report deposit totals in Schedule RC-E as they currently do.

The $1 billion threshold was proposed to limit the incremental cost and burden of reporting consumer deposit account balances to institutions whose total assets place them above the size level commonly used to distinguish community institutions from other institutions. Although the proposed threshold would exempt a substantial percentage of institutions from reporting their consumer deposit account balances, data on such balances from institutions with $1 billion or more in total assets will still yield broad marketplace insight. The agencies proposed to revise Schedule RC-E (part I) further by adding a new Memorandum item 6 to follow the new Memorandum item 5 screening question described above. Specifically, new Memorandum item 6, "Components of total transaction account deposits of individuals, partnerships, and corporations," would be completed by institutions with total assets of $1 billion or more that responded "yes" to the screening question posed in new Memorandum item 5. Proposed new Memorandum item 6 would include the following three-way breakdown of these transaction accounts, the sum of which would need to equal Schedule RC-E, (part I), item 1, column A:

- In Memorandum item 6.a, "Deposits in noninterest-bearing transaction accounts intended for individuals for personal, household, or family use," institutions would report the amount of deposits reported in Schedule RC-E, (part I), item 1, column A, held in noninterest-bearing transaction accounts (in domestic offices) intended for individuals for personal, household, or family use. The item would exclude certified and official checks as well as pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 6.b, "Deposits in interest-bearing transaction accounts intended for individuals for personal, household, or family use," institutions would report the amount of

deposits reported in Schedule RC-E, (part I), item 1, column A, held in interest-bearing transaction accounts (in domestic offices) intended for individuals for personal, household, or family use. The item would exclude pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 6.c, "Deposits in all other transaction accounts of individuals, partnerships, and corporations," institutions would report the amount of all other transaction account deposits included in Schedule RC-E, (part I), item 1, column A, that were not reported in Memorandum items 6.a and 6.b. If an institution offers one or more transaction account deposit products intended for individuals for personal, household, or family use, but has other transaction account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution would report the entire amount of these latter transaction account deposit products in Memorandum item 6.c. For example, if an institution that responded "yes" to the screening question posed in new Memorandum item 5 has a single negotiable order of withdrawal (NOW) account deposit product that it offers to all depositors eligible to hold such accounts, including individuals, sole proprietorships, certain nonprofit organizations, and certain government units, the institution would report the entire amount of its NOW accounts in Memorandum item 6.c. The institution would not need to identify the NOW accounts held by individuals for personal, household, or family use and report the amount of these accounts in Memorandum item 6.b.

The agencies also proposed to revise Schedule RC-E (part I) by adding new Memorandum item 7, "Components of total nontransaction account deposits of individuals, partnerships, and corporations," which would be completed by institutions with total assets of $1 billion or more that responded "yes" to the screening question posed in new Memorandum item 5. Proposed new Memorandum item 7 would include breakdowns of the nontransaction savings deposit accounts of individuals, partnerships, and corporations (in domestic offices) included in Schedule RC-E, (part I), item 1, column C, as described below. Nontransaction savings deposit accounts consist of money market deposit accounts (MMDAs) and other savings deposits. Specifically, proposed Memorandum item 7.a would include breakouts of "Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations." Proposed Memorandum item 7.b would include breakouts of "Other savings deposit accounts of individuals, partnerships, and corporations." Proposed Memorandum item 7 would exclude all time deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C.

- In Memorandum item 7.a.(1), "Deposits in MMDAs intended for individuals for personal, household, or family use," institutions would report the amount of deposits reported in Schedule RC-E, (part I), item 1, column C, held in MMDAs intended for individuals for personal, household, or family use. The item would exclude MMDAs in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 7.a.(2), "Deposits in all other MMDAs of individuals, partnerships, and corporations," institutions would report the amount of all other MMDA deposits included in

Schedule RC-E, (part I), item 1, column C, that were not reported in Memorandum item 7.a.(1).

- In Memorandum item 7.b.(1), "Deposits in other savings deposit accounts intended for individuals for personal, household, or family use," institutions would report the amount of deposits reported in Schedule RC-E, (part I), item 1, column C, held in other savings deposit accounts intended for individuals for personal, household, or family use. The item would exclude other savings deposit accounts in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

- In Memorandum item 7.b.(2), "Deposits in all other savings deposit accounts of individuals, partnerships, and corporations," institutions would report the amount of all other savings deposits included in Schedule RC-E, (part I), item 1, column C, that were not reported in Memorandum item 7.b.(1).

As with proposed new Memorandum item 6 on the components of total transaction accounts of individuals, partnerships, and corporations, if an institution offers one or more nontransaction savings account deposit products intended for individuals for personal, household, or family use but also has other nontransaction savings account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution would report the entire amount of this latter category of nontransaction savings account deposit products in Memorandum item 7.a.(2) or 7.b.(2), as appropriate. The sum of proposed Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2), plus the amount of all time deposits of individuals, partnerships, and corporations, would equal Schedule RC-E, (part I), item 1, column C.

The agencies received comments from two banks, three consumer groups, one government agency, and five bankers' associations on the proposal to distinguish and report on transaction account and nontransaction savings account deposit balances held in products intended for individuals for personal, household, or family use. Three of the bankers' associations submitted comments through a single joint letter. The two banks that commented are both well under the proposed $1 billion asset threshold and thus, while they would be subject to the new screening question requirement, these two banks would not be subject to the proposed requirements to report separately deposit account balances. 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 bankers' associations stated general objections to the proposal based on its focus and the role of the Bureau. The five bankers' associations commented that the Call Report is to be used to collect data related to institutional safety and soundness only, and not, as they viewed this proposal, for compliance purposes. Three bankers' associations elaborated by commenting that they support the collection of data related to bank condition, structure, and risk profile. Furthermore, the three bankers' associations questioned what they perceived as the Bureau's participation in "the proposed safety and soundness data collection." These three bankers'

associations also commented that data collection of this nature should not be limited to banks and that comparable data should also be collected from credit unions.

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.

After considering the comments received, the agencies propose to implement the changes to Schedule RC-E—including adding the proposed screening question (Memorandum item 5), retaining the $1 billion asset reporting requirement threshold, and adding new Memorandum items 6 and 7—largely as proposed. However, the agencies are now proposing to delay implementation of these new requirements until March 31, 2014. In addition, as described below the agencies would make clarifying edits to the draft Call Report instructions for these proposed new items to address comments raised.

The agencies believe that as currently proposed, the separation and collection of consumer deposit balance data is both appropriate for and consistent with the purpose and history of the Call Report. The agencies and the FFIEC continue to believe that the data that would be collected through the new Schedule RC-E Memorandum items would provide significant ongoing insight into the over 90 percent of reported transaction and nontransaction savings account balances attributed to the category of depositors that includes "individuals, partnerships, and corporations." Further, as acknowledged in legislation, it is appropriate that these and other Call Report data may serve purposes other than safety and soundness. The agencies and the FFIEC have long recognized that the Call Report can include data for safety and soundness and "other public purposes," and have interpreted "public purposes" to mean public policy purposes. See 66 FR 13368, 13370 (Mar. 5, 2001); 63 FR 9900, 9904 (Feb. 26, 1998). For example, in adding items regarding reverse mortgages to the Call Report, the agencies recognized that the products were associated with "[a] number of consumer protection related risks," as well as safety and soundness risks, and stated that the agencies needed to collect information "to monitor and mitigate those risks." 74 FR 68314, 68318-19 (Dec. 23, 2009).

For the same reason, the agencies and the FFIEC disagree with the bankers' associations' suggestion that the Bureau lacks authority to participate in what they term "the proposed safety and soundness data collection." The agencies' exercise of their respective authorities to collect information is appropriately informed by input from the Director of the Bureau or other FFIEC principals. Moreover, the Federal Financial Institutions Examination Council Act of 1978, as amended by the Dodd-Frank Act, expressly designates the Director of the Bureau as a member of FFIEC, alongside the heads of the agencies and the National Credit Union Administration (NCUA) and the Chairman of the State Liaison Committee. See 12 U.S.C. 3303(a). The same statute also authorizes the FFIEC, collectively, to develop uniform reporting systems. 12 U.S.C. 3305(c). Similarly, the Dodd-Frank Act requires the Bureau to "coordinate its supervisory activities with the supervisory activities conducted by the prudential regulators and State bank regulatory authorities, including consultation regarding their respective . . . requirements regarding reports to be submitted" by large financial institutions. 12 U.S.C. 5515(b)(2).

As for the commenters' suggestion that comparable data should be collected from credit unions, the agencies note that the Call Report of the FFIEC and the agencies does not extend to entities other than reporting institutions supervised by the Board, the FDIC, and the OCC.

While the FFIEC and the agencies believe that, for most institutions, the information to be collected is readily ascertained from existing information systems and records, the FFIEC and the agencies also appreciate that some institutions may require time to make changes to reporting systems to meet the new requirements. As a result, the agencies are now proposing to postpone

implementation of these requirements from June 30, 2013, as proposed in the February 2013 notice, until March 31, 2014.

Furthermore, the agencies would clarify the new Schedule RC-E, Memorandum item 5, screening question and the associated reporting draft instructions so that they are worded consistently and refer to transaction account or nontransaction savings account "deposit products intended primarily for individuals for personal, household, or family use." The insertion of the word "primarily" reflects the agencies' appreciation that sole proprietors and others may occasionally use these products for purposes other than household or family use. The revised draft instructions would further explain that "intended" may also be read as "marketed" or "presented to the public." As noted above and in the February 2013 *Federal Register* notice, the agencies believe that most depository institutions with distinct product offerings will have sole proprietorship and microbusiness customers that utilize consumer deposit products; however, the amount of these balances is believed to be only a fraction of total industry consumer product balances and thus would not diminish the value of the substantial insight gained into the structure of most institutions' deposits. In this regard, the instructional clarifications would explain that once a customer has opened a consumer deposit product account with an institution, the institution is not required thereafter to review the customer's status or usage of the account to determine whether the account is being used for personal, household, or family purposes. Thus, when reporting the amount of consumer deposit account balances in the proposed new Schedule RC-E Memorandum items, an institution is not required to identify those individual accounts within the population of a particular consumer deposit product that are not being used for personal, household, or family purposes and remove the balances of these accounts from the total amount of deposit balances held in that consumer deposit product.

The agencies also would clarify in the revised draft instructions that these new reporting requirements would apply regardless of whether an institution that offers transaction account and nontransaction savings account deposit products intended primarily for personal, household, and family use have the same terms as other deposit products intended for non-consumer use.

Consumer Deposit Service Charges

Call Report Schedule RI, item 5.b, "Service charges on deposit accounts (in domestic offices)," currently requires reporting institutions to report all revenues from service charges on deposits in a single aggregate figure. Service charges on deposits can include dozens of types of fees that institutions levy on consumers, small businesses, large corporations, and other types of deposit customers. Service charges on deposits totaled more than $34 billion for calendar year 2012 and represent a substantial portion of industry operating income. Dependence upon service charges on deposit accounts is generally higher for smaller institutions (those with less than $1 billion in assets, in particular) and may account for 30 percent or more of such institutions' noninterest revenues.

However, there is currently no comprehensive data source from which examiners and policymakers can estimate or evaluate the composition of these fees and how they impact either consumers or the earnings stability of depository institutions. The agencies thus proposed that institutions that offer consumer deposit accounts itemize three key categories of service charges

on such deposit accounts: overdraft-related service charges on consumer accounts, monthly maintenance charges on consumer accounts, and consumer ATM fees.

In proposing these new requirements, the FFIEC and the agencies stated their belief that the vast majority of institutions track individual categories of deposit account service charges as distinct revenue line items within their general ledger or other management information systems, which would facilitate the reporting of service charge information in the Call Report. However, the agencies also recognized that internal accounting and recordkeeping practices may vary across institutions and that disaggregating all types of fees could be burdensome for smaller institutions. Because the agencies believe that overdraft-related, monthly maintenance, and ATM fees are of most immediate concern to supervisors and policymakers, the proposal called for the separation of these consumer deposit service charges only.

The agencies proposed to utilize responses to the proposed Schedule RC-E consumer deposit account screening question described in the preceding section to govern deposit service charge reporting requirements. Specifically, institutions that reported "yes" to the question posed in proposed Schedule RC-E, Memorandum item 5, "Does your institution offer consumer deposit accounts, i.e., transaction account or nontransaction savings account deposit products intended for individuals for personal, household, or family use?," would be subject to the proposed new reporting requirements of Schedule RI, Memorandum item 15, while those that responded "no" would not. The agencies did not propose an exemption from the proposed new Schedule RI reporting requirements for institutions with total assets less than $1 billion that answer "yes" to the Schedule RC-E screening question.

More specifically, the agencies proposed to add a new Memorandum item 15, "Components of service charges on deposit accounts (in domestic offices)" to Schedule RI, which would include the following specific and mutually exclusive items (the sum of which would need to equal Schedule RI, item 5.b):

- Memorandum item 15.a, "Consumer overdraft-related service charges on deposit accounts." For deposit accounts intended for individuals for personal, household, and family use, this item would include service charges and fees related to the processing of payments and debits against insufficient funds, including "nonsufficient funds (NSF) check charges," that the institution assesses with respect to items that it either pays or returns unpaid, and all subsequent charges levied against overdrawn accounts, such as extended or sustained overdraft fees charged when accounts maintain a negative balance for a specified period of time, but not including those equivalent to interest and reported elsewhere in Schedule RI ("Interest and fee income on loans (in domestic offices)").

- Memorandum item 15.b, "Consumer account monthly maintenance charges." For deposit accounts intended for individuals for personal, household, and family use, this item would include service charges for account holders' maintenance of their deposit accounts with the institution (often labeled "monthly maintenance charges"), including charges resulting from the account owners' failure to maintain specified minimum deposit balances or meet other requirements (e.g., requirements related to transacting and to purchasing of other services), as well as fees for transactional activity in excess of specified limits for an account and recurring

fees not subject to waiver.

- Memorandum item 15.c, "Consumer customer ATM fees." For deposit accounts maintained at the institution and intended for individuals for personal, household, and family use, this item would include service charges for transactions, including deposits to or withdrawals from deposit accounts, conducted through the use of ATMs or remote service units (RSUs) owned, operated, or branded by the institution or other institutions. The item would not include service charges levied against deposit accounts maintained at other institutions for transactions conducted through the use of ATMs or RSUs owned, operated, or branded by the reporting institution.

- Memorandum item 15.d, "All other service charges on deposit accounts." This item would include all other service charges on deposit accounts (in domestic offices) not reported in Schedule RI, Memorandum items 15.a, 15.b, and 15.c. Memorandum item 15.d would include service charges and fees on an institution's deposit products intended for use by a broad range of depositors (which may include individuals), rather than being intended for individuals for personal, household, and family use. Thus, for such deposit products, an institution would not need to identify the fees charged to accounts held by individuals for personal, household, or family use and report these fees in one of the three categories of consumer deposit fees.

The agencies received comments on the proposed changes to Schedule RI from 17 banks, three consumer groups, one government agency, and five bankers' associations. All of the banks that submitted comments have less than $2 billion in total assets, and 14 of the 17 banks have less than $1 billion in total assets. Three of the bankers' associations submitted comments through a single joint letter. Generally, and as with the proposal regarding consumer deposit account balances, three of the bankers' associations objected to the proposal and asked that the agencies not move forward with implementation of the new Schedule RI requirements. The two other bankers' associations and several of the banks sought modifications to the proposal. The government agency and the consumer groups all expressed support for the proposal.

As they did in response to the agencies' consumer deposit account balances proposal, the bankers' associations stated general objections to the proposal based on its focus and the role of the Bureau and commented that the Call Report, in their opinion, is to be used to collect data related to institutional safety and soundness only. Three bankers' associations questioned what they perceived as the Bureau's participation in a safety and soundness data collection and commented that data collection of this nature should not be limited to banks.

Four of the bankers' associations additionally commented that the proposed fee data may not be sufficient to inform Bureau policy decisions unless the data are netted against expenses related to deposit generation. One bankers' association commented that proprietary business information, such as granular fee information, should not be made public. Another bankers' association commented that the current reporting structure, combined with the itemized fee schedules that banks disclose today to consumers at account opening yields sufficient insight for the agencies' purposes.

The bankers' associations and banks also commented on the technical aspects of this

proposal, and many of them commented specifically on challenges related to reporting fees by depositor type. Again, as it did in response to the agencies' consumer deposit account balances proposal, one bankers' association commented generally that bank deposits cannot be readily categorized as proposed. Similarly, the four other bankers' associations expressed concerns regarding the definitions used to distinguish consumer from non-consumer accounts and implied that difficulties in identifying consumer deposit accounts would complicate separation of consumer deposit account service charges.

Eleven banks stated that they cannot currently distinguish fees related to consumers from those related to non-consumers. Two of these eleven banks stated that this difficulty pertains uniquely to ATM fees, and two bankers' associations similarly commented that banks typically do not distinguish between consumer and business ATM fees. Three of the eleven aforementioned banks stated that while they cannot separate fees by depositor type, they do have the ability to separate fee revenues by type of fee. Another bank commented that its general ledger system has only one aggregated deposit fee line item for all fee and depository types. The other banks stated that they could not currently implement the requirements as proposed but offered no details regarding which aspects of the proposal exceeded their current capabilities. One bankers' association commented that reporting of ATM fees could double-count those currently reported in Schedule RI, item 5.l, "Other noninterest income."

Two banks and four bankers' associations commented that mid-year implementation of year-to-date or retroactive reporting was particularly troublesome and could result in reporting institutions using different estimation methodologies (to the extent permitted). One bank and one bankers' association proposed changing the requirement so that institutions would need only report prospective or current quarter revenues.

One of the bankers' associations commented that the proposed additions to Schedule RI would add to institutions' overall regulatory burden and proposed that only banks with $10 billion or more in assets be subjected to the new requirements. Four banks and four bankers' associations commented that the proposal would not allow sufficient time for banks to implement changes necessary to meet the new reporting requirements. Two bankers' associations and one bank proposed delaying implementation until March 2014 or later in 2014, while three bankers' associations proposed that the agencies not move forward with implementation without consulting further with their respective advisory committees and others in the industry. A bankers' association that proposed delaying implementation until March 2014 also proposed that the agencies eliminate the requirement to separate ATM fees by depositor type and implement with a clarification regarding what constitutes a consumer product and how banks should treat fees associated with consumer accounts maintained by sole proprietors.

The government agency and three consumer groups, in contrast, all supported the proposed changes to Schedule RI. The agency said the new data would aid estimation of consumer consumption. Two consumer groups commented that the data would aid regulators in monitoring and ensuring safety and soundness, and all three consumer groups commented that the data was important for consumer protection, including identifying and alleviating "abusive" practices. Two consumer groups proposed that the agencies collect these data from all banks.

After considering the comments on their proposal, the agencies are proposing to proceed with implementing changes to Schedule RI to require institutions to distinguish overdraft-related, periodic maintenance, and ATM fees from other service charges on deposit accounts as originally proposed in the February 2013 notice. However, the agencies would defer the effective date of these changes until March 2015, exempt institutions with less than $1 billion in total assets from these new requirements, and clarify the draft Call Report instructions for these proposed new items to address some of the comments raised.

As is true with respect to the modification to report consumer deposit account balances, the FFIEC and the agencies believe that as adopted, the collection of disaggregated deposit service charge data is both appropriate for and consistent with the purpose and history of the Call Report. In addition, as noted earlier, the agencies believe that it is both appropriate and consistent with prior practice to collect data that serves public purposes other than or in addition to safety and soundness. Also as discussed above, the Call Report of the FFIEC and the agencies does not extend to entities other than reporting institutions supervised by the Board, the FDIC, and the OCC.

The data collected through this change to the Call Report would help the agencies and the Bureau better monitor the types of transactional costs borne by consumers. Data specific to consumer overdraft-related fees is particularly pertinent for supervisors and policymakers in part because of concerns about the harm such fees may impose on some depositors. Furthermore, as explained in the discussion of the modification to the Call Report regarding consumer deposit account balances, the FFIEC and the agencies disagree with the bankers' associations' suggestion that the Bureau's participation in the FFIEC makes this addition to the Call Report improper.

The FFIEC and the agencies also disagree with the suggestion that the proposed fee data may not be sufficient to inform policy unless the data were netted against expenses related to deposit generation. Schedule RI, item 5.b, currently requires reporting of revenues only. Institutions currently report expenses separately; the new fee reporting requirement would not affect the reporting of expenses.

The agencies confirmed with the deposit platform managers for three major core processing service providers that the systems used by many institutions today are already capable of supporting the tracking and reporting of deposit fees by fee-type and are already capable or could be made capable of supporting the tracking and reporting of deposit fees by depositor-type. Still, the FFIEC and the agencies appreciate that some institutions may require time to make changes to reporting systems to meet the proposed new reporting requirements and appreciate the challenges that would be imposed if a new year-to-date reporting requirement were to be implemented midyear. As a result, the agencies are proposing to postpone implementation of these reporting requirements from June 30, 2013, as proposed in their February 2013 *Federal Register* notice, until March 31, 2015.

The agencies are also now proposing to exempt institutions with total assets less than $1 billion from these reporting requirements at this time. This $1 billion threshold is proposed to limit the incremental cost and burden of reporting consumer deposit account service charge

income to institutions whose total assets place them above the size level commonly used to distinguish community institutions from other institutions. Although the proposed threshold would exempt a substantial percentage of institutions from reporting disaggregated deposit fee data, fee data from institutions with $1 billion or more in total assets will still yield broad marketplace insight and assist examiners in assessments of the earnings stability of these institutions.

The draft Call Report instructions for these proposed new items would be revised to respond to questions generated by the proposal. Specifically, the revised draft instructions would clarify that this new requirement would neither affect nor overlap with the current instructions for Schedule RI, item 5.l, "Other noninterest income." Institutions currently report debit card interchange income and ATM fees collected from persons accessing deposit accounts held by other institutions in item 5.l and would continue to do so. As noted in the original proposal, only those ATM fees assessed by the reporting institution against its consumer deposit account customers and currently reported in Schedule RI, item 5.b, would be reported in new Memorandum item 15.c. The draft instructions for Memorandum item 15.c would be amended to clarify that reporting institutions should include fees they levy on transactions conducted by institution-maintained deposit accounts through ATMs owned by third-party non-bank ATM operators as well.

The agencies also acknowledge that some institutions charge a fixed monthly or other periodic fee on deposit accounts that cannot be waived by meeting a balance or other requirement. The agencies further acknowledge that some institutions may charge recurring account maintenance fees on a quarterly or other basis. Consequently, the agencies would modify Memorandum item 15.b to encompass all periodic maintenance fees, including monthly maintenance fees. As also noted in the original proposal, these fees should be reported in new Memorandum item 15.b.

In addition, the instructional clarifications described in the preceding section of this notice on consumer deposit account balances explaining that an institution is not required to review the post-opening status or usage of an account after a customer has opened a consumer deposit product account with the institution also would apply to proposed new Memorandum item 15. Accordingly, when reporting consumer deposit service charges, an institution is not required to identify those individual accounts within the population of a particular consumer deposit product that are not being used for personal, household, or family purposes and remove any service charges levied against these accounts from the total amounts of overdraft-related, periodic maintenance, and customer ATM fees charged to customer accounts within that consumer deposit product.

Finally, the FFIEC and the agencies do not believe that the data that would be collected as part of the new Memorandum item 15 in Schedule RI need be kept confidential. The agencies believe that, as currently proposed, Memorandum item 15 is consistent with the type and level of detail captured by a number of other existing Call Report Schedule RI items. The agencies further believe that the combination of the current reporting structure and the itemized fee schedules that institutions disclose today does not yield the same information and insight as would be achieved via this new reporting requirement as the former two items do not provide

any sense of volume by type of fee.

On January 14, 2014, the agencies published a final notice in the *Federal Register* (79 FR 2509). 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.

Estimate of Respondent Burden

The current annual reporting burden for the Call Report is estimated to be 192,724 hours and would increase to 195,415 hours as shown in the following table. The average estimated hours per response for Call Report filers would increase from 57.29 hours to 58.09 hours due to the proposed changes. This reporting requirement represents 1.45 percent of the total Federal Reserve paperwork burden.

	Number of respondents[1]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current	841	4	57.29	192,724
Proposed	841	4	58.09	195,415
Change				2,691

The current total annual cost to state member banks is estimated to be $9,616,928 and with the proposed revisions would increase to $9,751,209.[2] This estimate represents costs associated with recurring salary and employee benefits, and expenses associated with software, data processing, and bank records that are not used internally for management purposes but are necessary to complete the Call Reports.

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[1] Of the 841 respondents required to comply with this information collection, 632 respondents are considered a small entity as defined by the Small Business Administration (i.e., entities with $500 million or less in total assets). www.sba.gov/content/small-business-size-standards.

[2] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at $18, 45% Financial Managers at $59, 15% Lawyers at $63, and 10% Chief Executives at $85). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2012, www.bls.gov/news.release/ocwage.nr0.htm Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

With respect to the changes that are the subject of this submission, banks would incur a capital and start-up cost component, but the amount would vary from bank to bank depending upon its individual circumstances and the extent of its involvement, if any, with the particular type of activity or product about which information would begin to be collected. An estimate of this cost component cannot be determined at this time.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The current annual cost to the Federal Reserve System for collecting and processing the Call Reports are estimated to be $1,500,837 per year. This amount includes the routine annual cost of personnel, printing, and computer processing, as well as internal software development cost for maintaining and modifying existing operating systems used to edit and validate submitted data.