

SUPPORTING STATEMENT
NOTICE OF BRANCH CLOSURE
(OMB No. 3064-0109)

INTRODUCTION

The Federal Deposit Insurance Corporation is requesting an extension, without change, of the currently-approved information collection captioned above. The current clearance for the collection expires on September 30, 2021.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

Section 42 of the Federal Deposit Insurance Act mandates that an institution closing a branch notify its primary federal regulator not later than 90 days prior to the closing. The statute also provides that a notice be posted on the premises of the branch for the 30-day period immediately prior to the closing and that the customers be notified in a mailing at least 90 days prior to the closing. Each insured depository institution that has one or more branches is required to adopt a written policy for branch closings.

This section charges the FDIC with the responsibility of enforcing the provisions and filing requirements. To fulfill its statutory mandate, the FDIC in cooperation with other federal financial institution regulators developed an Interagency Policy Statement on Advance Notice of Branch Closings.

2. Use of information collected:

The information in the notices and in the policy statements is used by the FDIC as part of its oversight of an institution's record of serving the needs of its community. Such information allows the FDIC to make judgments of the reasonableness of the bank's record of opening and closing offices.

3. Consideration of the use of improved information technology:

The FDIC has an interactive website, *FDICconnect*, which allows insured institutions to submit certain filings to the FDIC electronically.

4. Efforts to identify duplication:

These collection requirements parallel the statutory language of Section 42. The FDIC works closely with other Federal financial institution regulators to assure interpretation of the requirements is uniform and does not involve any duplicated information. There is no similar information available to the FDIC.

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

An exception has been granted to the requirement to formulate policies for branch closure for institutions that currently do not have a branch office. All other institutions, regardless of size, must submit the same notices and formulate the same type policies. The notice requirements parallel the statutory requirements of Section 42.

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

The collections in the interagency statement vary in frequency. Some are one-time recordkeeping requirements; others are on occasion. In every case, frequency is consistent with the statutory mandate. Less frequent collection would result in non-compliance with the law.

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 Part 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

A 60-day notice seeking public comment on the FDIC's renewal of the information collection was published on July 8, 2021 (86 FR 36137). No comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

The information required in the interagency statement is generally available to the public; however, any information identified by an institution as confidential may be kept private to the extent provided by law.

11. Justification for questions of a sensitive nature:

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

12. Estimate of hour burden including annualized hourly costs:

Summary of Estimated Annual Burden						
Information Collection Description	Type of Burden (Obligation to Respond)	Frequency of Response	Number of Respondents	Number of Responses per Respondent	Hours per Response	Annual Burden (Hours)
Notice of Branch Closure	Reporting (Mandatory)	On occasion	178	4.388	2	1,562
Adoption of Branch Closure Policy	Recordkeeping (Mandatory)	On occasion	22	1.000	8	176
Total Annual Burden (Hours):						1,738
Source: FDIC.						

Total estimated annual burden: 1,738 hours

The total estimated annual cost for Notice of Branch Closure is:

$$1,562 \text{ hours} \times \$49.21 = \$76,866.02$$

The total estimated annual cost for Adoption of Branch Closure Police is:

$$176 \text{ hours} \times \$78.54 = \$13,823.04$$

The combined total burden cost is:

$$\$76,866.02 + \$13,823.04 = \mathbf{\$90,689.06}$$

Summary of Hourly Burden Cost Estimate for the Notice of Branch Closure Component			
Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Estimated Total Weighted Labor Cost Component
Executives and Managers*	\$123.30	10%	\$12.33
Lawyers**	\$151.44	0%	\$0.00
Compliance Officer***	\$67.35	20%	\$13.47
IT Specialists†	\$92.30	0%	\$0.00
Financial Analysts††	\$79.40	0%	\$0.00
Clerical‡	\$33.44	70%	\$23.41

Total Estimated Weighted Average Hourly Compensation Rate		100%	\$49.21
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Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)" (May 2019), Employer Cost of Employee Compensation (December 2020), Consumer Price Index (December 2020).

Note: The 75th percentile wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the December 2020 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 34 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 1.71 percent between May 2019 and December 2020.

* Occupation (SOC Code): Management Occupations (110000)

** Occupation (SOC Code): Legal Occupations (230000)

*** Occupation (SOC Code): Compliance Officers (131040)

† Occupation (SOC Code): Computer and Mathematical Occupations (150000)

†† Occupation (SOC Code): Financial and Investment Analysts, Financial Risk Specialists, and Financial Specialists, All Other (132098)

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

Summary of Hourly Burden Cost Estimate for the Branch Closure Policy Adoption Component			
Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Estimated Total Weighted Labor Cost Component
Executives and Managers*	\$123.30	20%	\$24.66
Lawyers**	\$151.44	0%	\$0.00
Compliance Officer***	\$67.35	80%	\$53.88
IT Specialists†	\$92.30	0%	\$0.00
Financial Analysts††	\$79.40	0%	\$0.00
Clerical‡	\$33.44	0%	\$0.00
Total Estimated Weighted Average Hourly Compensation Rate		100%	\$78.54

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)" (May 2019), Employer Cost of Employee Compensation (December 2020), Consumer Price Index (December 2020).

Note: The 75th percentile wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the December 2020 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 34 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

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13. Estimate of start-up cost to respondents:

There are no anticipated capital, start-up, or operating costs.

14. Estimates of annualized cost to the federal government:

None.

15. Analysis of change in burden:

The previous estimate of branch closures was made by counting only the closures of branches with the service type descriptions, “Full Service – Brick and Mortar Office,” or “Full Service – Retail Office.”¹ The current estimate includes the closure of any branch included in the Summary of Deposits survey of branch office deposits,² and branches with service type descriptions of either, “Limited Service – Messenger Office,” or “Limited Service – Retail Office.” Of the 2,540 branches closed between 2015 and 2017, 294 are included in the current estimate that were not included in the previous estimate because the previous estimate did not account for closures of other types of branches. In addition, of the 2,540 branch closures occurring between 2015 and 2017, 498 were not considered as part of the previous estimate because the branches closed had a service type not among the two listed above, or the closure had not yet been processed into the structure system of record. Setting those 498 closures aside leaves a total of 2,042 branches closed between 2015 and 2017, which is nearly identical to the estimate (2,049) used in the previous IC renewal.

If the revised count of 2,540 branch closures between 2015 and 2017 had been used in the previous IC renewal, FDIC would have estimated 847 responses per year to the Branch Closure Notice component. Thus, the new estimate of 781 responses per year represents a decline of 66 responses per year.

¹ The text of 12 U.S.C. 1831r-1 does not provide a definition of “branch,” and reads, in part, “An insured depository institution which proposes to close any branch shall submit a notice of the proposed closing to the appropriate Federal banking agency not later than the first day of the 90-day period ending on the date proposed for the closing.” To estimate the number of such notices, I assume the closure of any branch other than those explicitly excluded from the Summary of Deposits branch office survey is covered by the statute. I also include branches closed that have service type descriptions of either, “Limited Service – Messenger Office,” or “Limited Service – Retail Office,” or that have an unknown or missing service type description.

² Available at <https://www.fdic.gov/regulations/resources/call/sod.html>.

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

Collections of information under the interagency statement are not published.

17. Exceptions to expiration date display:

None.

11. Exceptions to certification:

None.

B. STATISTICAL METHODS

Statistical methods are not employed in this collection.