



RESEARCH & ANALYSIS

Senior Financial Officer Survey Results

May 2022



BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



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Summary

Background

In May 2022, the Federal Reserve conducted a Senior Financial Officer Survey (SFOS) to gather views systematically from a number of banks on expectations for balance sheet management in the months ahead, reserve management experiences in recent months, experiences and expectations for pass-through of the Federal Reserve policy rate to interest on deposits, and their expectations about deposit levels. In addition, the survey gathered views on bank's expectations for investment in digital innovation.

As in previous surveys, the May SFOS was distributed to 80 banks, representing a wide range of asset sizes and business models. The Federal Reserve distributed the survey to senior financial officers at these banks on May 6, 2022, with replies due by May 20, 2022. Responses were received from 80 banks, comprising 46 domestic banks and 34 foreign banking organizations (FBOs).¹ In aggregate, respondents held roughly three-fourths of total reserve balances in the banking system at the time of the survey.

Part 1: Reserves and Balance Sheet Management

(Questions 1–4)

The questions in Part 1 asked respondents about the actions and expectations regarding their bank's reserve balances and overall balance sheet over the remainder of the year, including their expectations for changes to the size of liabilities and composition of assets.

- More than half of the respondents reported that their bank does not plan to take actions to increase or decrease the size of its balance sheet through the remainder of the year, and the majority of respondents indicated that their bank expects its balance sheet size to remain roughly unchanged over that same period.²
- For nearly all of the liability categories, most respondents indicated that their bank is not expecting the level of such liability to change through the end of the year.

¹ The FBOs consisted of U.S. branches and agencies of foreign banks as well as one U.S. commercial bank that exhibited reserve management behavior more akin to this group than to similarly sized domestic banks.

² The survey asked respondents to consider the differences between average values in April 2022 and respondents' expectations for the average values in December 2022.

- The majority of respondents from domestic banks reported that their bank expects that reserve balances will decrease as a share of their total assets through the end of the year. Meanwhile, approximately two-thirds of respondents from foreign banks reported that their bank expects no change.
- Loans were the asset bucket that was most cited as expected to increase through the end of the year, primarily reported by respondents from domestic banks. Respondents from foreign banks most commonly reported that their bank expects that loan levels will remain roughly unchanged.
- In response to a question about whether the lowest level of reserves that their bank would be comfortable holding before taking actions to maintain or increase its reserves had changed since the end of 2019, a small majority of respondents from domestic banks indicated that their bank has had no change to this level, while most of the remaining respondents reported that their bank has had an increase to this level.

Part 2: Deposit Rates and Balances

(Questions 5–7)

The questions in Part 2 asked respondents about their bank’s deposit betas so far this year and their outlook for deposit betas and balances over the remainder of the year.³

- Looking back over the previous six months, respondents most commonly indicated that deposit betas for the beginning portion of the year were under 10 percent. These responses suggest that banks had passed through only a few basis points of the 25 basis point increase in the target range for the federal funds rate in March to their customers.
- Looking ahead at the remainder of the year, respondents indicated a wider variation in the expected amount of pass through of potential increases in the target range.
- When asked about their expectations for changes in their bank’s deposit levels, the majority of respondents reported that their bank expects deposit balances, in each category, to remain roughly unchanged through the end of the year.

³ For the purpose of this survey, “deposit beta” was defined as the basis point change in a bank’s average deposit rates on deposits with maturities of seven days or fewer relative to the basis point change in the target range for the federal funds rate.

Part 3: Digital Innovation

(Questions 8–11)

The questions in part 3 asked respondents about their bank’s strategy and investment plans as they relate to distributed ledger technology (DLT) and crypto-related products.

- When asked about the relative priority of distributed ledger technology and crypto-related products and services as a part of their bank’s growth and development strategy over the next two years, two-thirds of respondents cited that this was either not a priority or it was a low priority and about one-fourth cited that it was a medium or high priority. When the time period was shifted to the next two to five years, the responses were more spread out. Respondents were roughly evenly split with most citing that it was not a priority or a low priority for their bank, or citing that it was a medium to high priority for their bank.
- When asked about the expected impact of DLT or crypto-related products on their bank’s liquidity management practices in the next 2-5 years and 5-10 years, respondents generally reported that their bank does not see these technologies as having large effects on liquidity management, with most respondents reporting not important to moderately important for both time periods.
- When provided with an opportunity to share further comments on their bank’s DLT and crypto-related product plans, some respondents noted that their bank is actively monitoring the situation and will adapt to the landscape as needed.

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Results

Part 1: Reserves and Balance Sheet Management

Question 1 asks about your expectations for reserve and balance sheet management over the remainder of the year.⁴ For context, the results of the March 2022 Survey of Primary Dealers showed cumulative median dealer expectations for the size of the Federal Reserve's holdings of U.S. Treasury securities and agency MBS to decrease by \$432 billion from the beginning of April to the end of December 2022.^{5, 6} These projections would be consistent with a similar decline in the amount of Federal Reserve liabilities, including reserve balances in the banking system.

1.

- a) Looking ahead to the remainder of the year, which statement best characterizes your expectation for your most likely strategy regarding your bank's balance sheet: (select one). My bank expects:

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. To take actions to reduce the size of its balance sheet	3	3.8	2	4.3	1	2.9
ii. Not to take specific actions to increase or decrease the size of its balance sheet	50	62.5	23	50.0	27	79.4
iii. To take specific actions to maintain the current size of its balance sheet	12	15.0	10	21.7	2	5.9
iv. To take actions to increase the size of its balance sheet	15	18.8	11	23.9	4	11.8
Total	80	100.0	46	100.0	34	100.0

⁴ For question 1, consider the potential differences between your bank's balance sheet, on average, in April 2022 and your expectation about your bank's balance sheet in December 2022 on average.

⁵ Based on the sum of the medians of dealers' modal expectations for the monthly amount of net purchases of U.S. Treasury securities and agency MBS from April 2022 to August 2022 and for the quarterly amount of net purchases in Q4 2022.

⁶ Aggregating across the 25th and 75th percentiles for the Federal Reserve's holdings of U.S. Treasury securities and agency MBS over the time periods from April 2022 through the 2022 Q4 (inclusive) suggests most responses in the March Survey of Primary dealers were for a cumulative decrease in total net SOMA holdings of between \$614 billion and \$283 billion, respectively. See https://www.newyorkfed.org/markets/primarydealer_survey_questions. In addition, at the March FOMC meeting, participants generally agreed that combined monthly caps on balance sheet runoff of \$95 billion, phased in over three months or modestly longer, would likely be appropriate. See <https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20220316.pdf>.

- b) Looking ahead to the remainder of the year, which statement best characterizes your expectation for the size of your bank's balance sheet: (select one). My bank expects its balance sheet to:

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Decrease	6	7.5	2	4.3	4	11.8
ii. Remain roughly the same size (plus or minus 10%)	57	71.3	31	67.4	26	76.5
iii. Increase	17	21.3	13	28.3	4	11.8
Total	80	100.0	46	100.0	34	100.0

- c) Question 1.C asks about changes to the size of liabilities on your banks balance sheet. For each of the liabilities listed, please indicate your expectation about potential change in the average level from April 2022 to December 2022, in the context of your answer to 1A.

(1) Retail Deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect the level will decrease	5	6.3	4	8.7	1	2.9
ii. I expect the level will remain roughly unchanged (plus or minus 10%)	42	52.5	37	80.4	5	14.7
iii. I expect the level will increase	4	5.0	4	8.7	0	0.0
iv. N/A (please select if your bank's balance sheet does not include the liability category)	29	36.3	1	2.2	28	82.4
Total	80	100.0	46	100.0	34	100.0

(2) Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect the level will decrease	3	3.8	3	6.5	0	0.0
ii. I expect the level will remain roughly unchanged (plus or minus 10%)	46	57.5	29	63.0	17	50.0
iii. I expect the level will increase	6	7.5	5	10.9	1	2.9
iv. N/A (please select if your bank's balance sheet does not include the liability category)	25	31.3	9	19.6	16	47.1
Total	80	100.0	46	100.0	34	100.0

(3) Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect the level will decrease	12	15.0	6	13.0	6	17.6
ii. I expect the level will remain roughly unchanged (plus or minus 10%)	46	57.5	24	52.2	22	64.7
iii. I expect the level will increase	10	12.5	8	17.4	2	5.9
iv. N/A (please select if your bank's balance sheet does not include the liability category)	12	15.0	8	17.4	4	11.8
Total	80	100.0	46	100.0	34	100.0

(4) FHLB advances ("N/A" for banks that are not FHLB members)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect the level will decrease	5	6.3	5	10.9	0	0.0
ii. I expect the level will remain roughly unchanged (plus or minus 10%)	21	26.3	19	41.3	2	5.9
iii. I expect the level will increase	19	23.8	19	41.3	0	0.0
iv. N/A (please select if your bank's balance sheet does not include the liability category)	35	43.8	3	6.5	32	94.1
Total	80	100.0	46	100.0	34	100.0

(5) Other short-term wholesale funding liabilities (for example, negotiable certificates of deposit or commercial paper)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect the level will decrease	5	6.3	2	4.3	3	8.8
ii. I expect the level will remain roughly unchanged (plus or minus 10%)	51	63.7	24	52.2	27	79.4
iii. I expect the level will increase	16	20.0	12	26.1	4	11.8
iv. N/A (please select if your bank's balance sheet does not include the liability category)	8	10.0	8	17.4	0	0.0
Total	80	100.0	46	100.0	34	100.0

(6) Short-term repo

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect the level will decrease	1	1.3	1	2.2	0	0.0
ii. I expect the level will remain roughly unchanged (plus or minus 10%)	49	61.3	26	56.5	23	67.6
iii. I expect the level will increase	12	15.0	7	15.2	5	14.7
iv. N/A (please select if your bank's balance sheet does not include the liability category)	18	22.5	12	26.1	6	17.6
Total	80	100.0	46	100.0	34	100.0

(7) Other liabilities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect the level will decrease	0	0.0	0	0.0	0	0.0
ii. I expect the level will remain roughly unchanged (plus or minus 10%)	58	72.5	35	76.1	23	67.6
iii. I expect the level will increase	9	11.3	6	13.0	3	8.8
iv. N/A (please select if your bank's balance sheet does not include the liability category)	13	16.3	5	10.9	8	23.5
Total	80	100.0	46	100.0	34	100.0

d) Question 1.D asks about changes to the composition of assets on your bank's balance sheet over the remainder of the year, given the expected change in the size of your balance sheet in 1B. For each of the assets listed, please indicate your expectation for how its share of total assets will change over the remainder of the year.

(1) Reserves

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect this asset's share of total assets will decrease	37	46.3	25	54.3	12	35.3
ii. I expect this asset's share of total assets will remain roughly unchanged	38	47.5	17	37.0	21	61.8
iii. I expect this asset's share of total assets will increase	5	6.3	4	8.7	1	2.9
iv. N/A (please select if your bank's balance sheet does not include the asset category)	0	0.0	0	0.0	0	0.0
Total	80	100.0	46	100.0	34	100.0

(2) Level 1 Securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect this asset's share of total assets will decrease	8	10.0	7	15.2	1	2.9
ii. I expect this asset's share of total assets will remain roughly unchanged	50	62.5	25	54.3	25	73.5
iii. I expect this asset's share of total assets will increase	21	26.3	14	30.4	7	20.6
iv. N/A (please select if your bank's balance sheet does not include the asset category)	1	1.3	0	0.0	1	2.9
Total	80	100.0	46	100.0	34	100.0

(3) Level 2 HQLA

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect this asset's share of total assets will decrease	12	15.0	12	26.1	0	0.0
ii. I expect this asset's share of total assets will remain roughly unchanged	52	65.0	27	58.7	25	73.5
iii. I expect this asset's share of total assets will increase	6	7.5	6	13.0	0	0.0
iv. N/A (please select if your bank's balance sheet does not include the asset category)	10	12.5	1	2.2	9	26.5
Total	80	100.0	46	100.0	34	100.0

(4) Other Securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect this asset's share of total assets will decrease	9	11.3	7	15.2	2	5.9
ii. I expect this asset's share of total assets will remain roughly unchanged	53	66.3	31	67.4	22	64.7
iii. I expect this asset's share of total assets will increase	6	7.5	5	10.9	1	2.9
iv. N/A (please select if your bank's balance sheet does not include the asset category)	12	15.0	3	6.5	9	26.5
Total	80	100.0	46	100.0	34	100.0

(5) Loans

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect this asset's share of total assets will decrease	0	0.0	0	0.0	0	0.0
ii. I expect this asset's share of total assets will remain roughly unchanged	33	41.3	7	15.2	26	76.5
iii. I expect this asset's share of total assets will increase	47	58.8	39	84.8	8	23.5
iv. N/A (please select if your bank's balance sheet does not include the asset category)	0	0.0	0	0.0	0	0.0
Total	80	100.0	46	100.0	34	100.0

(6) Other Assets

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. I expect this asset's share of total assets will decrease	4	5.0	2	4.3	2	5.9
ii. I expect this asset's share of total assets will remain roughly unchanged	65	81.3	39	84.8	26	76.5
iii. I expect this asset's share of total assets will increase	3	3.8	2	4.3	1	2.9
iv. N/A (please select if your bank's balance sheet does not include the asset category)	8	10.0	3	6.5	5	14.7
Total	80	100.0	46	100.0	34	100.0

- e) If you expect to take actions to affect the size or composition of your bank's balance sheet, for example by encouraging clients place funds in alternative liquid investments, please comment on the nature of such actions in the comment box below.

Thirty respondents provided comments, excluding responses of N/A or that specified that there were no additional comments. Most comments were in line with or elaborated on the survey responses. Some respondents provided more context for their bank's planned actions or lack of actions, but these comments did not have common themes.

2.

- a) Has the lowest level of reserves that you would feel comfortable holding before which you would take actions to maintain or increase your bank's reserves changed since the end of 2019? Please select one:

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Increased	33	41.3	25	54.3	8	23.5
ii. Remained roughly the same (plus or minus 10%)	46	57.5	20	43.5	26	76.5
iii. Decreased	1	1.3	1	2.2	0	0.0
Total	80	100.0	46	100.0	34	100.0

- b) If this level has changed since the end of 2019, please briefly explain the most significant drivers of this shift.

Thirty-five respondents provided substantive comments. Most comments were in line with or elaborated on the survey responses. Some respondents who noted that this level had increased for their bank cited deposit volatility as a main driver in this shift.

3. Since the onset of the pandemic, the Federal Reserve announced changes to the discount window and encouraged depository institutions to use the discount window and has also established the Standing Repo Facility. Please indicate how the Federal Reserve's actions have affected your bank's demand for reserves? Select one of the following options for each facility:

(1) Discount Window

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Increased	1	1.3	0	0.0	1	2.9
ii. No effect	79	98.8	46	100.0	33	97.1
iii. Decreased	0	0.0	0	0.0	0	0.0
iv. N/A	0	0.0	0	0.0	0	0.0
Total	80	100.0	46	100.0	34	100.0

(2) Standing Repo Facility

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Increased	0	0.0	0	0.0	0	0.0
ii. No effect	64	80.0	38	82.6	26	76.5
iii. Decreased	2	2.5	2	4.3	0	0.0
iv. N/A- not currently eligible to be a counterparty	14	17.5	6	13.0	8	23.5
Total	80	100.0	46	100.0	34	100.0

4. If you would like to share any comments on your bank's reserve and balance sheet management, please do so in the comment box below.

Fifteen respondents provided comments, excluding responses of N/A or that specified that there were no additional comments. Most comments were in line with or elaborated on the survey responses. Some respondents provided more context for their bank's reserves and balance sheet management strategies, but these comments did not have common themes.

Part 2: Deposit Rates and Balances

This section asks about deposit pricing strategies, and in particular, the degree to which your bank passes through changes in Federal Reserve policy rates to rates offered on deposits. For the purpose of this section, deposit beta is defined as the basis point change in your bank's average deposit rates on deposits with maturities of 7 days or fewer relative to the basis point change in the target range for the federal funds rate.

- 5.
- a) Looking back, for each of the deposit categories below, please indicate the deposit beta for the period from January 2022 through the end of April 2022. For reference, the target range for the federal funds rate over this period increased by 25 basis points. Please select one of the following options:

(1) Retail deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Under 10% (i.e., your bank's average deposit rate increased by between 0 and 2.5 basis points)	37	46.3	34	73.9	3	8.8
ii. Between 11% and 20%	5	6.3	3	6.5	2	5.9
iii. Between 21% and 40%	5	6.3	5	10.9	0	0.0
iv. Between 41% and 60%	0	0.0	0	0.0	0	0.0
v. Over 61%	4	5.0	3	6.5	1	2.9
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	29	36.3	1	2.2	28	82.4
Total	80	100.0	46	100.0	34	100.0

(2) Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Under 10% (i.e., your bank's average deposit rate increased by between 0 and 2.5 basis points)	25	31.3	20	43.5	5	14.7
ii. Between 11% and 20%	7	8.8	7	15.2	0	0.0
iii. Between 21% and 40%	8	10.0	6	13.0	2	5.9
iv. Between 41% and 60%	4	5.0	1	2.2	3	8.8
v. Over 61%	11	13.8	3	6.5	8	23.5
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	25	31.3	9	19.6	16	47.1
Total	80	100.0	46	100.0	34	100.0

(3) Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Under 10% (i.e., your bank's average deposit rate increased by between 0 and 2.5 basis points)	21	26.3	17	37.0	4	11.8
ii. Between 11% and 20%	6	7.5	5	10.9	1	2.9
iii. Between 21% and 40%	10	12.5	8	17.4	2	5.9
iv. Between 41% and 60%	3	3.8	2	4.3	1	2.9
v. Over 61%	27	33.8	6	13.0	21	61.8
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	13	16.3	8	17.4	5	14.7
Total	80	100.0	46	100.0	34	100.0

b) Looking ahead to the remainder of the year, for each of the deposit categories below, please select your expectations for your bank's deposit betas. Please select your forecast for the period from May 1, 2022, through the end of the year.

(1) Retail Deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Under 10%	10	12.5	9	19.6	1	2.9
ii. Between 11% and 20%	18	22.5	15	32.6	3	8.8
iii. Between 21% and 40%	11	13.8	10	21.7	1	2.9
iv. Between 41% and 60%	6	7.5	6	13.0	0	0.0
v. Over 61%	6	7.5	5	10.9	1	2.9
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	29	36.3	1	2.2	28	82.4
Total	80	100.0	46	100.0	34	100.0

(2) Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Under 10%	2	2.5	1	2.2	1	2.9
ii. Between 11% and 20%	7	8.8	4	8.7	3	8.8
iii. Between 21% and 40%	17	21.3	16	34.8	1	2.9
iv. Between 41% and 60%	15	18.8	11	23.9	4	11.8
v. Over 61%	14	17.5	5	10.9	9	26.5
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	25	31.3	9	19.6	16	47.1
Total	80	100.0	46	100.0	34	100.0

(3) Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Under 10%	1	1.3	0	0.0	1	2.9
ii. Between 11% and 20%	6	7.5	3	6.5	3	8.8
iii. Between 21% and 40%	12	15.0	11	23.9	1	2.9
iv. Between 41% and 60%	15	18.8	12	26.1	3	8.8
v. Over 61%	33	41.3	12	26.1	21	61.8
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	13	16.3	8	17.4	5	14.7
Total	80	100.0	46	100.0	34	100.0

6. Given your projections for your bank's deposit betas above, please provide your projections for the percent change in your bank's deposit balances from May 1, 2022, through the end of the year.

(1) Retail Deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Decrease by more than 25%	0	0.0	0	0.0	0	0.0
ii. Decrease between 11% and 25%	4	5.0	3	6.5	1	2.9
iii. Will remain roughly unchanged (plus or minus 10%)	43	53.8	37	80.4	6	17.6
iv. Increase between 11% and 25%	4	5.0	4	8.7	0	0.0
v. Increase by more than 25%	1	1.3	1	2.2	0	0.0
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	28	35.0	1	2.2	27	79.4
Total	80	100.0	46	100.0	34	100.0

(2) Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Decrease by more than 25%	0	0.0	0	0.0	0	0.0
ii. Decrease between 11% and 25%	3	3.8	3	6.5	0	0.0
iii. Will remain roughly unchanged (plus or minus 10%)	46	57.5	29	63.0	17	50.0
iv. Increase between 11% and 25%	3	3.8	3	6.5	0	0.0
v. Increase by more than 25%	3	3.8	2	4.3	1	2.9
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	25	31.3	9	19.6	16	47.1
Total	80	100.0	46	100.0	34	100.0

(3) Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. Decrease by more than 25%	1	1.3	1	2.2	0	0.0
ii. Decrease between 11% and 25%	11	13.8	5	10.9	6	17.6
iii. Will remain roughly unchanged (plus or minus 10%)	46	57.5	24	52.2	22	64.7
iv. Increase between 11% and 25%	7	8.8	6	13.0	1	2.9
v. Increase by more than 25%	2	2.5	2	4.3	0	0.0
vi. N/A (please select if your bank's balance sheet does not include the deposit type)	13	16.3	8	17.4	5	14.7
Total	80	100.0	46	100.0	34	100.0

7. Please provide any other information relevant to your bank's deposit pricing strategy or deposit forecast below.

Thirty-four respondents provided substantive comments. Most comments were in line with or elaborated on the survey responses. Some respondents provided more context for their bank's deposit pricing strategy but these comments did not have common themes.

Part 3: Digital Innovation

8. For each of the time periods listed below, please select which statement best characterizes your bank's view on the relative priority of distributed ledger technology (DLT) and crypto-related products and services as a part of your bank's growth and development strategy.⁷

(1) The next 2 years

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank does not intend to prioritize growth and development strategy	27	33.8	13	28.3	14	41.2
ii. My bank views growth and development in this area to be low priority	18	22.5	10	21.7	8	23.5
iii. My bank views growth and development in this area to be medium priority	13	16.3	9	19.6	4	11.8
iv. My bank views growth and development in this area to be high priority	9	11.3	8	17.4	1	2.9
v. Other (please use comment box)	13	16.3	6	13.0	7	20.6
Total	80	100.0	46	100.0	34	100.0

(2) The next 2 to 5 years

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank does not intend to prioritize growth and development strategy	14	17.5	3	6.5	11	32.4
ii. My bank views growth and development in this area to be low priority	19	23.8	15	32.6	4	11.8
iii. My bank views growth and development in this area to be medium priority	22	27.5	13	28.3	9	26.5
iv. My bank views growth and development in this area to be high priority	11	13.8	10	21.7	1	2.9
v. Other (please use comment box)	14	17.5	5	10.9	9	26.5
Total	80	100.0	46	100.0	34	100.0

Written comments generally noted that the respondents' banks were monitoring the situation and would adapt to the landscape as needed.

9. Please indicate which statement best characterizes your bank's investment strategy in DLT and crypto-related products and services over the next 2 years for each of the categories in the table below. If your banks does not provide a service listed in the table below, please select "N/A." For each category, select one of the following:

⁷ For the purposes of this survey, the term "crypto-related product" refers to a digital asset that is issued and/or transferred using distributed ledger or blockchain technology using cryptographic techniques.

(1) Retail payment and/or settlement services

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank has no plans to invest	20	25.0	15	32.6	5	14.7
ii. My bank plans to maintain our existing level of investment	7	8.8	6	13.0	1	2.9
iii. My bank plans to increase our investment modestly	12	15.0	10	21.7	2	5.9
iv. My bank plans to increase our investment significantly	2	2.5	2	4.3	0	0.0
v. Other (please use comment box)	8	10.0	6	13.0	2	5.9
vi. N/A	31	38.8	7	15.2	24	70.6
Total	80	100.0	46	100.0	34	100.0

(2) Wholesale payment and/or settlement services

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank has no plans to invest	17	21.3	11	23.9	6	17.6
ii. My bank plans to maintain our existing level of investment	5	6.3	4	8.7	1	2.9
iii. My bank plans to increase our investment modestly	18	22.5	14	30.4	4	11.8
iv. My bank plans to increase our investment significantly	2	2.5	2	4.3	0	0.0
v. Other (please use comment box)	8	10.0	5	10.9	3	8.8
vi. N/A	30	37.5	10	21.7	20	58.8
Total	80	100.0	46	100.0	34	100.0

(3) Custody

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank has no plans to invest	19	23.8	12	26.1	7	20.6
ii. My bank plans to maintain our existing level of investment	3	3.8	2	4.3	1	2.9
iii. My bank plans to increase our investment modestly	10	12.5	9	19.6	1	2.9
iv. My bank plans to increase our investment significantly	3	3.8	3	6.5	0	0.0
v. Other (please use comment box)	8	10.0	5	10.9	3	8.8
vi. N/A	37	46.3	15	32.6	22	64.7
Total	80	100.0	46	100.0	34	100.0

(4) Market making/brokerage services

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank has no plans to invest	22	27.5	13	28.3	9	26.5
ii. My bank plans to maintain our existing level of investment	6	7.5	3	6.5	3	8.8
iii. My bank plans to increase our investment modestly	11	13.8	9	19.6	2	5.9
iv. My bank plans to increase our investment significantly	1	1.3	1	2.2	0	0.0
v. Other (please use comment box)	8	10.0	5	10.9	3	8.8
vi. N/A	32	40.0	15	32.6	17	50.0
Total	80	100.0	46	100.0	34	100.0

(5) Wealth management services

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank has no plans to invest	19	23.8	12	26.1	7	20.6
ii. My bank plans to maintain our existing level of investment	7	8.8	5	10.9	2	5.9
iii. My bank plans to increase our investment modestly	14	17.5	14	30.4	0	0.0
iv. My bank plans to increase our investment significantly	1	1.3	1	2.2	0	0.0
v. Other (please use comment box)	7	8.8	5	10.9	2	5.9
vi. N/A	32	40.0	9	19.6	23	67.6
Total	80	100.0	46	100.0	34	100.0

(6) Other

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
i. My bank has no plans to invest	16	26.2	9	29.0	7	23.3
ii. My bank plans to maintain our existing level of investment	2	3.3	2	6.5	0	0.0
iii. My bank plans to increase our investment modestly	2	3.3	2	6.5	0	0.0
iv. My bank plans to increase our investment significantly	0	0.0	0	0.0	0	0.0
v. Other (please use comment box)	5	8.2	3	9.7	2	6.7
vi. N/A	36	59.0	15	48.4	21	70.0
Total	61	100.0	31	100.0	30	100.0

Written comments generally noted that the respondents' banks were monitoring the situation and would adapt to the landscape as needed.

10. Please rate on a scale from 1 (not important) to 5 (very important) the expected impact of DLT or crypto-related activities on your bank's liquidity management practices in the next:

(1) 2 to 5 years

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
1 (Not important)	50	63.3	28	62.2	22	64.7
2	15	19.0	10	22.2	5	14.7
3	12	15.2	6	13.3	6	17.6
4	2	2.5	1	2.2	1	2.9
5 (Very important)	0	0.0	0	0.0	0	0.0
Total	79	100.0	45	100.0	34	100.0

(2) 5 to 10 years

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
1 (Not important)	26	32.9	13	28.9	13	38.2
2	21	26.6	16	35.6	5	14.7
3	20	25.3	7	15.6	13	38.2
4	6	7.6	5	11.1	1	2.9
5 (Very important)	6	7.6	4	8.9	2	5.9
Total	79	100.0	45	100.0	34	100.0

11. If there is any other information relevant to your bank's approach to DLT and crypto-related products and services that you would like to provide at this time, please do so in the comment box below.

Twenty-one respondents provided substantive comments. Most respondents noted that their banks are awaiting regulatory guidance or are uncertain of plans regarding usage of DLT and crypto-related activities at this time.

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