

Supporting Statement
Office of Management and Budget (OMB) Control Numbers 1506-0004,
1506-0005, and 1506-0064

Bank Secrecy Act Reports of Transactions in Currency Regulations and
FinCEN Report 112 - Currency Transaction Report (CTR)

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. 5313, the Secretary of the Treasury is authorized to require financial institutions to report currency transactions exceeding \$10,000. Regulations implementing 31 U.S.C. 5313 are found at 31 CFR 1010.310 through 1010.314, 31 CFR 1021.311, and 31 CFR 1021.313.

The regulations and related reports correspond to the following OMB control numbers: 1506-0004, 1506-0005, and 1506-0064.⁴ This supporting statement is being issued in connection with the renewal of OMB control numbers 1506-0004, 1506-0005, and 1506-0064. An administrative burden of one hour is assigned to each of the CTR regulation OMB control numbers in order to maintain the requirements in force.⁵ The reporting and recordkeeping burden is reflected in FinCEN Report 112 – Currency Transaction Report (“CTR”) under OMB control number 1506-0064. The rationale for assigning one burden hour to each of the CTR regulation OMB control numbers is that the annual burden hours would be double counted if FinCEN estimated burden in each CTR regulation OMB control number and in the CTR OMB control number.

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 The reports of transactions in currency regulatory requirements are currently covered under the following OMB control numbers: 1506-0004 (General provisions - 31 CFR 1010.310 - Reports of transactions in currency, 31 CFR 1010.311 - Filing obligations for reports of transactions in currency, 31 CFR 1010.312 - Identification required, 31 CFR 1010.313 - Aggregation, and 31 CFR 1010.314 - Structured transactions), and 1506-0005 (Rules for casinos and card clubs - 31 CFR 1021.311 - Reports of transaction in currency, and 31 CFR 1021.313 - Aggregation). OMB control number 1506-0064 applies to FinCEN Report 112 - CTR.

⁵ One hour of burden is estimated under each of the following OMB control numbers: 1506-0004 and 1506-0005.

2. Method of Collection and Use of Data.

Financial institutions are required to report currency (cash or coin) transactions over \$10,000 conducted by, or on behalf of, one person, as well as multiple currency transactions that aggregate to over \$10,000 in a single day. These transactions are reported on CTRs. Financial institutions submit CTRs to FinCEN electronically via the BSA E-filing system.

FinCEN's system of record for CTRs is the Bank Secrecy Act Reports System (the "BSA System") - Treasury/FinCEN.003.⁶ The BSA System is maintained for the purpose of maintaining the information contained in the reports required under the BSA regulations, including the CTR. The system of records contains information collected pursuant to the BSA, or any other authority exercised by FinCEN to compel the reporting of records. The information is distributed to federal, state and local agencies that engage in criminal, regulatory and tax investigations and proceedings, agencies that engage in intelligence and counterintelligence activities, certain self-regulatory organizations, appropriate foreign agencies, and foreign financial intelligence units. A BSA System user is an agency or organization that has been granted access to the information in this system.

3. Use of Improved Information Technology to Reduce Burden.

The BSA E-filing system supports electronic filing of BSA reports, including CTRs (either individually or in batches)⁷ through a FinCEN secure network. BSA E-filing provides a faster and more convenient, secure and cost-effective method for submitting BSA reports. Discrete and batch versions are available on the FinCEN BSA E-File website at <http://bsaefiling.fincen.treas.gov/main.html>. FinCEN also upgraded to the industry standard of XML file format for both discrete and batch filers of CTRs.

4. Efforts to Identify Duplication.

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

5. Methods to Minimize Burden on Small Businesses or other Small Entities.

FinCEN has actively encouraged filing institutions to avail themselves of existing filing exemptions whenever applicable.⁸ However, CTRs provide valuable information to Federal, state and local agencies that engage in criminal, regulatory and tax investigations and proceedings, agencies that engage in intelligence and counterintelligence activities, certain self-regulatory organizations, appropriate foreign agencies, and foreign financial

⁶ See FinCEN's System of Records Notice for the BSA System at 79 FR 20974, April 14, 2014. <https://www.federalregister.gov/documents/2014/04/14/2014-08254/privacy-act-of-1974-as-amended-system-of-records-notice>.

⁷ In batch-filing, a filer submits a single electronic file containing several reports. In discrete-filing, the filer fills in an electronic form individually, using a data entry screen that FinCEN provides.

⁸ See 31 CFR 1020.315 - Transactions of exempt persons and 31 CFR 1010.315 – Exemptions for non-bank financial institutions.

intelligence units in their efforts to combat money laundering and other financial crimes. Without these collections from entities of all sizes, the government's efforts to counter financial crimes would be negatively impacted.

6. Consequences to the Federal Government of Not Collecting the Information.

CTRs provide valuable information to Federal, state and local agencies that engage in criminal, regulatory and tax investigations and proceedings, agencies that engage in intelligence and counterintelligence activities, certain self-regulatory organizations, appropriate foreign agencies, and foreign financial intelligence units in their efforts to combat money laundering and other financial crimes. Without these collections, the government's efforts to counter financial crimes such as money laundering and the financing of terrorism would be negatively impacted.

7. Special Circumstances Requiring Data Collection Inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

The CTR reporting rules require financial institutions to file reports of currency transactions of more than \$10,000 within 15 days following the transaction. Reporting within this required time frame is necessary to ensure that information about these transactions can be made promptly made available to law enforcement and regulators for their use in investigations.

Under 31 CFR 1010.430, records must be kept for 5 years. This retention period is necessary to substantiate violations that have occurred within the statute of limitations, which is greater than 3 years. See 31 U.S.C. 5321(b)(1).

8. Consultation with Individuals Outside of the Agency on Availability of Data, Frequency of Collection, Clarity of Instructions and Forms, and Data Elements.

The 60-day notice was published on May 14, 2020.⁹ The notice requested public comments on the proposed renewal, without change, of currently approved information collections relating to the CTR regulations and report. Although no changes were proposed to the information collections themselves, the notice requested public comments on a proposed updated burden estimate for the information collection. Specifically, the notice proposed for review and comment: (a) a re-calculation of the portion of the PRA burden that FinCEN traditionally included in its PRA renewal notices (the "traditional PRA burden calculation"); and (b) an estimate of the portion of the total burden that FinCEN previously did not include in its PRA calculations (the "supplemental PRA burden calculation").

As explained in the notice, FinCEN intends to conduct more granular studies of the filing population in the future, to arrive at more accurate estimates that take into

⁹ See 85 FR 29022 at <https://www.federalregister.gov/documents/2020/05/14/2020-10310/agency-information-collection-activities-proposed-renewal-comment-request-renewal-without-change-of>.

consideration a more specific breakdown of the degree of automation among CTR filers. The data obtained in these studies may result in significant variations of the estimated annual PRA burden hours. FinCEN also intends to conduct studies of the filing population to more accurately estimate the contribution of technology-related costs to the total annual PRA burden. Among other things, FinCEN will need to segregate the technology costs associated exclusively with BSA reporting, recordkeeping, and monitoring requirements, from the technology costs involved in (i) complying with other regulatory frameworks, and/or (ii) processing data used for the filer's other business purposes.

FinCEN received 18 public comments in response to this notice. Commenters were generally supportive of FinCEN's effort to more accurately estimate the costs and burdens associated with the CTR filing process. One commenter noted that having the most accurate PRA burden calculation for CTRs is an important step in determining whether the information gathered from CTRs is worth the cost to financial institutions to produce the reports. Many of the commenters recommended that FinCEN consider increasing the \$10,000 threshold that triggers the CTR requirements, as part of a broader BSA modernization to reduce burden on industry.

Some commenters had specific recommendations regarding the traditional and supplemental annual PRA burden estimates described in the notice. FinCEN appreciates the specific recommendations and intends to use that information to calculate future PRA burden and cost estimates as part of a larger project FinCEN is undertaking to better understand the PRA hourly burden and cost of the BSA as a whole. Some of the specific recommendations from commenters are as follows:

- Include the full scope of resources invested in pre-filing review, identification, technology, training, testing, and quality assurance within the CTR filing process.
- Include within the burden estimate the time and cost to aggregate transactions to determine the need for a CTR and the burden to collect the information required to file these types of CTRs.
- Include expenses and burden hours associated with audit, quality control, and error resolution, which are required to ensure accuracy of CTR processing.
- FinCEN overestimates the degree of automation in CTR processing. Even large institutions that use technology to process CTRs rely on manual processes, far more than FinCEN estimated.
- Some depository institution do not restrict their reportable transactions to only established customers, contrary to FinCEN's stipulation in the notice. This needs to be incorporated into the burden analysis.

9. Payments and Gifts.

No payments or gifts were made to respondents.

10. Assurance of Confidentiality of Responses.

The information collected under this requirement is made available to appropriate agencies and organizations as disclosed in FinCEN's Privacy Act System of Records Notice relating to BSA reports.¹⁰ Information, once provided to the government on a CTR is expressly prohibited from disclosure under 31 U.S.C. 5319.

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 Privacy Act Systems of Records Notice relating to BSA reports.¹¹

12. Estimated Annual Hourly Burden.

Frequency: As required.

Estimated Burden of OMB Control Numbers 1506-0004 and 1506-0005:

An administrative burden of one hour is assigned to each of the CTR regulation OMB control numbers in order to maintain the requirements in force.¹² The reporting and recordkeeping burden is reflected in FinCEN Report 112 - CTR, under OMB control number 1506-0064. The rationale for assigning one burden hour to each of the CTR regulation OMB control numbers is that the annual burden hours would be double counted if FinCEN estimated burden in each CTR regulation OMB control number and in the FinCEN Report 112 - CTR OMB control number.

Estimated Number of Respondents: 14,276 financial institutions. (See Table 1 below) The tables used in this supporting statement are the tables summarizing the total burden and cost estimates from the 60-day notice to renew these OMB control numbers. For that reason, the table numbers correspond to the table numbers in the notice. Refer to the notice for additional tables that support the summary calculations in these tables.¹³

Estimated Total Annual Responses: 16,087,182.¹⁴ (See Table 1 below).

¹⁰ See supra note 6.

¹¹ Id.

¹² One hour of burden is estimated under each of the following OMB control numbers: 1506-0004 and 1506-0005.

¹³ See Table 1 at 85 FR 29023, May 14, 2020.

<https://www.federalregister.gov/documents/2020/05/14/2020-10310/agency-information-collection-activities-proposed-renewal-comment-request-renewal-without-change-of>.

¹⁴ Numbers are based on actual 2019 filings as reported by the BSA E-Filing System as of 12/31/2019.

Table 1 - 2019 Filers, by range of the number of reports filed (tranches), and type of financial institution

Tranche	Total Filers	Total Reports	Casino/ Card club		Depository Institution		Money Services Business (MSB)		Other		Securities/ Futures	
			Filers	Reports	Filers	Reports	Filers	Reports	Filers	Reports	Filers	Reports
01_LARGEST_FILERS	19	7,971,675			19	7,971,675						
02_100-2000/WEEK	287	4,434,506	73	946,507	206	3,393,315	5	33,515	3	61,169		
03_50-99/WEEK	262	925,809	56	198,827	188	656,924	17	67,414	1	2,644		
04_10-49/WEEK	1,562	1,723,657	159	195,821	1,224	1,336,193	167	176,148	12	15,495		
05_5-9/WEEK	1,296	487,224	87	33,457	1,029	387,095	172	63,774	8	2,898		
06_121-259/YEAR	1,632	292,595	77	13,943	1,281	229,059	263	47,459	9	1,749	2	385
07_73-120/YEAR	1,102	104,671	53	5,141	821	78,048	206	19,443	22	2,039		
08_37-72/YEAR	1,531	80,568	66	3,406	1,152	60,985	278	14,432	35	1,745		
09_25-36/YEAR	808	24,433	28	835	588	17,838	170	5,103	21	627	1	30
10_13-24/YEAR	1,323	23,596	41	722	917	16,355	310	5,556	54	946	1	17
11_7-12/YEAR	1,089	10,122	39	369	656	6,138	323	2,975	71	640		
12_1-6/YEAR	3,365	8,326	106	273	1,519	4,098	1,188	2,784	547	1,158	5	13
Grand Total	14,276	16,087,182	785	1,399,301	9,600	14,157,723	3,099	438,603	783	91,110	9	445

Estimated Reporting and Recordkeeping Burden Per Response: The average estimated PRA burden, measured in minutes per report, is 8 minutes, as described in Table 11 below.¹⁵

Table 11 - Total annual PRA burden, per tranche, filing method, and file type, expressed as minutes per report

TRANCHE	FILING METHOD	FILER TYPE	REPORTS	TRADITIONAL PRA (MINUTES)	ID PRA (MINUTES)	TECH PRA (MINUTES)	TOTAL MINUTES	MINUTES PER REPORT	
FULLY-AUTOMATED FILERS	BATCH	DEPOSITORY	11,255,508	11,255,508	19,716,909	5,465,721	36,438,138	3.24	
		NON_DEPOSITORY	986,492	986,492	3,006,534	704,652	4,697,678	4.76	
	DISCRETE	DEPOSITORY	109,482	109,482	2,189,640	161,832	414,966	2,766,438	25.27
		NON_DEPOSITORY	54,699	54,699	1,093,980	233,409	234,245	1,561,634	28.55
NON-AUTOMATED FILERS	ANY METHOD	DEPOSITORY	2,792,733	2,792,733	55,854,660	4,928,268	0	60,782,928	21.76
		NON_DEPOSITORY	888,268	888,268	17,765,360	3,487,332	0	21,252,692	23.93
TOTAL			16,087,182	16,087,182	89,145,640	31,534,284	6,819,583	127,499,507	7.93

Estimated Total Annual Reporting and Recordkeeping Burden: The estimated total annual PRA burden is 2,124,992 hours, as described in Table 12 below.¹⁶

Table 12 - Total annual PRA burden, in hours, per tranche, filing method, and file type

TRANCHE	FILING METHOD	FILER TYPE	REPORTS	TRADITIONAL PRA (HOURS)	ID PRA (HOURS)	TECH PRA (HOURS)	TOTAL HOURS
FULLY-AUTOMATED FILERS	BATCH	DEPOSITORY	11,255,508	187,592	328,615	91,095	607,302
		NON_DEPOSITORY	986,492	16,442	50,109	11,744	78,295
	DISCRETE	DEPOSITORY	109,482	36,494	2,697	6,916	46,107
		NON_DEPOSITORY	54,699	18,233	3,890	3,904	26,027
NON_AUTOMATED FILERS	ANY METHOD	DEPOSITORY	2,792,733	930,911	82,138	0	1,013,049
		NON_DEPOSITORY	888,268	296,089	58,122	0	354,212
TOTAL			16,087,182	1,485,761	525,571	113,660	2,124,992

13. Estimated Annual Cost to Respondents for Hour Burdens.

¹⁵ See Table 11 at 85 FR 29029, May 14, 2020.

<https://www.federalregister.gov/documents/2020/05/14/2020-10310/agency-information-collection-activities-proposed-renewal-comment-request-renewal-without-change-of>.

¹⁶ See Table 12 at 85 FR 29029, May 14, 2020.

<https://www.federalregister.gov/documents/2020/05/14/2020-10310/agency-information-collection-activities-proposed-renewal-comment-request-renewal-without-change-of>.

Estimated Total Annual Reporting and Recordkeeping Cost: At the weighted average hourly cost of \$25.73 described in Table 6 below,¹⁷ the cost of the estimated total annual PRA reflected in Table 12 below (2,124,992 hours) is \$54,676,044. (\$25.73 X 2,124,992).

Table 6. Weighted Average Hourly Cost

Component	Remote Supervision		Direct Supervision		Operations		Weighted Average Hourly Cost
	%time	Hourly Cost	%time	Hourly Cost	%time	Hourly Cost	
Recordkeeping and reporting	1%	\$93.80	9%	\$49.87	90%	\$22.56	\$25.73

Table 12 - Total annual PRA burden, in hours, per tranche, filing method, and file type

TRANCHE	FILING METHOD	FILER TYPE	REPORTS	TRADITIONAL PRA (HOURS)	ID PRA (HOURS)	TECH PRA HOURS	TOTAL HOURS
FULLY-AUTOMATED FILERS	BATCH	DEPOSITORY	11,255,508	187,592	328,615	91,095	607,302
		NON_DEPOSITORY	986,492	16,442	50,109	11,744	78,295
	DISCRETE	DEPOSITORY	109,482	36,494	2,697	6,916	46,107
		NON_DEPOSITORY	54,699	18,233	3,890	3,904	26,027
NON_AUTOMATED FILERS	ANY METHOD	DEPOSITORY	2,792,733	930,911	82,138	0	1,013,049
		NON_DEPOSITORY	888,268	296,089	58,122	0	354,212
TOTAL			16,087,182	1,485,761	525,571	113,660	2,124,992

14. Estimated Annual Cost to the Federal Government.

$$16,087,182^{18} \times \$0.10^{19} \text{ per filing} = \$1,608,718.$$

15. Reason for Change in Burden.

The total estimate of the annual reporting and recordkeeping burden included: (a) a re-calculation of the traditional PRA burden calculation, and (b) the addition of a supplemental PRA burden calculation.

FinCEN's traditional annual PRA burden calculation associated with the CTR previously included only the filer's annual operational burden and cost associated with (a) producing and filing the report, and (b) storing a copy of the filed report. Starting with the current PRA renewal notice, FinCEN added a supplemental PRA burden calculation, reflecting the annual costs involved in (a) obtaining data required by the report that the filer does not need for its own bookkeeping, and (b) maintaining, updating, and upgrading the technological infrastructure required to file and store the report.²⁰

¹⁷ See Table 6 at 85 FR 29026, May 14, 2020.

<https://www.federalregister.gov/documents/2020/05/14/2020-10310/agency-information-collection-activities-proposed-renewal-comment-request-renewal-without-change-of>.

¹⁸ See supra note 13.

¹⁹ Cost per response received as listed in the BSA E-filing Federal contract for 2020.

²⁰ Refer to 85 FR 29024-29026, May 14, 2020, Part 2 (*Re-calculation of the traditional annual PRA burden and cost*) for specific details outlining the revised burden and cost estimates associated with the traditional annual PRA burden and cost. Refer to 85 FR 29026- 29029, Part 3 (*Estimate of the supplemental annual PRA burden*) for specific details outlining the revised burden and cost estimates associated with the supplemental annual PRA burden.

16. Plans for Tabulation, Statistical Analysis, and Publication.

The information will not be tabulated or compiled for publication.

17. Request not to Display Expiration Date of OMB Control Number.

FinCEN requests that the expiration date of the control number of the FinCEN Report 112-CTR 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 PRA renewal process.

18. Exceptions to the Certification Statement.

There are no exceptions to the certification statement.