

## **Supporting Statement for the Senior Financial Officer Surveys (FR 2023; OMB No. 7100-0223)**

### **Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, without revision, the Senior Financial Officer Surveys (FR 2023; OMB No. 7100-0223).<sup>1</sup> The Board uses the surveys in this collection to gather qualitative and limited quantitative information about liability management, the provision of financial services, and the functioning of key financial markets from a selection of up to 80 large commercial banks and other depository institutions (or, if appropriate, from other major financial market participants). This voluntary survey is completed by a senior officer at each respondent institution. In recent years, the Board has conducted two surveys per year, but it may conduct up to four surveys per year when significant informational needs arise that cannot be met from existing data sources.

The estimated total annual burden for the FR 2023 is 960 hours, based on four surveys per year. These surveys do not have a fixed set of questions; each survey would consist of a limited number of questions directed at topics of timely interest. Representative sample questions are included with this proposal—future surveys would not be identical, but would be similar in length and structure.

### **Background and Justification**

The Board uses Senior Financial Officer Surveys to obtain information about deposit pricing and behavior, bank liability management, the provision of financial services, and reserve management practices. The FR 2023 also complements other deposit reports that, by themselves, provide limited insight into the causes of the changing behavior of deposit holders and depository institutions. Moreover, the FR 2023 has given the Board the opportunity to follow periodic developments in financial markets related to extraordinary events that are beyond the scope of other reports.

The Board conducted several Senior Financial Officer Surveys in the 1980s and early 1990s prior to the passage of the Paperwork Reduction Act, covering a variety of topics, including deposit pricing and behavior, bank liability management, the provision of financial

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<sup>1</sup> Certain criteria apply to information collections conducted via the Board's ad hoc clearance process. Such information collections shall (1) be vetted by the Board's clearance officer, as well as the Division director responsible for the information collection, (2) display the OMB control number, (3) inform respondents that the information collection has been approved, (4) be used only in such cases where response is voluntary, (5) not be used to substantially inform regulatory actions or policy decisions, (6) be conducted only and exactly as described in the OMB submission, (7) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies, (8) include information collection instruments that are each conducted only one time, (9) include a detailed justification of the effective and efficient statistical survey methodology (if applicable), and (10) collect personally identifiable information (PII) only to the extent necessary (if collecting sensitive PII, the form must display current Privacy Act notice). In addition, for each information collection instrument, respondent burden will be tracked and submitted to OMB.

services, and bank reserve management practices. From 1994 to 2018, collection of the FR 2023 was sporadic, and based on exigencies and information needs. In February 1994, the Board used the FR 2023 to conduct a survey requesting information about the availability and profitability of providing brokerage services to retail customers and the provision of non-brokerage services to mutual funds. The Board used the FR 2023 again in December 1994, focusing on bank funding practices. In May 1996, the Board used the FR 2023 to investigate bank reserve management practices in order to increase understanding of how banks might operate with low required reserve balances. The Board conducted a survey in May 1998 under the FR 2023 that was designed to gauge the effect on banks' reserve management of the imposition of a charge for overdrawing their accounts at the Federal Reserve during the course of the day (the so-called daylight overdraft fee) and the expansion of the operating hours of the Fedwire system. In August 2006, the Board used the FR 2023 to assess the use of retail sweep programs.

From 2018 to 2020, the Board and the Federal Reserve Bank of New York (FRBNY) collected Senior Financial Officer Surveys focusing on depository institution reserve management strategies and practices. Used in this way, the survey allows the Federal Reserve to systematically gather views and data from a number of depository institutions that provide useful information in monitoring and interpreting developments in financial markets and the banking system as the level of reserve balances in the banking system changes. For example, in January 2019, the Federal Open Market Committee (FOMC) reaffirmed its intention to implement monetary policy in a regime with an ample supply of reserves; in such a regime, information on reserve market conditions is particularly critical for effective monetary policy implementation.

Information collected through the FR 2023 has assisted the Board in its assessment of individual and aggregate bank demand for reserves as well as bank reserve balance behavior and funding market activity in the context of varying money market conditions. Information collected through these surveys has also been used by the FOMC and has contributed to improved analyses regarding the implementation of monetary policy. This information is not available from other sources.

## **Description of Information Collection**

The FR 2023 is a voluntary survey conducted by the Board and FRBNY. Both the frequency and the content of the Senior Financial Officer Surveys have been, and will continue to be, determined by exigencies. The surveys do not have a fixed set of questions; each survey consists of a limited number of both qualitative and quantitative questions directed at topics of timely interest. Since 2018, FR 2023 surveys have been used to obtain information on the reserve management strategies and practices of depository institutions. To the extent possible, the Federal Reserve notifies respondents in advance as to the topic(s) to be covered in an impending survey. In extraordinary circumstances, when such notice is not possible, the decision to waive this advance notice provision would be made only by Federal Reserve officials. Surveys are completed by senior officers at respondent institutions. Survey questions are sent to, and replies received from, respondents via email. Follow-up telephone responses may be conducted, as necessary.

## **Respondent Panel**

The FR 2023 panel comprises up to 80 large institutions, which could include domestic depository institutions and foreign banking organizations. The panel of firms for each ad hoc survey in this collection is selected based on asset size, significance of presence in markets and activities that are the subject of the survey (e.g. overnight unsecured wholesale funding markets, reserve balance holdings), and responsiveness to previous collections.<sup>2</sup>

This panel of large institutions is appropriate for most survey topics. In some situations, however, panels based on alternative criteria may be more appropriate or may provide useful additional information. Consequently, the Board may survey other types of respondents (such as other depository institutions, bank holding companies, or other financial entities) in addition to the primary panel. For example, it may be useful to survey non-bank depository institutions to gain better insight into the demand for reserves at these institutions, or institutional loan investors to gain a better understanding of the syndicated loan market. This option enhances the potential scope and utility of the survey.

## **Time Schedule for Information Collection**

The survey may be conducted up to four times per year. In recent years, the Board has conducted two surveys per year, but believes that the authority to conduct up to four surveys a year is essential for the Federal Reserve to maintain the ability to keep abreast of important market developments.

## **Public Availability of Data**

Survey responses are tabulated and summarized at the Board and FRBNY. A report containing summary data is published on the Board's public website.<sup>3</sup>

## **Legal Status**

The FR 2023 is authorized by sections 2A, 12A, and 11 of the Federal Reserve Act (FRA). Section 2A of the FRA requires that the Board and the FOMC maintain long-run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates (12 U.S.C. § 225a). Section 12A of the FRA further requires the FOMC to implement regulations relating to the open market operations conducted by Federal Reserve Banks with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country (12 U.S.C. § 263). Section 11 of the FRA authorizes the Board to require reports from each member bank as it may

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<sup>2</sup> Previously, the primary respondent panel was identical to the U.S. commercial bank subset of respondents for the Senior Loan Officer Opinion Survey on Bank Lending Practices (FR 2018; OMB No. 7100-0058)—80 large, domestically chartered commercial banks. The current reporting panel is also 80 large institutions, but is not identical to the commercial bank subset of respondents for the FR 2018. As noted, the panel is selected based on the markets and activities that are the subject of the data collections, and may include foreign banking organizations as well as domestic institutions.

<sup>3</sup> Survey reports are available at <https://www.federalreserve.gov/data/sfos/sfos.htm>.

deem necessary and authorizes the Board to prescribe reports of liabilities and assets from insured depository institutions to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates (12 U.S.C. § 248(a)). The Board and FOMC use the information obtained through the FR 2023 to discharge these responsibilities. Survey submissions under the FR 2023 are voluntary.

The questions asked on each survey will vary. The Board’s ability to keep confidential responses to the FR 2023 must therefore be determined on a case-by-case basis. Much of the information collected is likely to constitute nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, and may be kept confidential by the Board pursuant to exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)). Some survey responses may also contain information contained in or related to an examination of a financial institution, which may be kept confidential under exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)).

Responses to the FR 2023 are tabulated and summarized at the Board and FRBNY. This aggregate information is not considered confidential, and a report containing summary data is published on the Board’s public website.

**Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

**Public Comments**

On February 3, 2021, the Board published an initial notice in the *Federal Register* (86 FR 8015) requesting public comment for 60 days on the extension, without revision, of the FR 2023. The comment period for this notice expired on April 5, 2021. The Board did not receive any comments. The Board adopted the extension, without revision, of the FR 2023 as originally proposed. On May 5, 2021, the Board published a final notice in the *Federal Register* (86 FR 23970).

**Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR 2023 is 960 hours, based on four surveys per year. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR 2023</b>	<i>Estimated number of respondents<sup>4</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current	80	4	3	960

<sup>4</sup> Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

The estimated total annual cost to the public for the FR 2023 is \$56,784.<sup>5</sup>

### **Sensitive Questions**

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

### **Estimate of Cost to the Federal Reserve System**

The estimated cost to the Federal Reserve System for collecting and processing this information collection is \$277,100 per year.

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<sup>5</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2020*, published March 31, 2021, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.