

SUPPORTING STATEMENT
National Credit Union Administration

Suspicious Activity Report by Depository Institutions
OMB No. 3133-0094

A. JUSTIFICATION

1. Circumstances Necessitating Collection of Information

In 1992, the Department of the Treasury (Treasury) was granted broad authority to require suspicious transaction reporting under the Bank Secrecy Act (BSA). See 31 U.S.C. 5318(g). Treasury's Financial Crimes Enforcement Network (FinCEN), which has been delegated authority to administer the BSA, joined with the bank regulators¹ in 1996 in adopting and requiring reports of suspicious transactions on a consolidated suspicious activity report (SARs) form.² This simplified the process through which banks³ inform their regulators and law enforcement about suspected criminal activity.

The SAR was updated in 1999, 2002, 2006, and 2009. In 2011, FinCEN transitioned from industry specific paper forms to one electronically filed dynamic and interactive BAS-SAR for use by all filing institutions. This e-filing portal became mandatory on July 1, 2012. (<http://bsaefiling.fincen.treas.gov/main.html>)

Credit unions are required to retain a copy of the BSA-SAR filed and supporting documentation for the filing of the BSA-SAR for five years. See 31 CFR 1020.320(d) and 31 CFR 1010.430. These documents are necessary for criminal investigations and prosecutions.

2. Method of Collection and Use of Data.

Information about suspicious transactions conducted or attempted by, at, through, or otherwise involving credit unions are collected through FinCEN's BSA E-filing system (<http://bsaefiling.fincen.treas.gov/main.html>) by credit unions. A SAR is to be filed no later than 30 calendar days from the date of the initial detection of facts that may constitute a basis for filing a SAR. If no suspect can be identified, the period for filing a SAR is extended to 60 days.

FinCEN and law enforcement agencies use the information on BSA-SARs and the

¹ The four federal functional institution supervisory agencies are the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller Currency, and the National Credit Union Administration.

² See 12 CFR 208.62, 211.5(k), 211.24(f), and 225.4(f) (Board of Governors of the Federal Reserve System); 12 CFR 353 (Federal Deposit Insurance Corporation); 12 CFR 748 (National Credit Union Administration); 12 CFR 21.11 (Office of the Comptroller of the Currency); and 31 CFR 1020.320 (FinCEN).

³ Under the BSA, as implemented by 31 CFR 1010.100, the term "bank" includes each agent, agency, branch or office within the United States of commercial banks, savings and loan associations, thrift institutions, credit unions, and foreign banks.

supporting documentation retained by the banks for criminal investigation and prosecution purposes.

3. Use of Improved Information Technology to Reduce Burden.

The SAR system uses improved information technology to reduce burden on institutions. Whereas institutions previously filed multiple copies of different forms with their primary regulators, U.S. Attorneys' offices, the FBI, and other law enforcement agencies, as necessary, they are now able to file one, consolidated form online with FinCEN through the BAS E-filing system. By offering on-line access to appropriate users, FinCEN has eliminated the need for multiple filings. Because the various forms have been consolidated into one, the information collected is easier to collate, analyze, and use. FinCEN also provides improved access to the SAR database for law enforcement and state and federal regulators.

4. Efforts to Identify Duplication.

The required information is unique and is not duplicative of any other information already collected.

5. Methods to Minimize Burden on Small Businesses or Other Small Entities.

Not applicable. This collection does not have a significant impact on a substantial number of small entities.

6. Consequences of Less Frequent Collection on Federal Programs or Policy Activities.

With the automated SAR system, the bank regulators, law enforcement, and industry benefit from improved detection of financial crime, analysis of trends, and coordination of investigative efforts. The SAR requirement provides law enforcement and regulatory agencies with the ability to fight financial crime and ensures the safety and soundness of institutions.

7. Special Circumstances Requiring Data Collection Inconsistent with Guidelines.

The reporting of suspicious activity on a BSA-SAR may occur more frequently than quarterly, depending on the frequency of the activity. This information must be reported in a timely manner to enable law enforcement to take appropriate investigative action. Records must be kept for 5 years because substantive violations of the law that may be indicated by the activity reported on the BSA-SAR are generally subject to statutes of limitations longer than 3 years.

There are no other special circumstances. The collection of information is conducted in a manner consistent with the guidelines of 5 CFR 1320.5(d)(2).

8. Consultation with Individuals Outside of the Agency.

A 60-day notice was published in the Federal Register on September 23, 2016 at 81 FR 65674 soliciting comments from public on the renewal of this information collection. NCUA received no comments on this collection.

9. Payments or Gifts.

No payments or gifts are made to respondents.

10. Assurance of Confidentiality of Responses.

Information provided to the government on BSA-SARs is expressly prohibited from disclosure under 31 U.S.C. 5318(g)(2). Appropriate system security safeguards have been put in place to protect against unauthorized access.

11. Justification of Sensitive Questions.

No questions of a sensitive nature are asked; no personally identifiable information (PII) is collected.

12. Estimated Annual Hourly Burden.

The time spent by each credit union to file an SAR will vary, depending on the size and type of institution involved and the number of reportable transactions. The NCUA estimate that 5,887 credit unions will file approximately 77,972 SARs each year.

	# of Respondents/ Recordkeepers	Annual Response/ Records	Hours per Response	Total Burden
Reporting §748.1(c)(2)	5,887	77,972	1	77,972
Recordkeeping §748.1(c)(3)	5,887	5,887	1	5,887
TOTAL		83,857		83,859

Annual cost to respondent based on an hourly wage rate of \$35 is \$2,934,995.

13. Estimated Capital Start-up and Maintenance costs.

There are no capital/start-up or ongoing operations and maintenance costs associated with this information collection

14. Estimated Annualized Cost to Federal Government.

No cost to the federal government.

15. Reasons for change in Burden.

The increase in the number of responses is due to an increase in total filings of suspicious activity by federally insured credit unions. The decrease in burden is due to adjustments made to the reporting and recordkeeping burden to align with FinCEN requirements. A total reduction of 51,215 burden hours are attributed to adjustments in the agency estimate.

16. Plans for Tabulation, Statistical Analysis and Publication.

There are no plans for publication.

17. Request not to Display Expiration Date of OMB Control Number.

To avoid having to amend the electronic report to show a new date, FinCEN has requested permission not to display the OMB expiration date on the FinCEN SAR report.

18. Exceptions.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.