

Supporting Statement
Interest Rate Risk Vendor Questionnaire
OMB Control No. 1557-NEW

A. Justification

1. *Circumstances that make the collection necessary:*

In June 2014, the Federal Financial Institutions Examination Council (FFIEC)¹ Task Force on Supervision (TFOS) established a working group to discuss supervisory processes and strategies for monitoring and addressing interest rate risk at insured depository institutions. One of the group's key priorities is to complete a questionnaire of asset-liability management software vendor model developers and consultants.

The questionnaire is designed to inform examiners of the mechanics and underlying assumptions of specific interest rate risk models with the goal of helping examiners gain a better understanding of financial institutions' rate sensitivity modeling. It captures information ranging from basic aspects of each vendor or consultant's interest rate risk model, for instance, its client base to more complex components, including modeling capability. The complex modeling components will provide a baseline level of regulatory knowledge about each vendor or consultant's ability to measure interest rate risk under a variety of approaches, capture data, and measure the risk, including optionality.

2. *Use of the information:*

The OCC will serve as the sponsoring or central collection agency for this information collection. The information will be collected by the OCC and made available to the FFIEC's TFOS in order to support its discussions concerning supervisory processes and strategies for monitoring and addressing interest rate risk at insured depository institutions.

3. *Consideration of the use of information technology:*

Any form of information technology may be used to meet the requirements of the collection.

4. *Efforts to identify duplication:*

The information is not duplicated elsewhere.

¹ The FFIEC is a formal interagency body that prescribes uniform principles, standards, and report forms for the examination of financial institutions by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the OCC, the Consumer Financial Protection Bureau, and makes recommendations to promote uniformity in the supervision of financial institutions. In 2006, the State Liaison Committee (SLC) was added to the Council as a voting member. The SLC includes representatives from the Conference of State Bank Supervisors, the American Council of State Savings Supervisors, and the National Association of State Credit Union Supervisors.

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

The collection of information will not have a significant impact on a substantial number of small entities.

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

Less frequent collection would impair the ability to assess interest rate risk.

7. *Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:*

This information collection is conducted in accordance with the OMB guidelines in 5 CFR 1320.

8. *Efforts to consult with persons outside the agency:*

The OCC published a notice in the *Federal Register* for 60 days of comment on February 3, 2015 (80 FR 5884). One comment was received from a model vendor. The comment was generally favorable but raised an issue about awareness of vendor software upgrades; model vendors update software periodically. Vendors may have clients using different versions of the model as clients are not typically required to move to the most recent version. The questionnaire addresses this concern by accommodating several versions of each vendor's software.

9. *Payment to respondents:*

None.

10. *Any assurance of confidentiality:*

The information will be kept private to the extent permitted by law.

11. *Justification for questions of a sensitive nature:*

There are no questions of a sensitive nature.

12. *Burden estimate:*

Total Estimated Number of Respondents: 73 (33 model developers; 40 consultants).

Estimated Time per Response: 8 hours for model developers; 4 hours for consultants.

Total Estimated Total Annual Burden: 424 hours.

Cost of Hour Burden to Respondents:

424 x \$92 = \$39,008.

To estimate compensation costs associated with the collection, we used \$92 per hour, which is based on May 2012 Bureau of Labor Statistics wage data for the average of the 90th percentile for seven occupations (i.e., accountants and auditors, compliance officers, financial analysts, lawyers, management occupations, software developers, and statisticians) plus an additional 33 percent to cover inflation adjustments and private sector benefits. According to Bureau of Labor Statistics employer costs of employee benefits data, thirty percent represents the average private sector costs of employee benefits. We use an inflation estimate of 3 percent.

13. *Estimates of annualized costs to respondents:*

Not applicable.

14. *Estimates of annualized cost to the Federal Government:*

Not applicable.

15. *Changes in burden:*

The increase in burden is due to the fact that this is a new collection of information.

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

Not applicable.

17. *Display of expiration date:*

Not applicable.

18. *Exceptions to certification statement:*

Not applicable.

B. Collections of Information Employing Statistical Methods

Not applicable.