WISCONSIN BANKERS ASSOCIATION

April 22, 2013

VIA EMAIL

Communications Division
Office of the Comptroller of the Currency
Mailstop 6W-11, Attention: 1557-0081
Washington, DC 20219
regs.comments@occ.treas.gov

Mr. Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.,
Washington, DC 20551
regs.comments@federalreserve.com
FFIEC 031 and 041

Mr. Gary A. Kuiper, Counsel
Atten: Comments, Room NYA-5046
Federal Deposit Insurance Corporation
550 17th Street NW.,
Washington, DC 20429
comments@FDIC.gov
Consolidated Reports of Condition and Income, 3064-0052

Re: Proposed Revisions to Consolidated Reports of Condition and Income, FFIEC 031 (for banks and savings associations with domestic and foreign offices) and FFIEC 041 (for banks and savings associations with domestic offices only).

Dear Sirs and Madams:

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 300 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the state. WBA appreciates the opportunity to comment on the proposed revisions to the Consolidated Reports of Condition and Income (Call Report), as issued by the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB) and Federal Deposit Insurance Corporation (FDIC) (collectively, the Agencies). The Agencies' proposed revisions to the Call Report include several changes and new items to provide additional data that the Agencies and the Bureau of Consumer Financial Protection (CFPB) believe are necessary to assist them in carrying out their missions.

WBA respectfully notes that Call Reports are traditionally used by bank supervisory agencies to assess bank safety and soundness. WBA understands the policy goals of the Agencies and CFPB and the need to study consumer deposit trends; however, we oppose an attempt to add operational, compliance-related or other non-safety and soundness line items to the Call Report. Moreover, should the Agencies proceed with the collection of this type of operational data, we urge CFPB to work with the Agencies to provide context to the data collected on consumer deposits and fees. Particularly, with the latter, we note that these are gross numbers which do not reflect the expenses financial institutions incur in offering consumer deposits and, as such, may not provide sufficient information to fully inform CFPB policy decisions. WBA strongly encourages the Agencies and CFPB to fully weigh the costs to the financial industry of providing the data against the benefit it will provide the Agencies and CFPB.

ADVOCACY. SERVICE. LEADERSHIP. SINCE 1892.
WISCONSIN BANKERS ASSOCIATION • 4721 SOUTH BILTMORE LANE • MADISON, WI 53718 • 608-441-1200 • FAX 608-661-9381 • www.wisbank.com

We offer the following comments on select portions of the Agencies' proposed revisions.

Schedule RC-E: Consumer Deposit Account Balances

The Call Report currently requires financial institutions to report deposits based on broad categories of depositor, combining consumer deposits with those of partnerships and corporations. The Agencies' proposal would require financial institutions to disaggregate consumer deposits so that CFPB could better monitor consumer deposit behavior and would provide the Agencies with more granular data to assess the stability of an institution's funding profile. WBA believes the proposed changes are improvements over previous proposals to collect information on consumer deposits. However, as the Agencies recognize, most financial institution accounting and operational systems do not currently differentiate between individual consumer deposits and those held by partnerships or corporations. In order to accurately report this data, financial institutions will have to undergo significant system programming which are not possible to complete by June 30, 2013.

Additionally, financial institutions will need further clarification and guidance on the definition of a "consumer deposit" for purposes of the proposed new screening question and reporting. For example, the proposed screening question defines consumer deposits as those "intended for consumer use," while the proposal to include line items 6.a and 6.b references deposits "intended for personal, household or family use." Many financial institutions develop deposit products for retail customers that eventually migrate to business customers or vice versa. At this time it is unclear how deposits that overlap the consumer and business spaces should be allocated for reporting purposes (e.g. does it solely depend on different pricing structures?). In addition, it may be difficult for many institutions to isolate true consumer deposits from those accounts for non-household purpose (i.e. by sole proprietors or other business customers).

Schedule RI: Consumer Deposit Service Charges

Currently, financial institutions report the aggregate amount of deposit fees earned on a year-to-date basis. The Agencies have proposed to add a Memorandum item that would disaggregate consumer deposit account charges from those of other customers. WBA has several concerns regarding the timing of the proposed data collection, the ability of financial institutions to break out certain data, and the ability of this data to sufficiently inform CFPB policy decisions.

Broadly, the issues surrounding the disaggregation of consumer deposit service charges are similar to those discussed above in regard to disaggregating consumer deposits in that many financial institutions do not currently break out the data in the way the Agencies are requesting. For example, many institutions track service charges by product type, as opposed to depositor type. Other institutions track some charges by service charge type, such as overdraft and account maintenance charges, but do not track from which depositor category the fees are generated. In order to comply with the proposed changes to Schedule RI line M 15 most institutions would have to create a new line item on their ledger accounts, in addition to the reprogramming of their deposit accounts. For many institutions, this requires working with their third party data processors, at added time and expense.

Since the proposal would initiate reporting of consumer fee income in the second half of 2013, it would be necessary for financial institutions to retroactively reconfigure their system to provide the Agencies with year-to-date numbers. This would be burdensome and a predominately manual exercise. Moreover, these numbers would neither be entirely accurate nor comparable across institutions as they would be based on assumptions and estimates that would differ among individual institutions. WBA understands that line items are best efforts in the first quarter in which they are introduced. However, given the preliminary nature of these numbers, they may be open to misinterpretation by the Agencies, CFPB or general public. If the Agencies proceed with the requirement to include consumer deposit service charge data within the Call Report, WBA urges the Agencies to delay the reporting data of these line items until March 2014. If the Agencies decide against postponing the reporting changes, then WBA strongly recommends the data reported be prospective (i.e. not on a year-to-date basis) until the March 2014 Call Report.

Regarding ATM fees, many financial institutions belong to ATM networks, the owner of which provides a periodic lump sum that would be impossible to allocate to consumer or non-consumer accounts. Typically, the lump sum provided to the institution reflects the bank's share over a given time period, after netting out fees due to third party providers. It is WBA's understanding that ATM fee data cannot be disaggregated in the manner proposed. Further, as with consumer deposits it would be difficult to distinguish true consumer fees from those incurred by non-household customers (i.e. by sole proprietors or other business customers). When considering the changes to Schedule E the Agencies recognized overlap between consumer and small business deposits, we urge the same consideration in the context of ATM or other account fees.

Conclusion

WBA understands the policy goals of the Agencies and CFPB and the need to study consumer deposit trends; however, we oppose an attempt to add operational, compliance-related or other non-safety and soundness line items to the Call Report.

Should the Agencies proceed with the requirement to include the proposed consumer deposits and fees data within the Call Report, we strongly urge the Agencies to: (1) delay mandatory reporting of the data until March 2014 so as to allow reprogramming and testing of accounting and operational systems; (2) provide further clarification and guidance on the definition of a "consumer deposit" for purposes of the new screening question and reporting; (3) allow line item data reported to be prospective; (4) recognize the overlap between consumer and small business deposits; and (5) recognize ATM fee data can not be disaggregated in the manner proposed.

We urge CFPB to work with the Agencies to provide context to the data collected on consumer deposits and fees. These are gross numbers which do not reflect the expenses financial institutions incur in offering consumer deposits and, as such, may not provide sufficient information to fully inform CFPB policy decisions. Thus, WBA strongly encourages the Agencies and CFPB to fully weigh the costs to the financial industry of providing the data against the benefit it will provide the Agencies and CFPB.

Once again, we appreciate the opportunity to comment on the proposed revisions.

Sincerely,

Rose M. Oswald Poels
President/CEO