

**SUPPORTING STATEMENT
PROCEDURES FOR MONITORING BANK SECRECY ACT COMPLIANCE
(OMB No. 3064-0087)**

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting OMB approval of a three-year extension without change of the information collection entitled “Procedures for Monitoring Bank Secrecy Act Compliance” (OMB Control No. 3064-0087). This information collection consists of recordkeeping requirements contained in subsections 326.8(b)(1) and (c) of FDIC's regulation 12 C.F.R. Part 326.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

As required by Section 8(s) of the Federal Deposit Insurance Act (12 U.S.C. § 1818(s)), the FDIC's 12 C.F.R. § 326.8(b) (1) and (c), requires all insured nonmember banks to establish and maintain procedures designed to assure and monitor their compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311 *et seq.*) and the Treasury's implementing regulations at 31 C.F.R. Chapter X.

An institution's compliance program must be reduced to writing, approved by the institution's board of directors and noted in the minutes of the board meeting. The compliance program must consist of a system of internal controls to assure ongoing compliance and provide for independent testing for compliance to be conducted by bank personnel or by an outside party. The bank must also designate an individual or individuals responsible for compliance, and provide for the training of appropriate personnel.

2. Use of the information:

The information is reviewed by the FDIC during the course of bank examinations to verify compliance with statutory and regulatory requirements. The agency report of examination will describe any problem with the compliance program, including the procedures followed by an insured bank.

3. Consideration of the use of improved information technology:

Banks may use any appropriate technology to prepare and maintain their written procedures. However, the applied technology must not impede the examination process.

4. Efforts to identify duplication:

The information collected is unique to each institution and does not duplicate information existing elsewhere.

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

All banks are subject to the same requirement to prepare and maintain written procedures as part of this program to assure and monitor compliance with the Bank Secrecy Act (31 U.S.C. 5311 et seq.) and the Treasury's implementing regulations at 31 C.F.R. Chapter X. The burden in preparing and maintaining written procedure is proportionate to the size and complexity of the bank's operations.

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

Banks are expected to collect relevant information as frequently as is necessary to keep abreast of its operating condition. Non-compliance with Bank Secrecy Act requirements exposes banks to statutory penalties, fines and sanctions. Less frequent collection of this information would hinder the agency's ability to assess the safety and soundness of FDIC-supervised institutions.

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

None. The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

8. **Efforts to consult with persons outside the agency:**

The FDIC published a notice in the *Federal Register* seeking comment for a 60-day period on renewal of this information collection on June 2, 2020 (85 FR 33667). No comments were received.

9. **Payment or gifts to respondents:**

None.

10. **Any assurance of confidentiality:**

The information will be kept private to the extent provided by law.

11. **Justification for questions of a sensitive nature:**

Not applicable. No sensitive information is collected.

12. Estimate of hour burden including annualized hourly costs:

The FDIC estimates that the annual recordkeeping burden of approximately 3,344 FDIC supervised institutions will vary, depending on the size, complexity, and type of bank. The burden is calculated as follows:

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 (Hours)	Estimated Annual Burden (Hours)
Procedures for Monitoring BSA Compliance – Small Institutions <i>(Less than \$500 million)</i>	Recordkeeping	Mandatory	2,523	On Occasion	35	88,305
Procedures for Monitoring BSA Compliance – Medium Institutions <i>(\$500 million –\$10 billion)</i>	Recordkeeping	Mandatory	774	On Occasion	250	193,500
Procedures for Monitoring BSA Compliance – Large Institutions <i>(Over \$10 billion)</i>	Recordkeeping	Mandatory	47	On Occasion	450	21,150

Total Estimated Annual Burden

302,955 hours

Annualized Cost of Internal Hourly Burden:

FDIC estimates that 70 percent of the recordkeeping work related to this information collection will be performed by Clerical personnel, 29 percent will be performed by Compliance Officers, and 1 percent will be performed by Executives and Managers. Based on recent Bureau of Labor Standards (BLS) estimates of wages for these professions, the average hourly compliance cost for respondents to this information collection is \$43.00.¹

Total Estimated Cost Burden

¹ The estimate includes the May 2018 75th percentile hourly wage rate for Management Occupations (\$78.25), Compliance Officers (\$42.00), and Office and Administrative Support Occupations (\$20.92) reported by the Bureau of Labor Statistics, National Industry-Specific Occupational Employment, and Wage Estimates. These wage rates have been adjusted for changes in the Consumer Price Index for all Urban Consumers between May 2018 and December 2019 (3.11 percent) and grossed up by 51 percent to account for non-monetary compensation as reported by the December 2019 Employer Costs for Employee Compensation Data. The calculation assumes that Management Occupations would conduct 1 percent of the hourly burden associated with this collection, Compliance Officers would conduct 29 percent, and Office and Administrative Support Occupations would conduct 70 percent. The hourly cost estimate is calculated as (0.01*\$121.88 + 0.29*\$65.42 + 0.70*\$32.59 = \$43.00).

FDIC estimates the total annual cost burden for this information collection by multiplying the total estimated annual burden of 302,955 hours, by the weighted average hourly compensation estimate of \$43 to arrive at an estimated labor cost of \$13,027,065 per year.

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 substance or methodology of this information collection. The 443-hour decrease in burden from 305,185 hours to 302,955 hours is due solely to the reduction in the estimated number of responses due to a reduction in the number of FDIC-supervised institutions. The estimated hourly burden per response remains the same.

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

The information is not published.

17. **Exceptions to Display of expiration date:**

None.

18. **Exceptions to certification:**

None.

B. **COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.