



RESEARCH & ANALYSIS

Senior Financial Officer Survey Results

March 2024



BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



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Background

In March 2024, the Federal Reserve conducted a Senior Financial Officer Survey (SFOS) to systematically gather views from a representative sample of banks on their reserve balance management strategies and practices, their deposit pricing strategies, and their expectations for changes in both the size and composition of their balance sheets.

The March SFOS was distributed to senior financial officers at 98 banks, representing a wide range of asset sizes and business models, on March 22, 2024, with replies due by April 5, 2024. This summary includes responses from 92 banks, comprising 59 domestic banks and 33 foreign banking organizations. In aggregate, respondents held more than three-fourths of total reserve balances in the banking system at the time of the survey.

Part 1: Questions about Reserves and Balance Sheet Management

(Questions 1–4)

The questions in Part 1 asked respondents about their bank's balance sheet strategy and its expectations for changes to the levels of various liability and asset categories over the next six months.

- Over two-thirds of respondents reported that their bank expects the size of its balance sheet to remain roughly unchanged (plus or minus 2 percent) over the next six months. Just over one-fifth of respondents reported that their bank expects the size of its balance sheet to increase over the same time period.¹
- When asked about their bank's strategy regarding balance sheet management, a plurality of respondents indicated that their bank expects to take actions intended to maintain the current size of its balance sheet. Just under one-third of respondents reported that their bank expects to take actions intended to increase, or limit the decline in, its balance sheet.
- For each of the 10 liability categories, excluding respondents who reported "Not Applicable (N/A)," a plurality of respondents indicated that their bank is not expecting a level change (plus or minus 2 percent) over the next six months.
- For all asset categories except for loans, more than half of respondents, excluding respondents who reported N/A, indicated that their bank is not expecting a change in the level of that asset over the next six months. For the loans category, respondents were roughly split between those

¹ The survey asked respondents to consider the differences between average values in March 2024 and their expectations for average values in September 2024.

reporting that their bank expects the level to remain roughly unchanged and those reporting that their bank expects an increase of more than 2 percent and less than or equal to 5 percent.

- When asked about their bank’s strategy regarding the same set of asset categories, a plurality of respondents reported that their bank expects to take actions to maintain the level of reserve balances, Level 1 high-quality liquid assets (HQLA), and Level 2 HQLA. A plurality of respondents reported that their bank expects to take no actions on the level of federal funds sold, reverse repurchase agreements (repos), or other securities. Just under half of respondents reported that their bank expects to take actions to increase or limit the decline in the level of loans.

Part 2: Questions about Preferred Reserve Levels

(Questions 5–10)

The questions in Part 2 asked respondents about their bank’s lowest comfortable level of reserves (LCLOR), which is defined in the survey as the lowest dollar level of reserves that their bank would feel comfortable holding before taking actions to maintain or increase its reserve balances.²

- A majority of respondents reported a LCLOR estimate that was unchanged from their LCLOR estimate on the previous survey.
- Of respondents who reported that their bank prefers to hold additional reserves above its LCLOR, hereafter “additional reserves,” over half reported that their bank’s preferred additional reserves level is equal to 11 to 50 percent of their LCLOR. Most of the remaining respondents reported a number that was more than 50 percent of their bank’s LCLOR. Just under one-fourth of respondents reported that their bank does not have an additional reserves amount.
- Respondents who reported an increase or decrease in their bank’s LCLOR since the September 2023 survey most commonly listed changes to broader market conditions, changes in retail deposit outflow assumptions, and changes in the composition or level of liabilities as somewhat important factors in affecting that change. For respondents reporting a change in their bank’s additional reserves level since the September 2023 survey, changes to broader market conditions and changes in retail deposit outflow assumptions were again rated as somewhat important factors in affecting the change.
- Respondents whose bank’s average daily reserve balances were above the sum of its reported LCLOR and additional reserves most commonly reported that their bank has either taken actions to maintain the current amount of reserves or has taken limited or no actions intended to affect the amount of its reserves. These respondents also reported the relative or risk-adjusted rate of return between reserves and other assets as a somewhat important factor that has resulted in their bank holding reserves above its LCLOR plus additional reserves.

² “Taking action” is defined in the survey as taking active steps to intervene and raise funds to replenish reserves.

- When asked about the smallest spread, persisting for less than one week, above the interest rate on reserve balances (IORB) at which their bank would consider substituting reserves for other assets, respondents commonly reported smaller spreads for overnight foreign exchange swaps and Treasury securities, with overnight reverse repo, overnight USD deposits, and overnight federal funds sold typically at a higher spread. When asked the same question if the spread to IORB were to persist for one to four weeks or one to three months, respondents reported similar spreads for all assets except for overnight reverse repo, for which respondents reported smaller spreads for the two longer time horizons.
- When asked about the likelihood that their bank would pursue certain actions if it had a funding need for one day, respondents most commonly rated the following actions as likely: increase advances from Federal Home Loan Banks (FHLB), borrow in secured funding markets (repo), and borrow in federal funds/Eurodollar markets. If their bank had a funding need for 30 days, respondents most commonly rated the following actions as very likely or likely: increase advances from FHLBs, borrow via brokered deposits/brokered certificate of deposit (CD), issue commercial paper/CD, and borrow in secured funding markets (repo).

Part 3: Questions about Deposit Rates

(Questions 11–14)

The questions in Part 3 asked respondents about their bank’s cumulative deposit betas from March 2022 to March 2024 and its outlook for cumulative deposit betas through September 2024.³

- Respondents who take retail deposits as part of their bank’s regular course of business reported, on average, cumulative retail deposit betas of 40 percent from March 2022 to March 2024. For the period through September 2024, the average of expected cumulative retail deposit betas was 42 percent.
- From March 2022 to March 2024, respondents who take wholesale operational deposits and wholesale non-operational deposits as part of their bank’s regular course of business reported, on average, cumulative betas of 58 percent and 77 percent, respectively. For the period through September of this year, respondents, on average, expect wholesale operational and wholesale non-operational deposits betas to remain mostly steady, reporting, on average, cumulative betas of 59 percent and 76 percent, respectively.
- When asked about their bank’s expectations for the top of the target range for the federal funds rate at the end of September of this year, more than two-thirds of respondents reported an expectation that the rate would be between 5 and 5.25 percent.

³ For the purpose of this survey, “deposit beta” was defined as the basis point change in a bank’s average deposit rate on deposits with maturities of seven days or fewer relative to the basis point change in the target range for the federal funds rate.

- When asked about the rationale that most closely aligns with their bank's deposit beta setting strategy, roughly three-fourths of respondents reported that across all three deposit types (retail deposits, wholesale operational deposits, and wholesale non-operational deposits) betas will be set to maintain deposit balances.

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Results

The following results include the instructions provided to the survey respondents. Please note that percentages are based on the number of financial institutions that gave responses other than “Not applicable (N/A).” Components may not sum to totals because of rounding.

Part 1: Balance Sheet Management

Questions in Part 1 ask about your bank’s expectations for balance sheet management over the next six months. For context, the results of the January 2024 Survey of Primary Dealers showed cumulative median dealer expectations for the size of the Federal Reserve’s holdings of U.S. Treasury securities and agency mortgage-backed securities (MBS) to decrease by approximately \$316 billion from the end of March 2024 through the end of September 2024. These projections would be consistent with a similar decline in the amount of Federal Reserve liabilities, including, but not limited to, reserve balances in the banking system and overnight reverse repurchase agreement (repo) balances.

Question 1: Looking ahead over the next six months, which statement best characterizes your bank’s expectations for the size of its balance sheet? My bank expects the size of its balance sheet to: (select one)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease	8	8.7	7	11.9	1	3.0
Increase	20	21.7	12	20.3	8	24.2
Remain roughly unchanged (plus or minus 2 percent)	64	69.6	40	67.8	24	72.7
Total	92	100.0	59	100.0	33	100.0

Question 2: Which statement best characterizes your bank’s most likely strategy regarding its balance sheet? My bank expects to: (select one)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take actions intended to decrease, or limit the growth in, the size of its balance sheet	6	6.5	5	8.5	1	3.0
Take actions intended to increase, or limit the decline in, the size of its balance sheet	29	31.5	20	33.9	9	27.3
Take actions intended to maintain the current size of its balance sheet	36	39.1	23	39.0	13	39.4
Take no specific actions to affect the size of its balance sheet	21	22.8	11	18.6	10	30.3
Total	92	100.0	59	100.0	33	100.0

Question 3: This question asks about changes to the projected level of different liabilities on your bank's balance sheet.

For each of the liability categories listed, please indicate your bank's expectation about the potential change in the average level in March 2024 compared with the average level in September 2024 in the context of your previous responses. My bank expects the level will: (select one; please select "N/A" only if your bank does not have or is not eligible/cannot have the liability type)

1. Retail deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	4	4.3	4	6.8	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	2	2.2	2	3.4	0	0.0
Remain roughly unchanged	31	33.7	28	47.5	3	9.1
Increase more than 2 percent and less than or equal to 5 percent	18	19.6	17	28.8	1	3.0
Increase more than 5 percent	7	7.6	7	11.9	0	0.0
N/A	30	32.6	1	1.7	29	87.9
Total	92	100.0	59	100.0	33	100.0

2. Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	2	2.2	2	3.4	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	2	2.2	2	3.4	0	0.0
Remain roughly unchanged	40	43.5	30	50.8	10	30.3
Increase more than 2 percent and less than or equal to 5 percent	18	19.6	13	22.0	5	15.2
Increase more than 5 percent	2	2.2	2	3.4	0	0.0
N/A	28	30.4	10	16.9	18	54.5
Total	92	100.0	59	100.0	33	100.0

3. Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	1	1.1	1	1.7	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	9	9.8	7	11.9	2	6.1
Remain roughly unchanged	49	53.3	27	45.8	22	66.7
Increase more than 2 percent and less than or equal to 5 percent	14	15.2	10	16.9	4	12.1
Increase more than 5 percent	2	2.2	2	3.4	0	0.0
N/A	17	18.5	12	20.3	5	15.2
Total	92	100.0	59	100.0	33	100.0

4. FHLB advances (“N/A” if your bank is not an FHLB member)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	8	8.7	8	13.6	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	5	5.4	5	8.5	0	0.0
Remain roughly unchanged	34	37.0	33	55.9	1	3.0
Increase more than 2 percent and less than or equal to 5 percent	3	3.3	3	5.1	0	0.0
Increase more than 5 percent	6	6.5	6	10.2	0	0.0
N/A	36	39.1	4	6.8	32	97.0
Total	92	100.0	59	100.0	33	100.0

5. Overnight unsecured borrowings (for example, federal funds, Eurodollars, etc.)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	3	3.3	2	3.4	1	3.0
Remain roughly unchanged	68	73.9	39	66.1	29	87.9
Increase more than 2 percent and less than or equal to 5 percent	1	1.1	1	1.7	0	0.0
Increase more than 5 percent	0	0.0	0	0.0	0	0.0
N/A	20	21.7	17	28.8	3	9.1
Total	92	100.0	59	100.0	33	100.0

6. Commercial paper (CP)/ Institutional/negotiable certificates of deposit (CDs)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	3	3.3	3	5.1	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	2	2.2	0	0.0	2	6.1
Remain roughly unchanged	33	35.9	16	27.1	17	51.5
Increase more than 2 percent and less than or equal to 5 percent	8	8.7	1	1.7	7	21.2
Increase more than 5 percent	4	4.3	2	3.4	2	6.1
N/A	42	45.7	37	62.7	5	15.2
Total	92	100.0	59	100.0	33	100.0

7. Brokered deposits/brokered CDs

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	3	3.3	3	5.1	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	1	1.1	1	1.7	0	0.0
Remain roughly unchanged	56	60.9	33	55.9	23	69.7
Increase more than 2 percent and less than or equal to 5 percent	4	4.3	2	3.4	2	6.1
Increase more than 5 percent	2	2.2	2	3.4	0	0.0
N/A	26	28.3	18	30.5	8	24.2
Total	92	100.0	59	100.0	33	100.0

8. Short-term repurchase agreements (repos)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	14	15.2	14	23.7	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	10	10.9	10	16.9	0	0.0
Remain roughly unchanged	30	32.6	16	27.1	14	42.4
Increase more than 2 percent and less than or equal to 5 percent	10	10.9	8	13.6	2	6.1
Increase more than 5 percent	8	8.7	7	11.9	1	3.0
N/A	20	21.7	4	6.8	16	48.5
Total	92	100.0	59	100.0	33	100.0

9. Fed facilities (discount window, standing repo facility (SRF))

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	5	5.4	5	8.5	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Remain roughly unchanged	13	14.1	12	20.3	1	3.0
Increase more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Increase more than 5 percent	0	0.0	0	0.0	0	0.0
N/A	74	80.4	42	71.2	32	97.0
Total	92	100.0	59	100.0	33	100.0

10. Bank Term Funding Program (BTFP; "N/A" if your institution does not have a BTFP loan outstanding)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Remain roughly unchanged	58	63.0	35	59.3	23	69.7
Increase more than 2 percent and less than or equal to 5 percent	1	1.1	1	1.7	0	0.0
Increase more than 5 percent	1	1.1	1	1.7	0	0.0
N/A	32	34.8	22	37.3	10	30.3
Total	92	100.0	59	100.0	33	100.0

Question 4a: This question asks about changes to the projected level of different assets on your bank's balance sheet.

For each of the asset categories listed, please indicate your bank's expectation about the potential change in the average level in March 2024 compared with the average level in September 2024 in the context of your previous responses. My bank expects the level will: (select one; please select "N/A" only if your bank does not or cannot have the asset type)

1. Reserve balances

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	16	17.4	15	25.4	1	3.0
Decrease more than 2 percent and less than or equal to 5 percent	9	9.8	4	6.8	5	15.2
Remain roughly unchanged	60	65.2	34	57.6	26	78.8
Increase more than 2 percent and less than or equal to 5 percent	5	5.4	5	8.5	0	0.0
Increase more than 5 percent	2	2.2	1	1.7	1	3.0
N/A	0	0.0	0	0.0	0	0.0
Total	92	100.0	59	100.0	33	100.0

2. Federal funds sold

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	1	1.1	0	0.0	1	3.0
Decrease more than 2 percent and less than or equal to 5 percent	1	1.1	1	1.7	0	0.0
Remain roughly unchanged	40	43.5	31	52.5	9	27.3
Increase more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Increase more than 5 percent	0	0.0	0	0.0	0	0.0
N/A	50	54.3	27	45.8	23	69.7
Total	92	100.0	59	100.0	33	100.0

3. Reverse repo

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	1	1.1	1	1.7	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Remain roughly unchanged	47	51.1	27	45.8	20	60.6
Increase more than 2 percent and less than or equal to 5 percent	4	4.3	1	1.7	3	9.1
Increase more than 5 percent	2	2.2	1	1.7	1	3.0
N/A	38	41.3	29	49.2	9	27.3
Total	92	100.0	59	100.0	33	100.0

4. Level 1 high-quality liquid assets (HQLA) securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	1	1.1	1	1.7	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	11	12.0	11	18.6	0	0.0
Remain roughly unchanged	53	57.6	26	44.1	27	81.8
Increase more than 2 percent and less than or equal to 5 percent	20	21.7	16	27.1	4	12.1
Increase more than 5 percent	7	7.6	5	8.5	2	6.1
N/A	0	0.0	0	0.0	0	0.0
Total	92	100.0	59	100.0	33	100.0

5. Level 2 HQLA securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	1	1.1	1	1.7	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	17	18.5	17	28.8	0	0.0
Remain roughly unchanged	52	56.5	30	50.8	22	66.7
Increase more than 2 percent and less than or equal to 5 percent	7	7.6	6	10.2	1	3.0
Increase more than 5 percent	2	2.2	2	3.4	0	0.0
N/A	13	14.1	3	5.1	10	30.3
Total	92	100.0	59	100.0	33	100.0

6. Other securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	2	2.2	2	3.4	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	6	6.5	6	10.2	0	0.0
Remain roughly unchanged	20	21.7	16	27.1	4	12.1
Increase more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Increase more than 5 percent	0	0.0	0	0.0	0	0.0
N/A	64	69.6	35	59.3	29	87.9
Total	92	100.0	59	100.0	33	100.0

7. Loans

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	5	5.4	5	8.5	0	0.0
Remain roughly unchanged	38	41.3	20	33.9	18	54.5
Increase more than 2 percent and less than or equal to 5 percent	35	38.0	28	47.5	7	21.2
Increase more than 5 percent	9	9.8	5	8.5	4	12.1
N/A	5	5.4	1	1.7	4	12.1
Total	92	100.0	59	100.0	33	100.0

Question 4b: For each asset type, please indicate which statement best characterizes your bank's most likely strategy. I expect my bank to: (select one; please select "N/A" only if your bank does not or cannot have the asset type)

1. Reserve balances

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take action to decrease or limit the growth	19	20.7	15	25.4	4	12.1
Take action to increase or limit the decline	9	9.8	8	13.6	1	3.0
Take action to maintain	44	47.8	26	44.1	18	54.5
Take no action	20	21.7	10	16.9	10	30.3
N/A	0	0.0	0	0.0	0	0.0
Total	92	100.0	59	100.0	33	100.0

2. Federal funds sold

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take action to decrease or limit the growth	1	1.1	1	1.7	0	0.0
Take action to increase or limit the decline	2	2.2	2	3.4	0	0.0
Take action to maintain	15	16.3	13	22.0	2	6.1
Take no action	24	26.1	16	27.1	8	24.2
N/A	50	54.3	27	45.8	23	69.7
Total	92	100.0	59	100.0	33	100.0

3. Reverse repo

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take action to decrease or limit the growth	0	0.0	0	0.0	0	0.0
Take action to increase or limit the decline	7	7.6	2	3.4	5	15.2
Take action to maintain	17	18.5	9	15.3	8	24.2
Take no action	30	32.6	19	32.2	11	33.3
N/A	38	41.3	29	49.2	9	27.3
Total	92	100.0	59	100.0	33	100.0

4. Level 1 high-quality liquid assets (HQLA) securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take action to decrease or limit the growth	4	4.3	4	6.8	0	0.0
Take action to increase or limit the decline	30	32.6	23	39.0	7	21.2
Take action to maintain	40	43.5	22	37.3	18	54.5
Take no action	18	19.6	10	16.9	8	24.2
N/A	0	0.0	0	0.0	0	0.0
Total	92	100.0	59	100.0	33	100.0

5. Level 2 HQLA securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take action to decrease or limit the growth	9	9.8	9	15.3	0	0.0
Take action to increase or limit the decline	11	12.0	10	16.9	1	3.0
Take action to maintain	32	34.8	18	30.5	14	42.4
Take no action	27	29.3	19	32.2	8	24.2
N/A	13	14.1	3	5.1	10	30.3
Total	92	100.0	59	100.0	33	100.0

6. Other securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take action to decrease or limit the growth	4	4.3	4	6.8	0	0.0
Take action to increase or limit the decline	1	1.1	1	1.7	0	0.0
Take action to maintain	9	9.8	8	13.6	1	3.0
Take no action	14	15.2	11	18.6	3	9.1
N/A	64	69.6	35	59.3	29	87.9
Total	92	100.0	59	100.0	33	100.0

Thirteen respondents provided further information on their selection of "Other securities." Some respondents included asset-backed securities in their responses.

7. Loans

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take action to decrease or limit the growth	6	6.5	6	10.2	0	0.0
Take action to increase or limit the decline	41	44.6	31	52.5	10	30.3
Take action to maintain	26	28.3	14	23.7	12	36.4
Take no action	14	15.2	7	11.9	7	21.2
N/A	5	5.4	1	1.7	4	12.1
Total	92	100.0	59	100.0	33	100.0

Sixty-three respondents provided substantive comments. Most comments were in line with or elaborated on the survey responses. Some respondents provided more information on their bank's loan portfolio plans.

Part 2: Preferred Reserve Levels

Questions in Part 2 ask about your bank's lowest comfortable level of reserves (LCLOR)—the lowest dollar level of reserve balances your bank would feel comfortable holding before it began taking active steps to maintain or increase its reserve balances. "Active steps" could include, but are not limited to, borrowing in the federal funds or other wholesale funding markets or bidding more aggressively in those markets, reducing holdings of other liquid assets, or raising deposit rates.

Question 5: What is the estimated LCLOR your bank would feel comfortable holding before it "takes active steps" to maintain or increase its reserve balance position?

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
LCLOR less than \$1 billion	19	20.7	15	25.4	4	12.1
LCLOR \$1 billion to less than \$5 billion	21	22.8	15	25.4	6	18.2
LCLOR \$5 billion to less than \$10 billion	18	19.6	10	16.9	8	24.2
LCLOR \$10 billion to less than \$20 billion	17	18.5	7	11.9	10	30.3
LCLOR \$20 billion or more	17	18.5	12	20.3	5	15.2
Total	92	100.0	59	100.0	33	100.0

Question 6: If your bank prefers to hold additional reserves above LCLOR, please provide an estimated amount of preferred additional reserves. If your bank does not prefer to hold additional reserves above LCLOR, enter “0.”

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Additional reserves 0 to 10 percent of LCLOR	4	4.3	1	1.7	3	9.1
Additional reserves 11 to 25 percent of LCLOR	19	20.7	14	23.7	5	15.2
Additional reserves 26 to 50 percent of LCLOR	19	20.7	14	23.7	5	15.2
Additional reserves 51 to 75 percent of LCLOR	8	8.7	6	10.2	2	6.1
Additional reserves 76 to 100 percent of LCLOR	8	8.7	3	5.1	5	15.2
Additional reserves greater than 100 percent of LCLOR	12	13.0	4	6.8	8	24.2
No additional reserves	22	23.9	17	28.8	5	15.2
Total	92	100.0	59	100.0	33	100.0

Note: Question 7 was shown to respondents who reported a change in their LCLOR, a change in their additional reserves level, or both since the September 2023 survey.

Question 7: Please rate on a scale of 1 (not important) to 5 (very important) the factors that affected the change in your bank’s LCLOR and/or additional reserves level since September 2023. (Please select “N/A” only if the factor does not apply to your bank.)

1. LCLOR

Factors driving change	Average rating		
	All respondents	Domestic	Foreign
A. Changes in retail deposit outflow assumptions	2.9 (n = 26)	2.8 (n = 25)	4.0 (n = 1)
B. Changes in wholesale liability outflow assumptions	2.4 (n = 30)	2.4 (n = 25)	2.8 (n = 5)
C. Changes in assumptions regarding off-balance sheet exposures	2.0 (n = 25)	2.0 (n = 21)	2.3 (n = 4)
D. Changes in assumptions for routine intraday payment or settlement needs	2.1 (n = 31)	2.1 (n = 26)	1.8 (n = 5)
E. Changes in capacity to access liquidity in the market using non-reserve HQLA or other securities	2.0 (n = 31)	2.0 (n = 26)	2.2 (n = 5)
F. Changes in capacity to access liquidity through Federal Reserve facilities like the SRF, BTFP, or discount window	1.8 (n = 31)	1.7 (n = 26)	2.0 (n = 5)
G. Changes in capacity to access liquidity via FHLB advances	2.0 (n = 24)	2.1 (n = 23)	1.0 (n = 1)
H. Changes in composition or level of liabilities	2.7 (n = 31)	2.8 (n = 26)	2.6 (n = 5)
I. Changes in composition or level of assets	2.4 (n = 31)	2.4 (n = 26)	2.6 (n = 5)
J. Changes in composition or level of off-balance sheet exposures	1.7 (n = 27)	1.6 (n = 23)	2.0 (n = 4)
K. Changes to balance sheet interest rate risk/duration of equity	1.8 (n = 31)	1.8 (n = 26)	1.8 (n = 5)
L. Changes to broader market conditions (for example, level of volatility or stress)	3.0 (n = 31)	3.0 (n = 26)	3.2 (n = 5)
M. Changes in the relative rate of return between reserves and other assets	2.2 (n = 31)	2.2 (n = 26)	2.2 (n = 5)
N. Changes to aggregate, banking system reserve levels	2.0 (n = 31)	1.9 (n = 26)	2.2 (n = 5)
Note: n represents the total number of respondents.			

2. Additional reserves

Factors driving change	Average rating		
	All respondents	Domestic	Foreign
A. Changes in retail deposit outflow assumptions	2.7 (n = 29)	2.7 (n = 25)	2.8 (n = 4)
B. Changes in wholesale liability outflow assumptions	2.4 (n = 33)	2.4 (n = 25)	2.5 (n = 8)
C. Changes in assumptions regarding off-balance sheet exposures	2.0 (n = 30)	2.0 (n = 23)	2.0 (n = 7)
D. Changes in assumptions for routine intraday payment or settlement needs	2.2 (n = 36)	2.3 (n = 26)	1.9 (n = 10)
E. Changes in capacity to access liquidity in the market using non-reserve HQLA or other securities	2.1 (n = 36)	2.1 (n = 26)	2.2 (n = 10)
F. Changes in capacity to access liquidity through Federal Reserve facilities like the standing repo facility (SRF), BTFP, or discount window	1.9 (n = 36)	2.0 (n = 26)	1.6 (n = 10)
G. Changes in capacity to access liquidity via FHLB advances	2.3 (n = 25)	2.3 (n = 24)	1.0 (n = 1)
H. Changes in composition or level of liabilities	2.4 (n = 36)	2.4 (n = 26)	2.4 (n = 10)
I. Changes in composition or level of assets	2.2 (n = 36)	2.2 (n = 26)	2.2 (n = 10)
J. Changes in composition or level of off-balance sheet exposures	1.8 (n = 34)	1.8 (n = 25)	1.8 (n = 9)
K. Changes to balance sheet interest rate risk/duration of equity	1.9 (n = 36)	2.0 (n = 26)	1.7 (n = 10)
L. Changes to broader market conditions (for example, level of volatility or stress)	2.8 (n = 36)	2.8 (n = 26)	2.9 (n = 10)
M. Changes in the relative rate of return between reserves and other assets	2.3 (n = 36)	2.3 (n = 26)	2.2 (n = 10)
N. Changes to aggregate, banking system reserve levels	2.2 (n = 36)	2.2 (n = 26)	2.4 (n = 10)

Note: n represents the total number of respondents.

Note: Question 8 was shown to respondents who reported a LCLOR and additional reserves sum that was lower than their bank's average daily reserves balance.

Question 8: Your bank's average daily reserve balances over the past few months have been higher than the sum of the LCLOR plus preferred additional reserves as reported in Questions 5 and 6.

1. Which of the following statements best characterizes your bank's recent reserve management strategy (select one)?

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
My bank has taken actions intended to decrease, or limit the growth in, the amount of its reserves	11	16.9	10	27.0	1	3.6
My bank has taken actions intended to increase, or limit the decline in, the amount of its reserves	9	13.8	8	21.6	1	3.6
My bank has taken actions intended to maintain the current amount of its reserves	24	36.9	8	21.6	16	57.1
My bank has taken limited or no actions intended to affect the amount of its reserves	21	32.3	11	29.7	10	35.7
Total	65	100.0	37	100.0	28	100.0

2. Please rate on a scale of 1 (not important) to 5 (very important) the factors that have resulted in your bank holding reserves above your LCLOR plus preferred additional reserves.

Factors	Average rating		
	All respondents	Domestic	Foreign
i. Relative or risk-adjusted rate of return between reserves and other assets	3.0 (n = 54)	3.0 (n = 27)	2.9 (n = 27)
ii. Differential in foreign exchange (FX)/cross-currency basis resulting in a preference for holding dollar reserves	1.7 (n = 54)	1.3 (n = 27)	2.1 (n = 27)
iii. Higher-than-expected uncertainty in my bank's depositor behavior/deposit outflows	2.3 (n = 54)	2.9 (n = 27)	1.7 (n = 27)
iv. Perceptions of banking sector health	2.4 (n = 54)	2.7 (n = 27)	2.0 (n = 27)
v. Low duration of reserves	2.1 (n = 54)	2.1 (n = 27)	2.0 (n = 27)
vi. Other	1.6 (n = 54)	1.7 (n = 27)	1.6 (n = 27)

Note: n represents the total number of respondents.

Twelve respondents elaborated on the factors that have resulted in their bank holding reserves above LCLOR plus preferred additional reserves. Most respondents provided more context for their bank's reserves strategy but these responses did not have a common theme.

Question 9a: Question 9 asks about your bank's willingness to substitute reserves for other assets in a scenario where your bank's reserve balances are greater than the amount you reported in Questions 5 and 6.

What is the smallest spread (please respond in whole basis points) above the interest rate on reserve balances (IORB) at which your bank would consider substituting reserves for other assets in each of the scenarios outlined in the table? If under no circumstances you would be willing to substitute reserves for that asset or if you do not have capacity to transact in an asset, please type "N/A."

Scenario 1: Spread to IORB persists for less than one week (basis points)

	Median smallest spread (basis points)		
	All respondents	Domestic	Foreign
a. Overnight reverse repo; receiving U.S. Treasury securities	10 (n = 54)	15 (n = 33)	5 (n = 21)
b. Overnight federal funds sold	10 (n = 29)	25 (n = 21)	10 (n = 8)
c. Overnight US dollar deposits (such as Eurodollars)	20 (n = 20)	30 (n = 9)	10 (n = 11)
d. Overnight FX swaps	9.5 (n = 24)	20 (n = 9)	5 (n = 15)
e. Treasury securities (maturity of one year or less)	10 (n = 54)	10 (n = 33)	5 (n = 21)

Note: n represents the total number of respondents.

Scenario 2: Spread to IORB persists for one to four weeks (basis points)

	Median smallest spread (basis points)		
	All respondents	Domestic	Foreign
a. Overnight reverse repo; receiving U.S. Treasury securities	10 (<i>n</i> = 55)	15 (<i>n</i> = 34)	5 (<i>n</i> = 21)
b. Overnight federal funds sold	15 (<i>n</i> = 31)	25 (<i>n</i> = 23)	10 (<i>n</i> = 8)
c. Overnight US dollar deposits (such as Eurodollars)	17.5 (<i>n</i> = 20)	25 (<i>n</i> = 9)	10 (<i>n</i> = 11)
d. Overnight FX swaps	10 (<i>n</i> = 24)	20 (<i>n</i> = 9)	5 (<i>n</i> = 15)
e. Treasury securities (maturity of one year or less)	10 (<i>n</i> = 60)	10 (<i>n</i> = 38)	7 (<i>n</i> = 22)
Note: <i>n</i> represents the total number of respondents.			

Scenario 3: Spread to IORB persists for one to three months (basis points)

	Median smallest spread (basis points)		
	All respondents	Domestic	Foreign
a. Overnight reverse repo; receiving U.S. Treasury securities	10 (<i>n</i> = 56)	15 (<i>n</i> = 36)	5 (<i>n</i> = 20)
b. Overnight federal funds sold	20 (<i>n</i> = 33)	25 (<i>n</i> = 25)	12.5 (<i>n</i> = 8)
c. Overnight US dollar deposits (such as Eurodollars)	15 (<i>n</i> = 21)	25 (<i>n</i> = 10)	10 (<i>n</i> = 11)
d. Overnight FX swaps	10 (<i>n</i> = 24)	20 (<i>n</i> = 9)	5 (<i>n</i> = 15)
e. Treasury securities (maturity of one year or less)	10 (<i>n</i> = 68)	10 (<i>n</i> = 45)	10 (<i>n</i> = 23)
Note: <i>n</i> represents the total number of respondents.			

Question 9b: What non-economic factors would prevent your bank from reallocating reserves, despite observing a spread at the level listed above?

Eighty respondents provided comments, excluding responses of N/A. Comments varied but some respondents mentioned internal liquidity metrics and broader uncertainty as important non-economic factors for their bank to consider.

Question 10: Suppose your bank has a funding need for the durations listed in the table below. Please provide the likelihood that your bank would pursue the following actions on a scale of 1 (not likely) to 5 (very likely) to address that need. (Please select “N/A” only if your bank is not eligible or is unable to engage in the described activity.)

1. Funding needed for 1 day

Action	Average rating		
	All respondents	Domestic	Foreign
i. Borrow in federal funds/Eurodollar market	3.3 (n = 79)	3.2 (n = 49)	3.5 (n = 30)
ii. Borrow in secured funding markets (repo)	3.4 (n = 80)	3.3 (n = 54)	3.7 (n = 26)
iii. Borrow via brokered deposits/brokered CDs	1.7 (n = 72)	1.5 (n = 55)	2.6 (n = 17)
iv. Issue CP/CD	2.1 (n = 60)	1.5 (n = 31)	2.8 (n = 29)
v. Increase advances from FHLBs ("N/A" for banks that are not FHLB members)	3.9 (n = 57)	3.9 (n = 56)	5.0 (n = 1)
vi. Borrow from the SRF ("N/A" for banks that are not SRF counterparties)	2.0 (n = 28)	2.1 (n = 19)	2.0 (n = 9)
vii. Borrow from the discount window	1.4 (n = 90)	1.5 (n = 59)	1.3 (n = 31)
viii. Reduce holdings of available-for-sale securities	1.3 (n = 85)	1.3 (n = 59)	1.3 (n = 26)
ix. Draw on revolving credit facilities	1.6 (n = 49)	1.8 (n = 34)	1.1 (n = 15)
x. Increase retail deposits by offering higher rates	1.3 (n = 60)	1.3 (n = 56)	1.8 (n = 4)
xi. Increase retail deposits by offering attractive, non-rate terms	1.2 (n = 59)	1.2 (n = 56)	1.3 (n = 3)
xii. Increase wholesale deposits by offering higher rates	1.7 (n = 79)	1.2 (n = 49)	2.6 (n = 30)
xiii. Increase wholesale deposits by offering attractive, non-rate terms	1.3 (n = 69)	1.2 (n = 48)	1.5 (n = 21)
xiv. Use the FX swap market to swap non-U.S. dollar reserves for U.S. dollar reserves	2.0 (n = 52)	1.8 (n = 26)	2.2 (n = 26)
xv. Other (please use comment box)	2.4 (n = 12)	2.4 (n = 5)	2.4 (n = 7)
Note: n represents the total number of respondents.			

2. Funding needed for 30 days

Action	Average rating		
	All respondents	Domestic	Foreign
i. Borrow in federal funds/Eurodollar market	2.2 (n = 79)	1.9 (n = 49)	2.5 (n = 30)
ii. Borrow in secured funding markets (repo)	3.1 (n = 80)	3.1 (n = 54)	3.1 (n = 26)
iii. Borrow via brokered deposits/brokered CDs	3.6 (n = 75)	3.5 (n = 58)	3.8 (n = 17)
iv. Issue CP/CD	3.4 (n = 62)	2.5 (n = 31)	4.3 (n = 31)
v. Increase advances from FHLBs ("N/A" for banks that are not FHLB members)	4.4 (n = 57)	4.4 (n = 56)	3.0 (n = 1)
vi. Borrow from the SRF ("N/A" for banks that are not SRF counterparties)	1.8 (n = 28)	1.7 (n = 19)	2.0 (n = 9)
vii. Borrow from the discount window	1.3 (n = 90)	1.3 (n = 59)	1.3 (n = 31)
viii. Reduce holdings of available-for-sale securities	1.9 (n = 88)	2.0 (n = 59)	1.7 (n = 29)
ix. Draw on revolving credit facilities	1.6 (n = 50)	1.8 (n = 34)	1.2 (n = 16)
x. Increase retail deposits by offering higher rates	2.7 (n = 62)	2.7 (n = 58)	2.3 (n = 4)
xi. Increase retail deposits by offering attractive, non-rate terms	1.9 (n = 61)	1.9 (n = 58)	2.0 (n = 3)
xii. Increase wholesale deposits by offering higher rates	3.0 (n = 81)	2.7 (n = 51)	3.4 (n = 30)
xiii. Increase wholesale deposits by offering attractive, non-rate terms	1.9 (n = 71)	2.0 (n = 50)	1.9 (n = 21)
xiv. Use the FX swap market to swap non-U.S. dollar reserves for U.S. dollar reserves	2.2 (n = 52)	1.8 (n = 26)	2.5 (n = 26)
xv. Other (please use comment box)	2.5 (n = 11)	2.4 (n = 5)	2.7 (n = 6)
Note: n represents the total number of respondents.			

Eight respondents provided further information on their selection of "Other." Some respondents noted utilizing funding from within their organizations.

Part 3: Deposit Rates

Questions in Part 3 ask about deposit pricing strategies, in particular the degree to which your bank passes through changes in the Federal Reserve policy rate to rates offered on deposits. For the purpose of this section, “deposit beta” is defined as the ratio of the basis point change in your bank’s average rates on deposits with maturities of seven days or fewer relative to the basis point change in the target range for the federal funds rate.

Question 11: For each of the deposit categories below, please indicate your bank’s cumulative deposit beta from March 2022 through March 2024. For reference, the target range for the federal funds rate over this period increased 525 basis points. (Sliding scale from 0% to 100%)

Deposit type	Average beta		
	All respondents	Domestic	Foreign
i. Retail deposits	40 (n = 62)	41 (n = 58)	40 (n = 4)
ii. Wholesale operational deposits	58 (n = 64)	53 (n = 49)	74 (n = 15)
iii. Wholesale non-operational deposits	77 (n = 75)	69 (n = 47)	89 (n = 28)

Note: n represents the total number of respondents.

Question 12: Looking ahead to the end of September 2024, what is your bank’s current forecast for the top of the target range for the federal funds rate (in percent)? (select one)

Forecast for top of target range	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than or equal to 4.5 percent	3	3.3	2	3.4	1	3.0
Between 4.51 and 4.75 percent	6	6.5	4	6.8	2	6.1
Between 4.76 and 5.0 percent	48	52.2	30	50.8	18	54.5
Between 5.1 and 5.25 percent	14	15.2	10	16.9	4	12.1
Between 5.26 and 5.5 percent	18	19.6	12	20.3	6	18.2
Greater than 5.5 percent	1	1.1	1	1.7	0	0.0
Total	90	97.8	59	100.0	31	93.9

Question 13: Looking ahead to September 2024, please select your bank’s expectations for its cumulative deposit beta since March 2022 for each of the deposit categories below.

Deposit type	Average beta		
	All respondents	Domestic	Foreign
i. Retail deposits	42 (n = 62)	42 (n = 58)	40 (n = 4)
ii. Wholesale operational deposits	59 (n = 64)	54 (n = 49)	75 (n = 15)
iii. Wholesale non-operational deposits	76 (n = 75)	68 (n = 47)	89 (n = 28)

Note: n represents the total number of respondents.

Question 14: Looking ahead to September 2024, please select the rationale that most closely aligns with your bank's deposit beta-setting strategy for each of the deposit types listed.

(select one)

1. Retail deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Beta will be set to decrease deposit balances	2	3.2	2	3.4	0	0.0
Beta will be set to increase deposit balances	16	25.8	16	27.6	0	0.0
Beta will be set to maintain deposit balances	44	71.0	40	69.0	4	100.0
Total	62	100.0	58	100.0	4	100.0

2. Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Beta will be set to decrease deposit balances	1	1.6	1	2.0	0	0.0
Beta will be set to increase deposit balances	12	18.8	9	18.4	3	20.0
Beta will be set to maintain deposit balances	51	79.7	39	79.6	12	80.0
Total	64	100.0	49	100.0	15	100.0

3. Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Beta will be set to decrease deposit balances	9	12.0	8	17.0	1	3.6
Beta will be set to increase deposit balances	9	12.0	6	12.8	3	10.7
Beta will be set to maintain deposit balances	57	76.0	33	70.2	24	85.7
Total	75	100.0	47	100.0	28	100.0

Question 15: Please provide any additional information relevant to your bank's deposit strategy.

Thirty-five respondents provided comments, excluding responses of N/A or that specified that there were no additional comments. Some respondents provided more information on their bank's deposit betas and some provided more information on their bank's deposits strategy but these comments did not have common themes.



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