

Supporting Statement
OMB Control Number 1506-0013

Registration of Money Services Business

1. Circumstances necessitating collection of information.

The Financial Crimes Enforcement Network (“FinCEN”) exercises regulatory functions primarily under the Currency and Financial Transactions Reporting Act of 1970, as amended by the USA PATRIOT Act of 2001 and other legislation. This legislative framework is commonly referred to as the “Bank Secrecy Act” (“BSA”).¹ The Secretary of the Treasury has delegated to the Director of FinCEN the authority to implement, administer, and enforce compliance with the BSA and associated regulations.² Pursuant to this authority, FinCEN may issue regulations requiring financial institutions to keep records and file reports that “have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings, or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism.”³ Under 31 U.S.C. 5330 and its implementing regulation (31 CFR 1022.380), money services businesses (“MSBs”)⁴ must file an initial registration report with FinCEN, renew their registration every two years, re-register under certain circumstances, and maintain a list of their agents.

2. Method of collection and use of data.

Registration

Each MSB, with a few exceptions,⁵ must register with FinCEN. The information required by 31 U.S.C. 5330 and any other information required by the Registration of Money Services Business (RMSB) Report 107 must be reported in the manner and to the extent required by the report.⁶ The registration report for the initial registration period must be filed on or before the end of the 180-day period beginning on the day following the date the business is established. MSBs must renew their registration every two calendar years, on or before December 31. In addition, MSBs must re-register with FinCEN no later than 180 days after the following: change in ownership or control under state law, transfer of more than 10 percent voting power or equity interest (other than a MSB that must report such transfer to the Securities Exchange Commission), or a more than 50 percent increase in agents.⁷ MSBs must maintain a copy of any registration report filed under 31 CFR 1022.380 at a location in the United States for a period of five years.⁸

¹ The BSA is codified at 12 U.S.C. 1829b, 12 U.S.C. 1951–1959, 31 U.S.C. 5311–5314 and 5316–5332 and notes thereto, with implementing regulations at 31 CFR Chapter X. See 31 CFR 1010.100(e).

² Treasury Order 180-01 (January 14, 2020).

³ 31 U.S.C. 5311.

⁴ See 31 CFR 1010.100(ff).

⁵ See 31 CFR 1022.380(a).

⁶ See Registration of Money Services Business (RMSB) Electronic Filing Instructions. Release Date July 2014 – Version 1.0. https://www.fincen.gov/sites/default/files/shared/FinCENRMSB_ElectronicFilingInstructions.pdf.

⁷ See 31 CFR 1022.380(b)(4).

⁸ See 31 CFR 1022.380(b)(1)(iii).

Maintenance of an Agent List

A person that is a MSB solely because that person serves as an agent of another MSB is not required to register.⁹ However, MSBs are required to prepare and maintain a list of their agents.¹⁰ The list must be revised each January 1, for the immediately preceding 12-month period. The list is not filed with the registration report, but must be maintained at the location in the United States, reported on the registration report. Upon request, MSBs must make the list of agents available to FinCEN and any appropriate law enforcement agency, including without limitation the examination function of the Internal Revenue Service in its capacity as a delegee of BSA examination authority.

The information collected and retained under the regulations addressed in this supporting statement assists Federal, state, and local law enforcement, as well as regulatory authorities, in the identification, investigation, and prosecution of money laundering and other matters. The information will also allow FinCEN to more accurately quantify the universe of MSBs.

3. Use of improved information technology to reduce burden.

Any financial institution required to register as a MSB pursuant to FinCEN regulations must use the BSA E-filing system (“BSA E-filing”). MSBs can use BSA E-filing to file an initial registration, renew their registration, re-register, or file corrections to a previous registration. BSA E-filing allows MSBs to open a previously filed RMSB Report 107 and the electronic report is pre-populated with the information from the prior filing. MSBs that are renewing their registration, re-registering, or filing a correction can update any information required on the report prior to submitting the report electronically. The e-filing system prompts MSBs to save the registration report after submission. See BSA-E-filing at <http://bsaefiling.fincen.treas.gov/main.html>.

4. Efforts to identify duplication.

There is no similar information available; thus, there is no duplication.

5. Methods to minimize burden on small businesses or other small entities.

FinCEN stipulates that the information required to be included on the RMSB Report 107 is basic information MSBs need to maintain to conduct business. For that reason, this collection of information does not have a significant impact on small entities.

6. Consequences to the Federal government of not collecting the information or less frequent collections.

A MSB must file the RMSB Report 107 within 180 days of when the business is established and renew the registration every two years. If this collection of information were

⁹ See 31 CFR 1022.380(a)(3).

¹⁰ See 31 CFR 1022.380(d).

reduced in frequency, law enforcement and regulatory personnel would not receive timely, useful information.

7. Special circumstances requiring data collection inconsistent with guidelines in 5 CFR 1320.5(d)(2).

There are no special circumstances.

8. Consultation with individuals outside of the agency on availability of data, frequency of collection, clarity of instructions and forms, and data elements.

On January 27, 2020, FinCEN issued a notice and request for comment to renew existing MSB registration requirements and the RMSB Report 107.¹¹ The comment period closed on March 27, 2020, and FinCEN did not receive any comments.

9. Explanation of decision to provide any payment or gift to respondents.

No payments or gifts were made to respondents.

10. Assurance of confidentiality of responses.

Information collected on the RMSB Report 107 is made available, in accordance with strict safeguards, to appropriate criminal law enforcement, regulatory, and taxation personnel solely in the official performance of their duties.

11. Justification of sensitive questions.

There are no questions of a sensitive nature in the collection of information. Any personally identifiable information collected under the BSA is strictly controlled as outlined in FinCEN's Systems of Records Notice.

https://www.fincen.gov/sites/default/files/shared/FinCEN_79_FR_20969.pdf.

12 & 13. Estimated burden & cost of information collection.

Initial Registration

Frequency: As required.

Estimated Burden per Respondent: FinCEN estimates that the hourly burden of filing and maintaining a copy of the initial RMSB Report 107 is 1 hour and 10 minutes. (1 hour to fill out the report and file it, and 10 minutes to save the report electronically and print out a copy to maintain). FinCEN stipulates that the information required to be included on Report 107 is basic information MSBs need to maintain to conduct business. The e-filing system prompts MSBs to save the registration report after submission.

¹¹ See 85 FR 4796, January 27, 2020. <https://www.federalregister.gov/documents/2020/01/27/2020-01240/agency-information-collection-activities-proposed-renewal-comment-request-renewal-without-change-of>.

Estimated Number of Respondents: 3,478 MSBs.¹²

Estimated Total Annual Burden Hours: 4,058 hours.¹³

Registration Renewal

Frequency: Every two years.

Estimated Burden per Respondent: FinCEN estimates that the hourly burden of filing and maintaining a copy of the renewal of the RMSB Report 107 is 40 minutes (30 minutes to revise the report and file it, and 10 minutes to save the report electronically and print out a copy to maintain). FinCEN stipulates that the information required to be included on the Report 107 is basic information MSBs need to maintain to conduct business. In addition, FinCEN's e-filing system allows MSBs to open a previously filed RMSB Report 107 and the electronic report is pre-populated with the information from the prior filing. MSBs can amend Part I by selecting item 1b (renewal) and submit the report. MSBs can update any information required on the Report 107 prior to submitting the report electronically. The e-filing system prompts MSBs to save the registration Report 107 after submission.

Estimated Number of Respondents: 8,678 MSBs.¹⁴

Estimated Total Annual Burden Hours: 5,785 hours.¹⁵

Re-Registration

Frequency: As required.

Estimated Burden per Respondent: FinCEN estimates that the hourly burden of filing and maintaining a copy of the re-registration of the RMSB Report 107 is 40 minutes (30 minutes to revise the report and file it, and 10 minutes to save the report electronically and print out a copy to maintain). FinCEN stipulates that the information required to be included on the report is basic information MSBs need to maintain to conduct business. In addition, FinCEN's e-filing system allows MSBs to open a previously filed RMSB Report 107 and the electronic report is pre-populated with the information from the prior filing. MSBs can amend Part I by selecting item 1d (re-registration) and selecting the appropriate response in item 2. MSBs can amend the applicable information required on the Report 107 and submit it electronically. The e-filing system prompts MSBs to save the registration report after submission.

Estimated Number of Respondents: 225 MSBs.¹⁶

¹² FinCEN looked at the number of initial RMSBs filed in each of the calendar years 2015 through 2019. The average number of initial filings for the period of five years is 3,478.

¹³ 3,478 MSBs multiplied by 70 minutes and converted to hours is 4,058 hours.

¹⁴ FinCEN looked at the number of RMSB renewals filed in each of the calendar years 2015 through 2019. The average number of renewals for the period of five years is 8,678.

¹⁵ 8,678 MSBs multiplied by 40 minutes and converted to hours equals 5,785 hours.

¹⁶ FinCEN looked at the number of RMSBs re-registered in each of the calendar years 2015 through 2019. The

Estimated Total Annual Burden Hours: 150 hours.¹⁷

Maintenance of Agent List

Frequency: Annually.

Estimated Burden: FinCEN estimates that the hourly burden of drafting an agent list and revising it annually is 30 minutes per MSB. FinCEN stipulates that the information required to be included on an agent list is basic information MSBs need to maintain to conduct business. FinCEN does not require the MSB to maintain the list in any particular format; therefore, the MSB can leverage its business records to create and revise the list.

Estimated Number of Respondents: 24,027.¹⁸

Estimated Total Annual Burden Hours: 12,014 hours.¹⁹

Grand Total Annual Burden Hours for this Information Collection: 22,007 hours.²⁰

Estimated Total Annual Burden Cost: 22,007 hours X \$52.62 per hour = \$1,158,008.34.²¹

average number of re-registrations for the period of five years is 225.

¹⁷ 225 MSBs multiplied by 40 minutes and converted to hours is 150 hours.

¹⁸ FinCEN looked at the total number of active RMSB Report 107s as of December 1 for each of the calendar years 2015 through 2019. This includes active registration reports for initial filings, renewals, and re-registrations. The average number of MSBs registered on December 1 for the period of five years ending on December 31, 2019, is 24,027.

¹⁹ 24,027 MSBs multiplied by 30 minutes and converted to hours is 12,014 hours.

²⁰ The total annual burden hours for this information collection represents the total annual burden hours to file initial registrations, registration renewals, and re-registrations, and to maintain agent lists (4,058 + 5,785 + 150 + 12,014 = 22,007).

²¹ The average hourly wage rate is calculated using the May 2019 Bureau of Labor Statistics average hourly wage for “13-1041 Compliance Officer” of \$35.03. See U.S. Bureau of Labor Statistics, Occupational Employment Statistics-National, May 2019, available at <https://www.bls.gov/oes/tables.htm>. For the benefits component of total compensation, see U.S. Bureau of Labor Statistics, Employer’s Cost per Employee Compensation as of December 2019, available at <https://www.bls.gov/news.release/eccec.nr0.htm>. The ratio between benefits and wages for financial activities, credit intermediation and related activities is \$15.80 (hourly benefits)/\$31.45 (hourly wages) = 0.502. The benefit factor is 1 plus the benefit/wages ratio, or 1.502. Multiplying the hourly wage by the benefit factor produces the fully-loaded hourly wage. (\$35.03 multiplied by 1.502 equals \$52.62).

Instrument	# of Respondents	Responses per Respondent	Total Annual Number of Responses	Average Burden per Response	Total Annual Burden (in hours)	Average Hourly Wage (in dollars)	Total Annual Burden (in dollars)
Initial Registration	3,478	1	3,478	1 hr 10 minutes (70 minutes)	4,058	\$52.62	\$213,531.96
Registration Renewal	8,678	1	8,678	40 minutes	5,785	\$52.62	\$304,406.70
Re-Registration	225	1	225	40 minutes	150	\$52.62	\$7,893.00
Maintenance of Agent List	24,027	1	24,027	30 minutes	12,014	\$52.62	\$632,176.68
Total	36,408		36,408		22,007		\$1,158,008.34

There are no out-of-pocket costs for MSBs to electronically register or file the RMSB Report 107 with FinCEN.

14. Estimated annual cost to the Federal government.

Electronic processing cost to the Federal government for 12,381 responses²² X \$0.10 per response²³ = \$1,238.10.

15. Reason for change in burden.

Per OIRA’s recommendation, FinCEN divided the registration process into three categories (i) initial registration, (ii) registration renewal, and (iii) re-registration. FinCEN also incorporated the estimated burden of maintaining and updating a MSB’s agent list. For each of the four categories, FinCEN looked at the total number MSBs for calendar years 2015 through 2019, and identified an average for each category. FinCEN also re-evaluated its estimate of burden for recordkeeping and reporting on the RMSB Report 107 for each type of report. In prior information collection requests (“ICRs”), FinCEN estimated it would take a MSB 30 minutes to complete the RMSB Report 107 and file it, and 30 minutes to maintain a record of the report. In light of BSA E-filing, FinCEN reduced the estimate of recordkeeping burden per type of registration. FinCEN also revised its estimate of reporting burden, which varies by type of registration.

²² This number represents the total number of initial registration respondents, registration renewal respondents, and re-registration respondents. (3,478 + 8,678 + 225 = 12,381). The number does not include the number of respondents for the maintenance of the agent list, because that information is not reported to FinCEN.

²³ Cost per response received as listed in the BSA E-Filing Federal contract for 2020.

In the 2018 ICR, the estimated number of respondents was 42,000, and the estimated total annual burden hours was 42,000 (30 minutes recordkeeping plus 30 minute reporting). In this ICR, FinCEN identified 12,381 registration responses and 24,027 MSBs that must maintain and update an agent list annually. The reduction in the number of MSBs since 2018, in combination with the revisions to FinCEN's estimates of burden broken down into various categories, is the reason for the reduction in total annual burden to 22,007 hours in this ICR.

16. Plans for tabulation, statistical analysis, and publication.

FinCEN publishes some of the collected information to the public at <https://www.fincen.gov/msb-registrant-search>; this permits members of the public to ensure a given MSB is registered.

17. Request not to display the OMB expiration date.

FinCEN requests that the expiration date of the control number of the RMSB Report 107 not be displayed on the report so that there is no confusion as to whether the registration report is still valid. This request will not affect the normal 3-year Paperwork Reduction Act renewal process.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.