

## **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), proposes to extend for three years, with 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 Board proposes to revise the FR 2023 by increasing the respondent panel size from 80 to 100 and changing the method of collection from email to an online survey tool.

The current estimated total annual burden for the FR 2023 is 960 hours, based on four surveys per year and would increase to 1,200 hours. The proposed revisions would result in an increase of 240 hours. 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.

### **Background and Justification**

The Board uses Senior Financial Officer Surveys to obtain information about bank reserve management practices, deposit pricing and behavior, liability management, provision of financial services, and use of Federal Reserve liquidity facilities. 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 1980's and early 1990's, prior to the passage of the Paperwork Reduction Act, that covered a variety of topics, including deposit pricing and behavior, bank liability management, the provision of financial services, and bank reserve management practices. From 1994 to 2018, collection of the FR 2023

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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 a detailed justification of the effective and efficient statistical survey methodology (if applicable); and (9) 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.

was sporadic, and based on exigencies and information needs generally focusing on bank reserve management and funding practices.

Starting in 2018, 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. Additionally, in recent years, the FR 2023 surveys have collected information on other topics, such as bank balance sheet management, activity in wholesale funding markets, deposit pricing strategies, and reactions to the creation of Federal Reserve liquidity facilities.

Information collected through these surveys contributes to improved analyses regarding the implementation of monetary policy and 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. 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 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. To the extent possible, the Federal Reserve notifies respondents by email 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.

The Board understands that respondents use information technology to comply with these provisions, including email and spreadsheet software. The respondents email completed survey spreadsheets to FRBNY staff, who address data quality issues and compile the data into a dataset that is shared with Board Monetary Affairs staff.

### **Respondent Panel**

The FR 2023 panel comprises up to 80 large institutions, which 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.

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.

### **Frequency and Time Schedule**

The FR 2023 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 System to maintain the ability to keep abreast of important market developments.

### **Proposed Revisions to the FR 2023**

The Board proposes to revise the FR 2023 by increasing the panel size from 80 to 100 and changing the method of collection from email to an online survey tool.<sup>2</sup> The larger panel size is intended to obtain more data from relatively smaller depository institutions (those with between \$1 billion and \$50 billion in total assets). Compared to the current data collection method (an emailed Excel spreadsheet), use of an online tool would enhance the survey with interactive features (such as posing follow-up questions based on respondent inputs), improved automated safeguards against data quality risks, workflow efficiency features such as response tracking and version control, and usability on mobile devices. These revisions would be effective on September 1, 2024.

### **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 Federal Open Market Committee ("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

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<sup>2</sup> An example of an online survey tool is a software platform by Qualtrics, a commercial experience management company that is a Federal Reserve vendor. In the event of an outage or breakdown of the chosen online tool, the current reporting method, an emailed spreadsheet, would be used as a backup collection method.

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

rates.<sup>4</sup> 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.<sup>5</sup> Section 11 of the FRA authorizes the Board to require reports from each member bank as it may 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.<sup>6</sup> The Board and FOMC use the information obtained through the FR 2023 to help 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").<sup>7</sup> 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 FOIA.<sup>8</sup>

Responses to the FR 2023 are tabulated and summarized at the Board and the FRBNY. This aggregate information is not considered confidential, and a report containing summary data is published on the Board's public website.<sup>9</sup>

### **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

### **Public Comments**

On March 7, 2024, the Board published an initial notice in the *Federal Register* (89 FR 16568) requesting public comment for 60 days on the extension, with revision, of the FR 2023. The comment period for this notice expires on May 6, 2024.

### **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, and would increase to 1,200 hours with the proposed revisions. The burden estimate was produced using the standard Board burden calculation methodology. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

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<sup>4</sup> 12 U.S.C. § 225a.

<sup>5</sup> 12 U.S.C. § 263.

<sup>6</sup> 12 U.S.C. § 248(a).

<sup>7</sup> 5 U.S.C. § 552(b)(4).

<sup>8</sup> 5 U.S.C. § 552(b)(8).

<sup>9</sup> Survey reports are available at [www.federalreserve.gov/data/sfos/sfos.htm](http://www.federalreserve.gov/data/sfos/sfos.htm).

<b>FR 2023</b>	<i>Estimated number of respondents<sup>10</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
FR 2023	80	4	3	<u>960</u>
	<i>Current Total</i>			960
<b>Proposed</b>				
FR 2023	100	4	3	<u>1,200</u>
	<i>Proposed Total</i>			1,200
	<i>Change</i>			240

The estimated total annual cost to the public for the FR 2023 is \$63,600 and would increase to \$79,500 with the proposed revisions.<sup>11</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 \$381,900 per year.

<sup>10</sup> Of these respondents to this information collection, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support--table-size-standards>.

<sup>11</sup> Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at \$22, 45% Financial Managers at \$80, 15% Lawyers at \$79, and 10% Chief Executives at \$118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2022, published April 25, 2023, <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.