

SUPPORTING STATEMENT
ACTIVITIES AND INVESTMENTS OF INSURED STATE BANKS
(OMB Control No. 3064-0111)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the information collection for its collection (3064-0111) associated with activities and investments of insured state banks. The current clearance for the collection expires on January 31, 2019. There is no change in the method or substance of the collection.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

Section 24 of the Federal Deposit Insurance (FDI Act), 12 U.S.C. 1831a, limits investments and other activities in which state banks may engage, as principal, to those permissible for national banks and those approved by the FDIC under procedures set forth in part 362 of the FDIC's Rules and Regulations, 12 CFR part 362. With certain exceptions, section 24 of the FDI Act limits the activities and investments of state banks to those activities and investments that are permissible for national banks. In addition, the statute prohibits a state bank from directly engaging, as a principal, in any activity or investment that is not permissible for a national bank, or indirectly through a subsidiary in an activity or investment that is not permissible for a subsidiary of a national bank, unless such bank meets its minimum capital requirements and the FDIC determines that the activity or investment does not pose a significant risk to the Deposit Insurance Fund (DIF). The FDIC can make such a determination for exception by regulation or by order. Section 28(a), 12 USC 1831e, similarly limits the investments and activities of state savings associations and their service corporations to those permitted by federal savings associations and their service corporations, absent FDIC approval. Part 362 details the activities that state banks or their subsidiaries may engage in, under certain criteria and conditions and identifies the information that state banks must furnish to the FDIC in order to obtain the FDIC's approval or non-objection. Part 362 also applies to the activities and investments of state savings associations and their subsidiaries.

2. Use of the information:

The information in an application or notice is used by the FDIC as part of the process of determining the risk to the DIF. For example, the FDIC uses the information to determine whether current or contemplated activities pose a level of risk that is not appropriate for a particular state bank or state savings association or its subsidiaries..

3. Consideration of the use of improved information technology:

Applicants may use technology to the extent appropriate and feasible to prepare applications or notices.

4. Effort to identify duplication:

The information required by this collection is not available elsewhere.

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

All state banks and state savings associations, regardless of size, must submit the same data, if applicable, relative to an application or notice. The application and notice requirements have been designed to impose the minimum burden consistent with the FDIC's statutory mandates.

This collection does not have a significant impact on a substantial number of small entities. In particular, according to Call Report data as of September 30, 2018, there were 5,486 FDIC-insured institutions. Only 10 of these FDIC-insured institutions have total assets of less than \$550 million therefore meeting the Small Business Administration's definition of a "small entity."

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

The frequency is consistent with the statutory mandate and less frequent collection would result in non-compliance with the law. There is no collection absent the filing of an application or a notice.

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

None. 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:

A 60-day *Federal Register* notice seeking public comment was published on November 2, 2018 (83 FR 55167). No comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

Information collected is kept private to the extent allowed by law. All required records are subject to the confidentiality requirements of the Privacy Act. In addition, any information deemed to be of a confidential nature is exempt from public disclosure in accordance with the provisions of the Freedom of Information Act (5 U.S.C. 552).

11. Justification for questions of a sensitive nature:

No questions of a sensitive nature are included in the collection.

12. Estimate of Hour Burden Including Annualized Hourly Costs:

Summary of Annual Burden							
	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Activities and Investments of Insured State Banks	Reporting	Mandatory	23	1	8.00	On Occasion	184
TOTAL HOURLY BURDEN							184 hours

The estimated labor cost¹ is calculated as follows:

Personnel Category	Hourly 75 th Percentile Wage	Percent Weighted	Dollar Value Weighted
Executives *	\$78.28	20%	\$15.66
Professionals and Managers **	\$99.89	80%	\$79.91
Skilled and Technical Workers †	\$40.55	0%	\$0.00
Clerical ‡	\$20.41	0%	\$0.00
Weighted Average Wage (Unadjusted)		100%	\$95.57
	Inflation and Non-Wage Cost of Employment Adjustment		59.95%
Weighted Average Wage (Adjusted)			\$152.86

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

* Occupation (SOC Code): Top Executives (111000)

** Occupation (SOC Code): Lawyers, Judges, and Related Workers (231000)

† Occupation (SOC Code): Compliance Officers (131041), Computer and Mathematical Occupations (150000), Financial Analysts (132051)

‡ Occupation (SOC Code): Office and Administrative Support Occupations (430000)

The dollar value of the 184 hours of total estimated annual burden is \$28,126.24 (184 hours X \$152.86).

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 the substance of this information collection.

The 696 decrease in burden hours is a 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.

¹ The wage information reported by the Bureau of Labor Statistics (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. Additionally, the wage has been adjusted for inflation according 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.

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

This information collection is contained in a regulation.

18. Exceptions to Certification Statement

None.

B. STATISTICAL METHODS

Statistical methods are not employed in these collections.