

**Supporting Statement for  
Supervisory and Regulatory Survey  
(FR 3052; OMB No. 7100-0322)**

## **Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Supervisory and Regulatory Survey (FR 3052). The Federal Reserve uses this event-driven survey to obtain information specifically tailored to the Federal Reserve's supervisory, regulatory, and operational responsibilities. The Federal Reserve conducts the survey as needed up to 24 times per year. The frequency and content of the questions depend on changing economic, regulatory, supervisory, or legislative developments. Respondents comprise financial businesses.<sup>1</sup> This survey may be mandatory for financial institutions regulated by the Federal Reserve and voluntary for all other respondents. The annual burden is estimated to be 60,000 hours.

## **Background and Justification**

The Federal Reserve promotes a safe, sound, and competitive banking system and stable financial conditions by:

- overseeing the quality and efficiency of the supervisory activities of the Reserve Banks,
- developing and implementing effective supervisory policies and guidance under the direction of the Board and in consultation with the Reserve Banks and other domestic and international supervisory agencies, and
- contributing to the conduct of the central bank's other responsibilities by advising the Board of current conditions and significant emerging developments at banking institutions and within financial markets.

The Federal Reserve has responsibility for supervising and regulating the following segments of the banking industry to ensure safe and sound banking practices and compliance with banking regulations:

- bank holding companies, including diversified financial holding companies formed under the Gramm-Leach-Bliley Act of 1999 and foreign banks with U.S. operations, and their nonbank subsidiaries,
- state-chartered banks that are members of the Federal Reserve System (state member banks),
- savings and loan holding companies,
- foreign branches of member banks,
- Edge and agreement corporations, through which U.S. banking organizations may conduct international banking activities,
- U.S. state-licensed branches, agencies, and representative offices of foreign banks, and
- U.S. nonbanking activities of foreign banks.

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<sup>1</sup>The FR 3052 survey is less restrictive than the Supplement to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9CS; OMB No. 7100-0128), which may be used to collect information from bank holding companies only.

Although the terms *bank supervision* and *bank regulation* are often used interchangeably, they refer to distinct, but complementary, activities. Bank supervision involves the monitoring, inspecting, and examining of banking organizations to assess their condition and their compliance with relevant laws and regulations. Bank regulation entails issuing specific regulations and guidelines governing the operations, activities, and acquisitions of banking organizations.

The Federal Reserve has a long history of conducting surveys, including those of individuals and households, military personnel, financial institutions and their senior officers, and nonfinancial businesses (both small and large). Often the surveys have provided the only reliable source of information relevant to the motivation for the survey. Although these surveys have been driven by specific needs of the Federal Reserve, their aggregated findings have also been used extensively by researchers outside the Federal Reserve System and have been widely cited by the media.

The supervision and policy functions of Federal Reserve have occasionally needed to gather data on an ad-hoc basis from the banking and financial industries on their financial condition (outside of the standardized regulatory reporting process) and decisions that organizations have made to adjust to the changes in the economy. Further, the data may relate to a particular business activity that requires a more detailed presentation of the information than is available through the regulatory reports (such as, the Call Report and the FR Y-9).<sup>2</sup> These data may be particularly needed in times of critical economic or regulatory changes or when issues of immediate supervisory concern arise from Federal Reserve supervisory initiatives and working groups or requests from Board Members and the Congress.

The Federal Reserve created the supervisory and regulatory survey process in September 2009. Since its creation, a survey has been conducted several times. The first survey conducted in 2010 was part of a regulatory capital quantitative impact study. Surveys conducted in 2011 collected information related to regulatory capital, Comprehensive Capital Analysis and Review, analysis of operational risk loss event history, and transactions by banks that are registered as government securities dealers.

## **Description of Information Collection**

The Federal Reserve utilizes this survey process during the year, as needed, to collect information on specific issues that affect its decision making. The principal value of this process is the flexibility it provides the Federal Reserve to respond quickly to the need for data due to unanticipated economic, financial, supervisory, or regulatory developments and unforeseen Congressional requests for information. The Federal Reserve cannot predict what specific information will be needed, but such needs are generally very time sensitive. The Federal Reserve conducts a survey as needed and is authorized to conduct up to 24 surveys per year from as many as 5,000 respondents (per survey).

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<sup>2</sup>For the purpose of this proposal, the Call Report refers to the reports of condition and income for commercial banks (FFIEC 031 and FFIEC 041; OMB No. 7100-0036), U.S. branches and agencies of foreign banks (FFIEC 002; OMB No. 7100-0032), and Edge Act and agreement corporations (FR 2886b; OMB No. 7100-0086). The FR Y-9 series is the Financial Statements for Bank Holding Companies (OMB No. 7100-0128).

The survey topics discussed with the respondents are often time sensitive and the questions of interest may vary with the focus of the survey. Because the relevant questions may change with each survey, there is no fixed reporting form. For each survey, the Federal Reserve prepares questions of specific topical interest and then determines the relevant target group to contact.

Written qualitative questions or questionnaires may include categorical questions, yes-no questions, ordinal questions, and open-ended questions. Written quantitative surveys may include dollar amounts, percentages, numbers of items, interest rates, and other such information; adequate data of this sort would not be available from any other source on a time-sensitive basis.

Before conducting a survey, the Federal Reserve reviews any information to be collected on a case-by-case basis to determine if the information is available by other means or sources. Institutions may also be required to provide copies of existing documents (for example, pertaining to practices and performances for a particular business activity). Less formal information collection studies, such as focus groups or cognitive interviews, use a set of structured qualitative and quantitative questions as a guide to more extended discussion of the questions and answers. The size of the samples and the length of the data collection period may vary depending on the particular informational needs.

The survey generally is coordinated and conducted by the Federal Reserve Board and Reserve Banks as part of other on-going supervisory activities. In addition, the decision to conduct a particular survey takes into consideration its resource requirements. In most cases, the Federal Reserve use examination staff to conduct the surveys, leveraging their relationships and contacts with institutions and current work assignments. FR 3052 surveys are not considered part of the examination process and each institution is made aware of this determination. In addition, the survey may be conducted through a private firm, which is chosen in a competitive bidding process or other acceptable negotiated process.<sup>3</sup> The survey can be developed by the Federal Reserve alone or jointly with the firm selected by the Federal Reserve. As necessary, the firm is responsible for testing the survey procedures, following the sampling protocol established by the Federal Reserve, conducting the survey as specified by the Federal Reserve, preparing data files containing the responses, computing analysis weights, and documenting all survey procedures. Data editing and analysis of the results are conducted either solely by the Federal Reserve or jointly with the firm.

Much of the information is obtained via written surveys because (1) data are maintained in general ledger systems and may not be readily available or (2) the data may be maintained by different operational areas of the financial business, requiring input from multiple individuals.

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<sup>3</sup> A couple of survey firms used by the Federal Reserve to conduct past surveys include the University of Michigan's Survey Research Center (SRC) and NORC (a social science and survey research organization at the University of Chicago).

## **Time Schedule for Information Collection and Publication**

The time schedules for the distribution of, response to, and collection of data for each survey is determined during the planning phase prior to the distribution of the survey instrument. The time schedule for data collected from surveys conducted by survey firms is detailed in the individual contract documents.

Prior to asking institutions to complete a survey, the Federal Reserve explains to respondents the purpose of the survey and how the data will be used. The Federal Reserve will choose whether to publish survey data that it obtains from respondents and informs them beforehand if the data are to be published on an individual institution basis. The Federal Reserve Board may choose to keep survey data confidential, depending upon the nature of the data collection. Aggregate survey information may be cited in published material such as Federal Reserve studies or working papers, professional journals, the *Federal Reserve Bulletin*, testimony and reports to the Congress, or other vehicles.

## **Legal Status**

The Board's Legal Division has determined that these surveys are authorized pursuant to the:

- Federal Reserve Act, (12 U.S.C. §§ 225a, 324, 263, 602, and 625);
- Bank Holding Company Act, (12 U.S.C. § 1844(c));
- International Banking Act of 1978, (12 U.S.C. § 3105(c)(2)); and
- Federal Deposit Insurance Act, (12 U.S.C. § 1817(a)).

Generally, respondent participation in these surveys is voluntary. However, with respect to collections of information from state member banks, bank holding companies (and their subsidiaries), savings and loan holding companies, Edge and agreement corporations, and U.S. branches and agencies of foreign banks supervised by the Federal Reserve, the Federal Reserve may make the surveys mandatory. The ability of the Federal Reserve to maintain the confidentiality of information provided by respondents to the FR 3052 surveys would be determined on a case-by-case basis depending on the type of information provided for a particular survey. Depending upon the survey questions, confidential treatment may be warranted under subsections (b)(4), (b)(6), and (b)(8) of the Freedom of Information Act. 5 U.S.C. §§ 552(b)(4), (6), and (8).

## **Consultation Outside the Agency**

At this time there has been no consultation outside the Federal Reserve System; however, surveys and studies can be conducted jointly with other agencies. If this were to occur, the Federal Reserve would consult with other agencies, to the extent practicable, to create a consistent set of questions or a substantively similar information collection. On May 23, 2012, the Federal Reserve published a notice in the *Federal Register* (77 FR 30532) requesting public comment for 60 days on the FR 3052 information collection. The comment period for this notice expires on July 23, 2012.

## Estimate of Respondent Burden

The annual burden for the FR 3052 survey is estimated to be 60,000 hours as shown in the following table. The number of respondents is based on the average number of responses anticipated per survey conducted. Because the survey is event-generated, it is not possible to predict exactly how many surveys will be conducted in a given year. For purposes of this estimate, it is assumed that the surveys are conducted up to 24 times per year. It is also estimated that respondents spend no more than 30 minutes completing each survey. This represents 1 percent of total Federal Reserve System annual paperwork burden.

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	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
FR 3052	5,000	24	0.5 hours	60,000

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The current annual cost to the public of these reports is estimated to be \$2,691,000.<sup>4</sup>

## Estimate of Cost to the Federal Reserve System

The cost of the surveys depends on the size of the sample, the number of questions asked, the type and complexity of the questions asked, the frequency of the surveys, and whether the survey is conducted by a private firm or Federal Reserve System. The Federal Reserve anticipates that in most cases Federal Reserve System would conduct the surveys and there would be no additional staffing costs.

## Sensitive Questions

This collection of information would contain no questions of a sensitive nature, as defined by OMB guidelines.

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<sup>4</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ \$17, 45% Financial Managers @ \$52, 15% Legal Counsel @ \$55, and 10% Chief Executives @ \$81). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2011, [www.bls.gov/news.release/ocwage.nr0.htm](http://www.bls.gov/news.release/ocwage.nr0.htm) Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/)