RE: 1557-0081, FFIEC 031, 041, and 051 October 5, 2016

In review of the proposed changes to the Call Report for less complex institutions there should also be more consideration applied the type and amount of information collected and how that is applied to smaller institutions. Reducing the current 85 page average to around 61 pages is a good start but this must also include a more common sense approach to what information is being collected. Just removing pages that mostly did not apply to smaller institutions is just not enough. Those pages were already being skipped or only limited information was being gathered for those schedules being removed. The information that is being asked for on the other required schedules is a big part of what makes the Call Report such a burden for smaller institutions.

As the expansion of information required on the Call Report grows so do the changes in processing and coding of accounts at the institution which in turns creates more work on two fronts for smaller institutions. First is the cost associated with all of the changes and additional categories that have overwhelmed the call report. Larger institutions can implement and cover the cost of those changes much more easily than a smaller institutions with smaller staffs. Another issue that comes with all of the additional categories that have been added over the last ten years is that when reporting an increase or decrease in one account, this can create large swings in the average and amounts in the category. Then not only do smaller institutions get the increased work load to keep up reporting systems and tracking codes, you have now created more time spent on filling out submitting and then responding to the questions for every large increase or decrease in each category. For a small institutions one large loan can cause a 30% decrease in a loan category, or one large CD matures and closes and this creates a 4% drop in a CD category. So now not only do we have to report the information for these expanded categories, we must then follow up with explanations when a lot of that should be understood for smaller institutions.

Other reporting requirements must be taken into account too. More and more information is being asked from institutions by regulators. Not only do we currently do quarterly call reports, we have the weekly FR 2644 Weekly Selected Asset Report, which is basically a very condensed version of the balance sheet schedule form the call report. That report has the same issue of asking for additional categories where one transaction creates large swings in an average or amount and then we have to explain that every time. There are also the other reporting requirements (HMDA, BSA, CRA, AML, etc.) coming from a multitude of new, existing and changing regulations that just add to the burden of reporting for smaller institutions.

Reducing the pages and revising some of the schedules is definitely a good start but it cannot end there. Common sense and practicality must be applied when reviewing the reporting requirements of smaller institutions that do not even engage in most of the activities that the regulations are trying to gather information on or monitor. Better instructions and clearer definitions are also a much needed improvement for the call report. I am encouraged that steps are being taken to look at the reporting requirements, but a more in depth look is needed with an understanding of what smaller institution are currently facing and will face with the ever increasing regulatory and reporting requirements.

Sincerely,

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