

SUPPORTING STATEMENT
PROCEDURES FOR MONITORING BANK PROTECTION ACT COMPLIANCE
(3064-0095)

INTRODUCTION

The FDIC is requesting OMB approval to extend, without change, a currently approved information collection (OMB Control No. 3064-0095). The Bank Protection Act of 1968 (12 USC 1881-1884) requires each Federal supervisory agency to promulgate rules establishing minimum standards for security devices and procedures to discourage financial crime and to assist in the identification of persons who commit such crimes. The information collection expires on February 28, 2019.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The Bank Protection Act of 1968 (12 USC 1881-1884) requires each Federal supervisory agency to promulgate rules establishing minimum standards for security devices and procedures to discourage financial crime and to assist in the identification of persons who commit such crimes. Pursuant to this mandate, the FDIC has issued a rule found at 12 CFR Part 326, subpart A – Minimum Security Devices and Procedures for State Nonmember Banks.

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

2. Use of the information:

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

3. Consideration of the use of improved information technology:

Institutions are free to use whatever methods are the least burdensome to them for complying with the requirements of the Bank Protection Act and the FDIC's

regulation.

4. Efforts to identify duplication:

There is no duplication. This information collection imposes recordkeeping requirements that are unique to each institution.

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

The information required is the minimum necessary for the FDIC to determine whether a financial institution is in compliance with the Bank Protection Act.

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

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

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

There are no special circumstances. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

On December 10, 2018, FDIC published a Federal Register notice seeking public comment for a 60-day period (83 FR 63507). No comments were received.

9. Payments or gifts to respondents:

None.

10. Any assurance of confidentiality:

Confidential information will be kept private to the extent allowed by law.

11. Justification for questions of a sensitive nature:

The information collection does not request information of a sensitive nature.

12. Estimate of hour burden including annualized hourly costs:

Summary of Annual Burden						
Information Collection Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Estimated Annual Burden
Bank Protection Act Compliance Program	Recordkeeping	Mandatory	3,533	Annually	.5 hours	1,766.5 hours
Estimated Total Annual Burden			1,766.5 hours			

Estimated Cost Burden:

FDIC utilized data gathered from the Bureau of Labor Statistics (BLS) as of June 2018 to estimate the total labor costs. The wage estimate is a weighted average of four occupations: Office and Administrative Support, Compliance Officers, Lawyers, and Executives. According to the May 2017 National Industry-Specific Occupational Employment and Wage Estimates for the Depository Credit Intermediation sector the 75th percentile wages for the four aforementioned occupations are as follows¹:

Occupation (SOC Code)	Hourly 75 th percentile wage	Percent Weighted	Dollar Value Weighted
Top Executives (111000)	\$87.95	20%	\$17.59
Compliance Officers (131041)	\$40.55	70%	\$28.35
Office and Administrative Support (430000)	\$20.41	10%	\$2.04
Weighted Average Wage (Unadjusted)			\$48.08

Source: Bureau of Labor Statistics, "National Industry-Specific Occupational Employment and Wage Estimates: Depository Credit Intermediation Sector" (May 2017).

The wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the June 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 35.7 percent of total compensation. FDIC also inflation-adjusted the wage information according to the BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 2.85 percent between May 2017 and June 2018. Therefore, the adjusted average wage for the above occupations is \$66.61 per hour.

Using the total estimated hourly burden and the total hourly compensation estimate, the total estimated cost burden for the ICR (OMB No. 3064-0095) is **\$117,700 per year** (1,767 hours x

¹ The 75th percentile wage for Lawyers (231011) was not reported. Thus the 75th percentile wage for Lawyers, Judges, and Related Workers (231000) was used for calculating the wage estimate.

\$66.61/hr).

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

There is no change in the method or substance of the collection. The overall reduction in burden hours is the result of economic fluctuation. In particular, the number of respondents has decreased while the hours per response and frequency of responses have remained the same.

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

The results of this collection will not be published for statistical use.

17. Display of expiration date

Not applicable.

B. STATISTICAL METHODS

Not Applicable