

National Credit Union Administration
SUPPORTING STATEMENT

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

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

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 BSA-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. Purpose and use of the information collected.

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 financial institution for criminal investigation and prosecution purposes.

3. Use of information technology.

The SAR system uses improved information technology to reduce burden on institutions and has been mandatory since 2012.

4. Duplication of information.

The required information is unique and not duplicated.

5. Efforts to reduce burden on small entities.

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

6. Consequences of not conducting the collection.

With the automated SAR system, the banking 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. Inconsistencies with guidelines in 5 CFR 1320.5(d)(2).

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.

8. Efforts to consult with persons outside the agency.

A 60-day notice was published in the *Federal Register* on January 17, 2020, at 85 FR 3079, soliciting comments from the public. The agency received one comment from a credit union on March 18, 2020, a day after the comment period ended. The comment provided feedback on the collection of information related to Item c – “Ways to enhance the quality, utility, and clarity of the information to be collected.” A response to this comment is not in our purview and can only be addressed appropriately by Treasury’s Financial Crimes Enforcement Network (FinCEN) who maintains the form.

9. Payments or gifts to respondents.

There is no intent by NCUA to provide payment or gifts for information collected.

10. Assurance of Confidentiality.

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. Questions of a sensitive nature.

There are no questions of a sensitive nature asked.

12. Burden of information collection.

The time spent by each credit union to file a SAR will vary, depending on the size and type of institution involved and the number of reportable transactions. The NCUA estimates that 2,932 credit unions will file approximately 188,087 SARs each year.

	# of Respondents/ Recordkeepers	Number of responses per Respondent (Frequency)	Annual Response/ Records	Hours per Response	Total Burden
Reporting §748.1(c)(2)	2,932	64	188,087	1	188,087
Recordkeepin g §748.1(c)(3)	2,932	1	2,932	1	2,932
TOTAL	2,932	65.14972	191,019	1	191,019

Annual cost to respondent based on an hourly wage rate of \$35 is \$6,685,665.

13. Capital start-up or on-going operation and maintenance costs.

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

14. Annualized costs to Federal government.

There is no cost to the Federal government.

15. Changes in burden.

1. Adjustments were made to the number of respondents to reflect a current number of credit unions reporting.
2. Adjustment were also made to the number of SAR reports filed by credit unions annually (frequency). In NCUA’s 2016 request to OMB, it was reported that 77,972

SARs were filed by credit unions annually; however, it has been determined that this amount was incorrectly reported due to miscalculations. The correct total number of responses per respondent is being reported as 188,087, for a total of 191,019 burden hours requested.

16. Information collection planned for statistical purposes.

The information is not planned for publication.

17. Request non-display the expiration date of the OMB control number.

Not applicable.

18. Exceptions to the Certification for Paperwork Reduction Act Submission.

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.