

# ZIONS BANCORPORATION

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CORPORATE COMPLIANCE

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January 25, 2013

Communications Division – Office of the Comptroller of the Currency  
Mailstop 2-3, Attention: 1557-0231  
250 E Street SW., Washington, DC 20219

**ATTN: 1557-0231; Agency Information Collection Activities; Proposed Information Collection; Comment Request; Bank Secrecy Act/Money Laundering Risk Assessment**

Dear Sir/Madam:

On behalf of Zions Bancorporation (Zions) we wish to thank the Department of the Treasury and the OCC for providing us with the opportunity to comment on the notice and request for comment related to the proposal to expand (to include Midsize and Large Banks) the information requested by the OCC for purposes of performing the Bank Secrecy Act/Money Laundering Risk Assessment published November 26, 2012. Zions Bancorporation is a \$52 Billion bank holding company with OCC and FDIC-supervised banking offices located in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, and Washington.

We provide the following response to the proposed notice and request for comment:

**I – Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility;**

The OCC ('agency') currently collects BSA/AML risk assessment data for community banks because these banks have in the past lacked sophisticated BSA/AML controls including rudimentary risk assessments. Community banks often lack the depth and breadth of products and services of larger banks, thus a BSA/AML assessment performed by the agency via Money Laundering Risk (MLR) System is appropriate to ensure BSA/AML risk is being properly assessed. However, the expansion of collection of BSA/AML risk assessment data to include Midsize and Large Bank populations is unnecessary, counter-productive to the intent of existing BSA/AML regulations, and redundant.

1. Unnecessary and counter-productive collection of information – The purpose of the BSA/AML risk assessment is to assess BSA/AML risk across all of a financial institution's products, services, customers, and geographies and to ensure proper controls are in place to mitigate risk. Because no two financial institutions are the same, regulations demand a risk-based approach consistent with the risks unique to each financial institution. Expanding the collection of risk assessment data for agency purposes of performing its own risk assessment will not necessarily produce a more effective risk assessment and may have conflicting conclusions resulting in disagreements related to methodology. Regulation states, "There are many effective methods and formats used in completing a BSA/AML risk assessment; *therefore, examiners should not advocate a particular method or format. Bank management should decide the appropriate method or format, based on the bank's particular risk-profile*<sup>1</sup>" (emphasis added). Midsize and Large Banks are currently required and have been performing annual BSA/AML risk assessments for years. As such, they are best suited to assess the

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<sup>1</sup> 2010 FFIEC BSA/AML Examination Manual, BSA/AML Risk Assessment – Overview, p. 22.

BSA/AML risks associated with their banks. Rather than the agency collecting information for purposes of performing its own BSA/AML risk assessment, it should instead focus on reviewing the analysis performed and methodology employed by bank management. A knowledgeable examiner should then ensure all areas of risk are identified, analyzed, and surrounded by verified controls that are deemed effective enough to support management's residual risk conclusions.

2. Redundant collection of information – As stated previously, Midsize and Large Banks have been assessing their BSA/AML risk in accordance with regulatory expectations for years. Requiring them to provide information to the agency for purposes of assessing BSA/AML risk is redundant and an inefficient use of bank and agency resources. Risk assessment categories and volume metrics used by banks to perform BSA/AML assessments may not map directly to the manner in which the agency requests. As a result, banks will seek to reduce the redundancy or differences between its existing data format or methods and the agency information request by abandoning its format in favor of the agency's format. This may result in 'cookie-cutter' BSA/AML risk assessments that may or may not be a better measure of risk for all banks.

## **II – The accuracy of the agency's estimate of the burden of the collection of information;**

The agency estimates the annual burden of providing the information for Midsize Banks is 30 hours per bank. The estimate for Large Banks is 100 hours per bank. These time estimates are low and place unreasonable demands upon banks for the following reasons:

1. Low time estimates – The agency may not fully appreciate the variance that likely exists between the risk assessment data metrics currently gathered by banks and the data metrics the agency would request. As such, there may be new data metrics that need to be identified, reports created, and integration within existing bank assessments. A thorough gap analysis between the metrics currently assessed and the metrics requested by the agency would need to be performed by each bank to provide accurate estimates.
2. Unreasonable demand – For the reasons explained previously, expansion of the information collection requirements would result in banks either: a) gathering risk assessment data twice; or, b) abandoning existing methodologies and adopting a new methodology based on agency requested information/metrics. Either outcome is unreasonable given that banks currently comply with regulations requiring a periodic BSA/AML risk assessment.

## **III – Ways to enhance the quality, utility, and clarity of the information to be collected;**

1. If the information must be collected, the agency should consider using the information from existing risk assessments completed by the bank. This will reduce the duplicative burden on banks and ensure the same data from the same assessment periods is analyzed consistently.
2. Allow banks to provide the requested information in a manner consistent with current methodology (e.g. annual, monthly, daily volumes).

## **IV – Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and**

1. Allow Financial Institutions the opportunity to review and comment on the agency's Risk Summary Form to ensure that the banks will be able and prepared to provide requested information;
2. Provide sufficient time from passage of the final rule before the first request for information;
3. Due dates for information requested should coincide with the banks regularly scheduled risk assessment period to minimize the impact on business of multiple requests (e.g. flexible due dates); and
4. Allow for electronic submission of commonly accepted file formats via secure transmission.

**V – Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.**

As stated previously, a gap analysis would need to be performed between what information the agency would request and the information currently available in order to determine costs (internal/external) related to obtaining and providing the data.

**Conclusion**

Zions appreciates the opportunity to offer feedback on this issue and supports the effort of the OCC to ensure banks adequately assess their BSA/AML-related risk. However, the expansion of information requested to Midsize and Large Bank populations is redundant and an unnecessary burden on financial institutions. As such, if this proposal is approved, Zions requests that the OCC allows a reasonable amount of time to implement the required changes. Zions also requests that the OCC solicit comments and questions from industry after the final rule is published for purposes of issuing an interpretive FAQs document to assist Zions and other Financial Institutions in complying with the final rule.

Sincerely,

Norman Merritt  
EVP – Corporate Compliance Director  
Zions Bancorporation