DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Submission of OMB Review; Comment Request

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice of information collection to be submitted to the Office of Management and Budget (OMB) for review and approval under the Paperwork Reduction Act of 1995.

SUMMARY: On November 4, 1996, the OCC, the Board, and the FDIC (the agencies) requested public comment for 60 days on a proposed change in the method by which banks file their quarterly Reports of Condition and Income (Call Reports), which are currently approved collections of information. Under that proposal, the agencies would no longer accept Call Reports that banks file directly with the agencies in hard copy (paper) form. Instead, the only Call Reports that the agencies would accept would be those filed electronically or on computer diskette with the agencies' electronic collection agent. A bank could either file its reports directly with the agent or contract with another party for the conversion of its reports from hard copy (paper) to automated form and the filing of the reports with the agent. After considering the comments the agencies received, the Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, adopted certain modifications to the proposed change in filing method.

In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the agencies may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number. Comments are invited on: (a) Whether the proposed revisions to the following collections of information are necessary for the proper performance of the agencies's functions, including whether the information has practical utility; (b) the accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or startup costs and costs of operational, maintenance, and purchase of services to provide information.

DATES: Comments must be submitted on or before August 20, 1997.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: Written comments should be submitted to the Communications Division, Office of the Comptroller of the Currency, 250 E Street, S.W., Third Floor, Washington, D.C. 20219; Attention: OMB Control No. 1557–0081 (FAX number (202) 874–5274; Internet address: Regs.comments@occ.treas.gov). Comments will be available for inspection and photocopying at the OCC's Public Reference Room, 250 E Street, S.W., Washington, D.C. 20219, between 9:00 a.m. and 5:00 p.m. on business days. Appointments for inspection of comments can be made by calling (202) 874–5043.

Board: Written comments should be addressed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C.20551, Attention: OMB Control No. 7100–0036, or delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mail room and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments received may be inspected in room M–P–500 between 9:00 a.m. and 5:00 p.m., except as provided in section 261.8 of the Board's Rules regarding Availability of Information, 12 CFR 261.8(a).

FDIC: Written comments should be sent to Robert E. Feldman, Executive Secretary, Attention: Comments/OES, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429, Attention: OMB Control No. 3064–0052. Comments may be hand-delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m. (Fax number: 202) 898–3838; Internet address: comments@fdic.gov). Comments may be inspected and photocopied in the FDIC Public Information Center, Room 100, 801 17th Street, N.W., Washington, D.C. 20429, between 9:00 a.m. and 4:30 p.m. on business days.

A copy of the comments may also be submitted to the OMB desk officer for the agencies: Alexander Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, D.C. 20503.

FOR FURTHER INFORMATION CONTACT: A copy of an agency's submission to OMB for review and approval under the Paperwork Reduction Act of 1995 may be requested from the agency clearance officer whose name appears below.

OCC: John Ference, OCC Clearance Officer, or Jessie Gates (202) 874–5090, Office of the Comptroller of the Currency, 250 E Street, S.W., Washington, D.C. 20219.

Board: Mary M. McLaughlin, Board Clearance Officer, (202) 452–3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551. Telecommunications Device for the Deaf (TDD) users only, Diane Jenkins, (202) 452–3544, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551.

FDIC: Steven F. Hanft, FDIC Clearance Officer, (202) 898–3907, Office of the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street N.W., Washington, D.C. 20429.

SUPPLEMENTARY INFORMATION: Request for OMB approval to extend, with a revision to the filing method, the following currently approved collections of information:

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Number: FFIEC 031, 032, 033, 034.[1]

Frequency of Response: Quarterly.

For OCC

OMB Number: 1557–0081.

Affected Public: National Banks.

Estimated Number of Respondents: 2,800 national banks.

Estimated Time per Response: 39.92 burden hours.

[1] The FFIEC 031 report form is filed by banks with domestic and foreign offices. The FFIEC 032 report form is filed by banks with domestic offices only and total assets of $300 million or more. The FFIEC 033 report form is filed by banks with domestic offices only and total assets of $100 million or more but less than $300 million. The FFIEC 034 report form is filed by banks with domestic offices only and total assets of less than $100 million.

Estimated Total Annual Burden: 447,132 burden hours.

For Board

OMB Number: 7100–0036.

Affected Public: State Member Banks.

Estimated Number of Respondents: 1,002 state member banks.

Estimated Time per Response: 45.80 burden hours.

Estimated Total Annual Burden: 183,566 burden hours.

For FDIC

OMB Number: 3064–0052.

Affected Public: Insured State Nonmember Commercial and Savings Banks.

Estimated Number of Respondents: 6,374 insured state nonmember banks.

Estimated Time per Response: 29.67 burden hours.

Estimated Total Annual Burden: 756,511 burden hours.

The estimated time per response is an average which varies by agency because of differences in the composition of the banks under each agency's supervision (e.g., size distribution of banks, types of activities in which they are engaged, and number of banks with foreign offices). The time per response for a bank is estimated to range from 15 to 400 hours, depending on individual circumstances.

General Description of Report: This information collection is mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for state member banks), and 12 U.S.C. 1817 (for insured state nonmember commercial and savings banks). Except for select sensitive items, this information collection is not given confidential treatment. Small businesses (i.e., small banks) are affected.

Abstract: Call Reports are filed quarterly with the agencies for their use in monitoring the condition and performance of reporting banks and the industry as a whole. Call Reports also are used to calculate banks' deposit insurance and Financing Corporation assessments and for monetary policy and other public policy purposes.

Current Actions: Under the auspices of the FFIEC, the agencies originally proposed that they would no longer accept Call Reports filed directly with them in hard copy (paper) form. The agencies proposed that the only Call Reports that they would accept would be those that are filed electronically or on computer diskette with the agencies' electronic collection agent, Electronic Data systems Corporation (EDS). A bank could either file its reports electronically or on computer diskette directly with EDS or arrange for a third party to convert its reports from hard copy (paper) form to automated form and then file them with EDS. The agencies proposed to phase out their acceptance of paper Call Report forms as of the June 30, September 30, And December 31, 1997, report dates based on bank size. After considering the comments, the FFIEC approved certain modifications to the proposed change in filing method for Call Reports. The comments on the initial proposal and the changes made in response thereto are discussed below.

Type of Review: Revision.

On November 4, 1996, the agencies jointly published a notice soliciting comment for 60 days on a proposal to no longer accept Call Reports filed directly with them in paper form (61 FR 56737). The notice described the change in filing method that the agencies, with the approval of the FFIEC, were proposing to implement in three phases for their currently approved Call Report information collections. beginning with the reports for June 30, 1997.

In response to this notice, the agencies collectively received 24 comment letters, 17 from small banking organizations and 7 from trade groups, including the American Bankers Association (ABA), America's Community Bankers (ACB), the Independent Bankers Association of America (IBAA), and 4 state bankers associations (Illinois, Missouri, and 2 in Wisconsin).

All but three of the bank commenters opposed the proposal. The one bank that supported the proposal (Which has $125 million in assets) indicated that it already purchases and uses Call Report preparation software, is satisfied with its ease of use, and would not be unduly burdened by having to file electronically. Two other banks (with $70 and $30 million in assets) requested only that the implementation dates be delayed to give them more time to prepare for the change in filing method. The remaining banking organizations objected to the proposal because of the cost of purchasing Call Report preparation software, the time to learn how to use the software, and similar expense-related reasons. However, none of these bankers' comments acknowledged that the proposal contained an alternative which would not require them to purchase Call Report software, i.e, the agencies stated in the proposal that individual banks would be permitted to continue completing their reports on paper, provided that such a bank arranged for a third party, such as one of the Call Report software vendors, to convert the bank data from paper to electronic form.

Of the trade groups, ACB supported the proposal, noting that the Office of Thrift Supervision (OTS) already requires savings associations to file their Thrift Financial Reports electronically (although OTS provides the necessary software directly to each savings association). The ABA stated that it no longer opposes mandatory electronic submission of Call Reports. In this regard, the ABA indicated that several of the bankers they consulted about the proposal ''have reported that by switching to Call Report software they have decreased the amount of time their cashiers and other bank personnel spend on preparing the Call Report. As a result, they believe that the benefits that they have obtained by using the software have outweighed the initial costs and annual fees for maintaining the software.'' However, the ABA recommended that the FFIEC and the agencies should streamline the Call Report before making electronic filing mandatory. The ABA also stated that bankers were concerned that the agencies would find it easier to make unnecessary changes and add unnecessary items to the Call Report if the report had to be filed electronically. The IBAA stated that ''[t]he majority of community banks providing comments to the IBAA do not foresee any problems complying with'' an electronic filing requirement. The IBAA added that ''in the long run filing electronically should make the Call Report preparation and banking agencies' review processes more efficient and less burdensome for banks.'' The IBAA noted, however, that some community banks strongly believe the benefits do not outweigh the costs. The IBAA urged the agencies to explore ways to reduce the cost of the proposal to banks not currently filing electronically.

The concerns raised by the state bankers associations were similar to those of other commenters, although the Illinois Bankers Association stated that ''paperwork for this quarterly report requirement * * * will be reduced with electronic filing'' and that ''the banking industry supports this proposal.'' Concerns expressed by these trade groups (including the Illinois Bankers Association) generally dealt with the costs that will be incurred by some banks, training on the use of Call Report software, and the amount of lead time until the effective date.

In developing the proposed change in filing method for Call Reports, the FFIEC and the agencies recognized that some banks, especially smaller banks with limited experience with personal computers, would be concerned about the costs associated with purchasing

computer software [2] and filing their reports electronically or on computer diskette with EDS, the agencies' collection agent. Thus, the proposal stated that the agencies would permit banks to continue completing their reports on paper. However, a bank preferring to take this approach would need to arrange for a third party to convert its completed Call Report from paper to electronic form. The proposal indicated that banks could contract with a Call Report software vendor or some other party for this data conversion. Despite the proposal's inclusion of this alternative, few of the commenters who objected to the proposed requirement that bank Call Reports be filed with EDS in an automated from acknowledged that the proposal contained the paper-based alternative which would enable them to file indirectly with EDS and avoid incurring Call Report software and other computer-related costs.

The FFIEC and the agencies continue to be cognizant of the cost considerations raised by several of the commenters. Nevertheless, the agencies believe that, after the initial adjustment period, the benefits to bankers from using Call Report software to prepare their reports compare favorably with the costs. This view is consistent with the previously cited comments by the ABA and IBAA. However, notwithstanding the benefits to both banks and the agencies from the use of Call Report software (discussed below), the agencies are retaining the paper-based filing alternative that they had proposed. Furthermore, to make it simpler for those banks choosing to prepare their reports in paper form, the FFIEC and the agencies will permit banks to contract directly from EDS, the agencies' electronic collection agent, to convert their paper reports to automated form. Banks may also contract with any other party (such as Call Report software vendor) for the conversation and electronic filing of their reports as originally proposed. When one of these parties converts a bank's data to automated form by keypunching or some other means, the bank would continue to be responsible for the accuracy of the data in its report. In addition, banks must ensure that EDS receives their completed Call Reports in automated form not later than 30 days after the Call Report date in accordance with existing Call Report submission standards.

With respect to the benefits of Call Report software and electronic filing, the agencies have provided the software companies with a significant number of edits that the agencies normally use for validating the Call Report information submitted to them each quarter. As a result, while each bank is responsible for the quality of its Call Report data, a bank using a commercial software package can correct errors identified by the software package prior to filing the Call Report, and provide better quality data to the agencies. This procedure saves a bank time by reducing agency inquiries for data correction after the Call Report has been filed. The commercial software also provides immediate confirmation to a bank that files electronically that EDS has received its Call Report. In addition, electronic submission translates into lower costs for the agencies and for the insurance funds administered by the FDIC. Thus, because the use of Call Report software and the electronic submission of reports promotes the accuracy of and speeds the receipt and processing of Call Reports data, the FFIEC and the agencies may in the future propose to discontinue or otherwise modify the paper-based filing alternative.

As proposed, the agencies would have required banks with assets of $50 million or more as of June 30, 1996, to file, or arrange for a third party to file, their Call Reports electronically or on computer diskette with EDS beginning with the reports for June 30, 1997. The requirement would have applied to banks with assets of $25 million or more beginning as of the September 30, 1997, report date. For all other banks, the requirement was scheduled to take effect with the reports for December 31, 1997. In response to requests from commenters for additional time to prepare for this change in filing method, the FFIEC has decided to adjust the implementation schedule. Accordingly, the revised timetable is as follows:

- For banks with assets of $50 million or more, the requirement would not take effect as of the September 30, 1997, report date.
- For all other banks, the requirements would take effect as of the December 31, 1997, report date.

The FFIEC believes it is appropriate to fully implement the change in filing method during the final two quarters of the 1997 reporting year when no other changes to the Call Report are being introduced. Because any revisions to the reporting requirements for the Call Report itself normally take effect in the first quarter of the year, delaying the final phase of the electronic filing timetable until the March 31, 1998, report date, might result in the smallest banks having to contend with reporting new or revised types of information in the Call Report in the same quarter that they are, for the first time, using Call Report software or arranging for a third party to convert their Call Report data from paper to electronic form.

Moreover, the FFIEC does not believe that delaying electronic filing until after the FFIEC and the agencies have streamlined the Call Report in accordance with the mandate in Section 307 of the Riegle Community Development and Regulatory Improvement Act of 1994, as suggested by the ABA, is warranted. The FFIEC and the agencies remain committed to achieving the goals that Congress set for them in Section 307 in an orderly and well thought out manner. After considering the comments received, the Agencies believe that the benefits of using software to prepare the Call Report in its current form outweighs the costs. Accordingly, the FFIEC sees no reason to postpone the date when the agencies receive all Call Reports in electronic form their collection agent beyond the filing period for the year-end 1997 reports.

The ABA expressed concern that an electronic filing requirement would make it easier for the agencies to make unnecessary changes to the Call Report. Revisions to the Call Report requirements remain subject to the Paperwork Reduction Act of 1995, which requires the agencies to issue proposed reporting changes for public comment, consider the comments received, and submit the final changes to OMB for review and approval. Therefore, the implementation of electronic filing for Call Report will not make it simpler for the agencies or the FFIEC to change the Call Report.

One banker stated that he prepares his bank's Call Report using spreadsheet software of his own design and that this method is less costly for his bank than purchasing Call Report software from a software vender. He recommended that the agencies, in conjunction with EDS, develop a method that would enable banks that want to use internally-developed spreadsheets to transmit their spreadsheets to the agencies' electronic collection agent. The FFIEC and the agencies considered this suggestion, but concluded that having the agencies

[2] Call Report preparation software is available from:

DBI Financial Systems, Inc., P.O. Box 1249, Cannon Beach, Oregon 97110, Telephone: (800) 774–3279.

DPSC Software, Inc., 23501 Park Sorrento, Suite 105, Calabasas, California 91302, Telephone: (800) 825–3772.

Information Technology, Inc., 1345 Old Cheney Road, Lincoln, Nebraska 68512, Telephone: (402) 423–2682.

Sheshunoff Information Services Inc., P.O. Box 13203 Capitol Station, Austin, Texas 78711–3203, Telephone: (800) 505–8333.

design an additional electronic filing method would not be feasible and practicable. As the proposal noted, banks wishing to file electronically already have as an alternative to purchasing software the option of developing a spreadsheet or some other software program. In this regard, the agencies have for nearly 10 years permitted any bank to design its own Call Report preparation software, obtain information from the electronic collection agent about the features necessary for the bank to electronically transmit its Call Report and add these features to its software, and complete a certification process with the collection agent to ensure that the bank's software can successfully transmit the bank's Call Report data file. Furthermore, because a bank that uses internally-developed spreadsheet software to assist in the preparation of its Call Report would currently submit its completed report on the paper report forms, the proposal's previously mentioned paper-based alternative also would be available to the bank

Finally, the Illinois Bankers Association mentioned that some bankers had questioned the security of the electronic transmission process and the potential for transmission errors that could render the Call Report data inaccurate. In this regard, EDS, the banking agencies' electronic collection agent, has established procedures to ensure that the electronically transmitted Call Report files are secure and that the data remains confidential. When a bank transmits its completed Call Report to EDS, it does so over a private packet-switching network. An individual bank's data file is transmitted to EDS in ''packets,'' which means that the complete file is broken into smaller files that are sent individually. This procedure adds security because a bank's Call Report data is never on the private network as a single complete file. In addition, EDS's private network is highly reliable because it is designed to reroute or ''switch'' transmission traffic when necessary to avoid transmission errors. Once a bank's multiple ''packets'' of Call Report data have been received by EDS, the packets are reassembled into the bank's Call Report data file and stored in secure, remote directories that deny access to unauthorized users because they employ appropriate usercode and password security. Before EDS makes its periodic transmissions of Call Report data files of the banking agencies, the files to be transmitted are reformatted into a bulk file format which is compressed and bears little resemblance to the original Call Report files. EDS then transmits the Call Report bulk data file over its private network to the Board's private network. Because these networks use private lines, they are protected from dial access by unauthorized users.

(This signature page pertains to the joint notice and request for comment, ''submission for OMB review; comment request'')

Dated: July 15, 1997.

Karen Solomon,

Director, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, July 7, 1997.

William W. Wiles,

Secretary of the Board.

(This signature page pertains to the joint notice and request for comment, ''agency information collection activities: submission for OMB review; comment request'')

Dated at Washington, D.C., this 3rd day of July, 1997.

Federal Deposit Insurance Corporation.

Valerie J. Best,

Assistant Executive Secretary (Operations).

[FR Doc. 97–19115 Filed 7–18–97; 8:45 am]

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