

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

INTRODUCTION

The Federal Deposit Insurance Corporation is requesting an extension, with revision, of the currently approved information collection captioned above. The current clearance for the collection expires on November 30, 2024.

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 August 21, 2024 (89 FR 67635). No comments have been 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:

In reviewing Section 42 for the renewal of this Information Collection, the FDIC noted that it imposes three distinct requirements. In the 2021 ICR, two ICs are documented: the Notice of Branch Closure (a reporting requirement) and the Adoption of Closure Policy (a recordkeeping requirement). The FDIC has determined that it is more appropriate to categorize the Notice of Branch Closure as two separate ICs, since Section 42 requires that the notice be sent to both the FDIC and to bank customers. The notice to the FDIC is properly categorized as a reporting requirement and the notice to bank customers is categorized as a third-party disclosure requirement

To estimate the burdens, FDIC uses historical counts of branch closings for IC1 and IC2 and historical counts of branch openings for IC3 during the period of 2018 to 2023. FDIC has revised the definition of “branch” used in its burden estimation. The 2021 ICR’s estimate of branch closures was made by counting the closure of branches with the service descriptions, “Full Service – Brick and Mortar Office,” “Full Service – Retail Office,” “Limited Service – Messenger Office,” or “Limited-Service – Retail Office.” The current estimate excludes the limited-service descriptions as they do not comport with the definition of branch indicated in the Policy Statement on Branch Closings or in the 2023 Statement of Deposit Reporting Instructions. The PRA requirements imposed by Section 42 do not apply to the closures of these limited-service branches.

### **Estimated Number of Respondents**

Potential respondents to OMB No. 3064-0109 are FDIC-supervised Insured Depository Institutions (IDIs)s with branches. The FDIC supervises 2,920 IDIs, as of March 31, 2024. Among all FDIC-supervised IDIs, 2,407 (82 percent) reported operating one or more branches as of December 31, 2023.<sup>1</sup> To estimate the number of respondents for IC1 and IC2, FDIC used the average number of FDIC-supervised institutions that closed a branch each year from 2018 to 2023.<sup>2</sup> To estimate the number of respondents for IC3, FDIC used the average number of

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<sup>1</sup> For purposes of the Regulatory Flexibility Act (RFA), 1,756 (73 percent) of the IDIs that reported operating one or more branches were small. December 31, 2023, Call Report data. *Id.* The Small Business Administration (SBA) defines a small banking organization as having \$850 million or less in assets, where an organization’s “assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.” See 13 CFR 121.201 (as amended by 87 FR 69118, effective December 19, 2022). In its determination, the “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the FDIC uses a covered entity’s affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the covered entity is “small” for the purposes of RFA.

<sup>2</sup> FDIC data contains a record for every branch closed by an FDIC-supervised institution between 2018 and 2023, as well as the institution to which the branch belonged.

institutions that opened their first branch or began operating as a branch bank during this period.<sup>3</sup>

According to FDIC data, 961 FDIC-supervised IDIs closed a collective total of 4,949 branches<sup>4</sup> between 2018 and 2023.<sup>5</sup> To account for the fact that the number of IDIs that close branches changes from year to year, FDIC estimated the number of respondents by adding the number of total distinct FDIC-supervised IDIs in each year from 2018 to 2023 and dividing the total by six, the total number of years in the time period, to calculate the average. See Table 1 for the yearly breakdown of number of IDIs that closed branches, and the number of branches closed. Using this data, FDIC estimates 276 respondents per year (1,657 respondents / six years) to IC1 and IC2.<sup>6</sup>

Year	FDIC-Supervised IDIs	Branches
2018	269	730
2019	261	678
2020	317	873
2021	317	1097
2022	292	1034
2023	201	537
<b>TOTAL:</b>	<b>1657</b>	<b>4949</b>
<b>Annual Average:</b>	<b>276</b>	<b>825</b>

Source: FDIC data.

To estimate the number of respondents that adopt branch closure policies, FDIC counts the number of newly chartered FDIC-supervised branch banks in each year 2018 and 2023, and the number of FDIC-supervised unit banks that opened their first branch during the same period and divide the total by six (the total number of years in the time period) to calculate the average. Institutions that operate branches need only adopt a branch closure policy once. FDIC assumes that institutions that operated branches prior to 2018 have already adopted branch closure policies. According to Call Report data, from 2018 to 2023, 106 FDIC-supervised IDIs reported operating one or more branches as of their first Call Report or were unit banks that had opened their first branch.<sup>7</sup> Using these data, FDIC estimates 18 respondents per year (106/6) to IC3.<sup>8</sup>

#### **Estimated Number of Responses per Respondent**

<sup>3</sup> Call Report data.

<sup>4</sup> A total of 4,949 branch closings were processed as of June 18<sup>th</sup>, 2024. Additional branch closings might have occurred in 2023 but have not yet been processed and present in the data base.

<sup>5</sup> For purposes of the RFA, 446 (47 percent) were also small entities in the quarter the branch was closed.

<sup>6</sup>  $[(269 + 261 + 317 + 317 + 292 + 201) / 6] = 276.167$

<sup>7</sup> For purposes of the RFA, 97 (92 percent) were also small entities in the quarter the branch was closed.

<sup>8</sup>  $[(21+23+12+13+21+16) / 6] = 17.67$  respondents per year.

An institution that closes a branch must submit a branch closure notice to the FDIC and to its customers for each unique branch closure. According to FDIC data, FDIC-supervised institutions closed 4,949 branches between 2018 and 2023. Thus, for the 276 respondents each year, FDIC estimates 2.99 responses per respondent per year to both IC1 and IC2.<sup>9</sup>

As stated above, since institutions that operate branches need only adopt a branch closure policy once, for the 18 respondents each year there is 1 response per respondent per year, to IC3.<sup>10</sup>

### Estimated Time per Response

The FDIC has reviewed Section 42, and the estimated Time per Responses used in the 2021 ICR. Based on its supervisory experience, the FDIC believes that the previous estimated Time per Response of 8 hours for IC3, as listed in Table 2 below, is reasonable. Based on supervisory experience, the FDIC estimates that the burden hours per response is 0.5 hours for IC1, as it is a single email that includes “a detailed statement of the reasons for the decision to close the branch.”<sup>11</sup> The FDIC believes that, although the joint policy statement suggests that the email be “detailed,” in practice, the notices are consistently brief and the information included is collected by the bank prior to emailing the FDIC. Also, based on supervisory experience, the FDIC estimates that respondents to IC2 would incur 1.5 hours to complete the necessary tasks for IC2.<sup>12</sup> The necessary tasks include drafting a written notice using the boilerplate language for branch closings established during the bank’s adoption of its closure policy, and mailing it to all branch customers as well as posting a notice at the physical branch site.

<b>Information Collection Description</b>	<b>Type of Burden (Obligation to Respond)</b>	<b>Frequency of Response</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Hours per Response</b>	<b>Annual Burden (Hours)</b>
Notice of Branch Closure to FDIC. 12 CFR 1831r(a)	Reporting (Mandatory)	On occasion	276	2.99	.5	413
Notice of Branch Closure to Customers. 12 CFR 1831r(b)	Third-Party Disclosure (Mandatory)	On Occasion	276	2.99	1.5	1,238
Adoption of Branch Closure Policy	Recordkeeping (Mandatory)	On occasion	18	1	8	144

<sup>9</sup> (4,949 responses / 6 years / 276 annual respondents) = 2.99

<sup>10</sup> (106 responses / 106 respondents) = 1.0

<sup>11</sup> See the Joint Policy Statement on Branch Closings at [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202108-3064-005](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202108-3064-005).

<sup>12</sup> The corresponding IC in the 2021 ICR, which comprised both reporting to the FDIC and disclosures to customers, had a time per response estimate of 2 hours.

Total Annual Burden (Hours):	1,795
Source: FDIC. Note: The estimated annual IC time burden is the product, rounded to the nearest hour, of the estimated annual number of responses and the estimated time per response for a given IC. The estimated annual number of responses is the product, rounded to the nearest whole number, of the estimated annual number of respondents and the estimated annual number of responses per respondent. This methodology ensures the estimated annual burdens in the table are consistent with the values recorded in OMB’s consolidated information system.	

### Total Estimated Hourly Labor Compensation Rates

The FDIC believes the distribution of labor by occupation for this ICR as reported in 2021 is appropriate and utilizes the same assumption for this submission. It used this estimated allocation of labor, along with estimated average cost of compensation for executives, compliance officers, and clerical, to estimate the hourly cost of complying with this ICR. To estimate the average cost of compensation per hour, FDIC uses the 75th percentile hourly wages reported by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates (OEWS) for the relevant occupations in the Depository Credit Intermediation sector. However, the latest OEWS wage data are as of May 2023 and do not include non-wage compensation. To adjust these wages for use in the estimate, FDIC multiplies the OEWS hourly wages by approximately 1.53 to account for non-wage compensation, using the BLS Employer Cost of Employee Compensation (ECEC) data as of March 2023 (the latest published release prior to the OEWS wage data). It then multiplies the resulting compensation rates by approximately 1.03 to account for the change in the seasonally adjusted Employment Cost Index for the Credit Intermediation and Related Activities sector (NAICS Code 522) between March 2022 and December 2023.

After calculating these adjustments, FDIC weights the total hourly compensation for the occupations shown in the table, using the assumed allocation of labor to find the estimated hourly cost of complying with this IC.

Table 3. Summary of Hourly Burden Cost Estimate (OMB No. 3064-0109)								
Information Collection (IC) (Obligation to Respond)	Hourly Weight (%)	Percentage Shares of Hours Spent by and Hourly Compensation Rates for each Occupation Group (by Collection)						Estimated Hourly Compensation Rate
		Exec. & Mgr. (\$135.69)	Lawyer (\$175.05)	Compl. Ofc. (\$67.27)	IT (\$106.92)	Fin. Anlst. (\$99.24)	Clerical (\$38.23)	
1. Notice of Branch Closure to FDIC, 12 U.S.C. 1831r--(a) (Mandatory)	23.01	10	0	20	0	0	70	\$57.39
2. Notice of	68.97	10	0	20	0	0	70	\$57.39

Branch Closure to Customers, 12 U.S.C. 1831r--(b) (Mandatory)								
3. Adoption of Branch Closure Policy, 12 U.S.C. 1831r--1 (Mandatory)	8.02	20	0	80	0	0	0	\$90.55
<b>Weighted Average Hourly Compensation Rate:</b>								<b>\$60.05</b>
Source: Bureau of Labor Statistics: 'National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)' (May 2023), Employer Cost of Employee Compensation (March 2023), and Employment Cost Index (March 2023 and March 2024). Standard Occupational Classification (SOC) Codes: Exec. And Mgr = 11-0000 Management Occupations; Lawyer = 23-0000 Legal Occupations; Compl. Ofc. = 13-1040 Compliance Officers; IT = 15-0000 Computer and Mathematical Occupations; Fin. Anlst. = 13-2051 Financial and Investment Analysts; Clerical = 43-0000 Office and Administrative Support Occupations. Source: Bureau of Labor Statistics: 'National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)' (May 2023), Employer Cost of Employee Compensation (March 2023), and Employment Cost Index (March 2023 and March 2024). Standard Occupational Classification (SOC) Codes: Exec. And Mgr = 11-0000 Management Occupations; Lawyer = 23-0000 Legal Occupations; Compl. Ofc. = 13-1040 Compliance Officers; IT = 15-0000 Computer and Mathematical Occupations; Fin. Anlst. = 13-2051 Financial and Investment Analysts; Clerical = 43-0000 Office and Administrative Support Occupations.								

### Total Estimated Labor Cost

Using the estimated hour burden, and the estimate of the weighted average hourly compensation rate, the total cost burden, as reported in Table 3, for OMB No. 3064-0109 is **\$107,790 per year**. The estimated cost burden is higher than the estimate in the 2021 ICR (\$90,689.06) by \$17,100.94. As described previously, the increase is driven by the increase in responses per respondent for the Notice of Branch Closure to FDIC and the Notice of Branch Closure to Customers ICs.

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:

See section 12 above.

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.