

Office of the Comptroller of the Currency
Supporting Statement
Interagency Policy Statement on
Funding and Liquidity Risk Management
OMB Control No. 1557-0244

A. Justification.

1. Circumstances that make the collection necessary:

On March 22, 2010, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration in conjunction with the Conference of State Bank Supervisors, issued a policy statement on funding and liquidity risk management (Policy Statement).¹ The Policy Statement summarized the principles of sound liquidity risk management that the Federal banking agencies have issued in the past and, where appropriate, harmonized these principles with the international statement issued by the Basel Committee on Banking Supervision (BCBS) titled “Principles for Sound Liquidity Risk Management and Supervision.”

2. Use of the information:

Section 14 of the Policy Statement provides that institutions should consider liquidity costs, benefits, and risks in their strategic planning and budgeting processes. Significant business activities should be evaluated for liquidity risk exposure as well as profitability. More complex and sophisticated institutions should incorporate liquidity costs, benefits, and risks in the internal product pricing, performance measurement, and new product approval process for all material business lines, products, and activities. Incorporating the cost of liquidity into these functions should align the risk-taking incentives of individual business lines with the liquidity risk exposure their activities create for the institution as a whole. The quantification and attribution of liquidity risks should be explicit and transparent at the line management level and should include consideration of how the institution’s liquidity would be affected under stressed conditions.

Section 20 of the Policy Statement provides that liquidity risk reports should provide aggregate information with sufficient supporting detail to enable management to assess the sensitivity of the institution to changes in market conditions, its own financial performance, and other important risk factors. Institutions also should report on the use and availability of government support, such as lending and guarantee programs, and the implications on liquidity positions, particularly because these programs generally are temporary or reserved as a source for contingent funding.

¹ 75 FR 13656 (March 22, 2010).

3. Consideration of the use of information technology:

Respondents may use any available information technology.

4. Efforts to identify duplication:

The information required is unique and is not duplicated elsewhere.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

There are no alternatives that would result in lowering the burden on small institutions, while still accomplishing the purpose of the guidance.

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

Good liquidity risk management is important to ensure the safety and soundness of financial institutions. Less frequent collection would put institutions at risk.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

Not applicable.

8. Efforts to consult with persons outside the agency:

On February 24, 2022, the OCC issued a notice for 60 days of comment regarding the collection, 87 FR 10429. No comments were received.

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

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

11. Justification for questions of a sensitive nature:

Not applicable.

12. Burden estimate:

Estimated Number of Respondents: 1,069 total, 20 large (over \$100 billion in assets), 41 mid-size (\$10 - \$100 billion), 1,008 small (less than \$10 billion).

Estimated Burden per Respondent under Section 14: 360 hours per large respondent, 120 hours per mid-size respondent, and 40 hours per small respondent.

Estimated Burden per Respondent under Section 20: 24 (2 hours per month).

Estimated Burden for Large Institutions: 20 respondents x (360 + 24) = 7,680 hours.

Estimated Burden for Mid-size Institutions: 41 x (120 + 24) = 5,904 hours.

Estimated Burden for Small Institutions: 1,008 x (40 + 24) = 64,512 hours.

Total Estimated Burden Hours: 78,096 hours.

Cost of Hour Burden: 78,096 x \$114.17 = \$ 8,916,220.32

To estimate wages, the OCC reviewed May 2020 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$114.17 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (2 percent as of Q1 2021), plus an additional 33.4 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2020 for NAICS 522: credit intermediation and related activities).

13. Estimate of annualized costs to respondents:

Not applicable.

14. Estimate of annualized costs to the government:

Not applicable.

15. Changes in burden:

Prior burden:

84,464 Burden Hours

Current burden:

78,096 Burden Hours

Difference:

-6,368 Burden Hours

The decrease in burden is due to the decrease in the number of regulated entities.

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

No publication for statistical use is contemplated.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.