



June 12, 2020

Via Electronic Mail

Manny Cabeza
Regulatory Counsel, MB-3128
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Summary of Deposits (OMB Control No. 3064-0061)

Ladies and Gentlemen:

The Bank Policy Institute¹ appreciates the opportunity to respond to the Federal Deposit Insurance Corporation's Notice and Request for comment on its Summary of Deposits Survey (SOD).² We recognize the importance of the FDIC's efforts in data collection and the value that the SOD provides to firms in numerous ways. As an example, firms may use the peer bank data for internal benchmarking purposes and use their own data as a tool for Community Reinvestment Act purposes and to assist in tax preparation. Nevertheless, we believe that there are improvements that could be made to the SOD to alleviate certain issues associated with the SOD, as well as unnecessary burden during the submission process, which are described herein.

I. The FDIC should extend the due date of its SOD to at least 45 days after the June 30 as-of date.

The SOD is due annually on July 31 for all FDIC-insured institutions with a June 30 as-of date. However, institutions with more than one foreign office are not required to submit their June 30 Call Report until 35 calendar days after the report date. While the FDIC recommends that institutions submit their Call Reports for June 30 before submitting the SOD "to enable comparison of total deposits between the two reports," as a result of these due dates, many institutions file their Call Reports after submitting their SOD. Consequently, such firms experience failed validity tests as the SOD is required to tie directly to Schedule RC-E (Deposit Liabilities) of the Call Report. Extending the due date of the SOD to at least 45 days after the June 30 as-of date would allow firms to use the full time allotted to submit their June 30 Call Reports prior to completing the SOD, which would ultimately decrease the instances of validity check failures and thus limit the burden associated with rectifying such issues. Additionally, we

¹ The Bank Policy Institute is a nonpartisan public policy, research and advocacy group, representing the nation's leading banks and their customers. Our members include universal banks, regional banks and the major foreign banks doing business in the United States. Collectively, they employ almost 2 million Americans, make nearly half of the nation's small business loans, and are an engine for financial innovation and economic growth.

² 85 Fed. Reg. 20688 (April 14, 2020).

believe the slightly delayed submission date could be beneficial to the FDIC as well, by providing their staff with additional time on the Call Report before having to focus on SOD submissions as well.

Providing additional time for the SOD could also help decrease discrepancies between current branch information and the branch information that appears in the FDIC systems. Institutions submit the Form FR Y-10 to provide the agencies with updated branch data as a result organizational structural changes, including changes in both foreign and domestic branches (such as openings and closures), within 30 days of a change; however, the FDIC records for branches are not always updated in a timely manner to reflect said changes, creating a gap in the timing between when firms communicate changes and these changes appear in the FDIC system used for the SOD. In certain cases, like with specialty branches, there could be a significant lag in updates to the FDIC system of up to three to six months. This delay leads to stale information and duplicate branch numbers in FDIC records, which contributes to issues in the SOD reporting process and continued unnecessary burden. Firms currently make an effort to proactively avoid the discrepancies that arise from delayed updates to the FDIC system by working with FDIC analysts on a consistent basis to reconcile and update branch information in the FDIC's records. However, despite these proactive initiatives, firms often continue to experience branch identification issues and inconsistencies when preparing the SOD. Extending the submission due date for the SOD would help support improving these issues with branch identification as it would allow more time for the FDIC to appropriately update its branch records prior to firms' annual SOD submission.

For these reasons, we therefore recommend that the FDIC extend the due date of its SOD to at least 45 days after the June 30 as-of date.

II. The FDIC should publish the Annual SOD Reporting Instructions and related FDIC Financial Institution Letters by mid-April to allow firms and software vendors adequate time to make necessary changes.

In order to file the SOD, firms can either complete the SOD manually, by entering data for each branch individually through the Central Data Repository (CDR), or utilize software from third-party vendors recommended by the FDIC in its SOD Financial Institution Letters (FILs) whose software has been successfully tested with the CDR.³ Institutions with large numbers of branches often rely on third-party vendor software to prepare their SODs in order to ease burden and to expedite submission of the required data. For these firms, completing the SOD manually is not realistic, which is appropriately recognized by the FDIC in the instructions, which state the manual option "is best suited for institutions with a small number of branch offices."⁴ For these firms that are reliant on vendor software, in addition to waiting until the instructions have been released, they must then wait for vendors to make the necessary software updates before they can begin to prepare their annual SOD. The FDIC generally releases the annual SOD reporting instructions and related FILs at the end of May or early June,⁵ providing little time for the third-party vendors to process the new instructions and to produce the necessary software for banks to utilize. With such a compressed timeline, firms are required to simultaneously complete the necessary testing and validation processes to meet supervisory expectations around data quality control while completing the SOD. Publishing the reporting instructions and requirements earlier would allow vendors sufficient time to process the updated instructions and will ultimately give those firms that depend on such software additional time to complete the SOD with the appropriate data quality controls in place, while still providing the FDIC with the information requested in a timely manner. We therefore respectfully request that the FDIC publish the SOD reporting instructions and corresponding FILs as soon as possible, but no later than April 15 of every year.

³ See Summary of Deposits Reporting Instructions June 30, 2020 at 1, available at <https://www.fdic.gov/regulations/resources/call/sod-reporting-instructions.pdf>.

⁴ *Id.*

⁵ SOD 2019 Reporting Instructions and the related FILs were released by the FDIC on May 28, 2019 and SOD 2020 Reporting Instructions and FILs were released on June 3, 2020.

III. The FDIC should update the edit check for addresses to ensure that submissions that include branch addresses consistent with those on the United States Postal Services' website and that meet the standards of the FDIC's approved vendor software do not produce errors.

The instructions to the SOD state in relevant part that institutions must “ensure consistency with United States Postal Service standards”⁶ for the physical address for all branch office locations. While firms adhere to these specific instructions in preparing their SODs, they still continue to experience rejection of their submissions due to failed address edit checks. This is true even for those firms using the software provided by third-party vendors that is recommended by the FDIC and has been successfully tested with the CDR.⁷ Prior to submission, firms have already validated branch addresses with the USPS website in accordance with the instructions, but they continue to receive edit check errors for some of these addresses. Therefore, firms are unable to correct the so-called error and must provide comments for each instance explaining “why the condition identified by the quality edit is accurate.”⁸ As there can be numerous addresses that are rejected by the FDIC, providing explanations manually for each address with a failed edit check requires significant time and resources. While the instructions allow firms to use predefined edit explanations that are included in the vendor software for completing the SOD, the FDIC's instructions to the SOD note that “selecting a predefined edit explanation does not eliminate the need to provide a comment that supports the selected explanation.”⁹ We therefore request that the FDIC update the edit check for addresses to ensure that submissions that include branch addresses consistent with those on the USPS website and that meet the standards of the FDIC's approved vendor software do not produce errors.

IV. The FDIC should consider ways to use more automated techniques to enhance SOD processes and related updates to FDIC records.

As discussed in Sections II and III, there are ongoing issues with failed address edit checks and branch identification that hinder firms' SOD submissions. We therefore recommend that the FDIC consider more automated techniques in the SOD submission process. We believe that a more automated process for updating firms' branch structural changes could reduce the gap in timing discussed in Section II and improve coordination and reconciliation of firm data with the FDIC's records which would ultimately reduce unnecessary burden. Additionally, the FDIC should consider a user-friendly option that would allow firms to complete a bulk upload of all branch data directly to the CDR for submitting the SOD that would be practical for institutions with a large number of branches. The Federal Reserve's Reporting Central website currently gives firms the option to convert data into XML files for uploading for reporting purposes; however, CDR does not have a comparable function available for firms. This option could help eliminate issues with address edit check conflicts and stale data like those discussed in Sections II and III.

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⁶ Summary of Deposits Reporting Instructions June 30, 2020 at 34, available at <https://www.fdic.gov/regulations/resources/call/sod-reporting-instructions.pdf>.

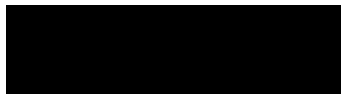
⁷ *Id* at 1.

⁸ *Id* at 2.

⁹ *Id*.

The Bank Policy Institute appreciates the opportunity to provide feedback on the FDIC's SOD. If you have any questions, please contact the undersigned by phone at 646-736-3943 or by email at Alix.Roberts@bpi.com.

Respectfully submitted,



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