



RESEARCH & ANALYSIS

Senior Financial Officer Survey Results

March 2025



BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



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Background

In March 2025, the Federal Reserve conducted a Senior Financial Officer Survey (SFOS) to systematically gather views from a representative sample of banks on their reserve balance management strategies and practices, their expectations for potential changes in both the size and composition of their balance sheets, their deposit pricing strategies, and their views regarding Federal Reserve facilities.¹

The March SFOS was distributed to senior financial officers at 98 banks, representing a wide range of asset sizes and business models, on March 21, 2025, with replies due by March 31, 2025. This summary includes responses from 96 banks, comprising 62 domestic banks and 34 foreign banking organizations. In aggregate, respondents held around three-fourths of total reserve balances in the banking system at the time of the survey.

Part 1: Questions about Reserves and Balance Sheet Management

(Questions 1–5)

The questions in Part 1 asked respondents about their bank's balance sheet management strategy and its expectations for changes to the levels of various liability and asset categories over the next six months.

- Nearly three-fourths of respondents reported that their bank expects the size of its balance sheet to remain roughly unchanged (plus or minus 2 percent) over the next six months. One-fourth of respondents reported that their bank expects the size of its balance sheet to increase over the same period.²
- When asked about their bank's strategy regarding balance sheet management, respondents were roughly evenly split across those respondents indicating that their bank expects to take actions intended to increase, or limit the decline in, the size of its balance sheet; those indicating that their bank expects to take no specific actions to affect the size of its balance sheet; and those indicating that their bank expects to take actions intended to maintain the current size of its balance sheet. These responses were roughly in line with the responses to the same question from the September 2024 survey.

¹ For the purpose of this summary, the term “banks” is used to encompass all types of depository institutions, including credit unions.

² The survey asked respondents to consider the differences between average values in March 2025 and their expectations for the average values in September 2025.

- For each of 10 liability categories, a plurality of respondents indicated that their bank is not expecting a level change (plus or minus 2 percent) over the next six months. One-fourth of respondents reported that their bank is expecting slight decreases (more than 2 percent and less than or equal to 5 percent) in brokered retail deposits/brokered retail certificates of deposit, or CDs. On deposits, one-third of respondents reported anticipating slight increases in retail deposits, and just over one-third of respondents reported anticipating slight increases in wholesale operational deposits.
- For all asset categories except loans, more than half of respondents, excluding respondents that reported “Not Applicable (N/A),” indicated that their bank is not expecting a change in the level of that asset over the next six months. For loans, nearly half of respondents indicated that their bank expects an increase of more than 2 percent and less than or equal to 5 percent over the same period.
- When asked about the rationale that most closely aligns with their bank’s deposit rate-setting strategy over the next six months, a majority of respondents across all four deposit types (retail deposits, brokered retail deposits, wholesale operational deposits, and wholesale non-operational deposits) reported that rates will be set to maintain deposit balances.

Part 2: Questions about Preferred Reserve Levels

(Questions 6–11)

The questions in Part 2 asked respondents about their bank’s lowest comfortable level of reserves (LCLOR), which is defined in the survey as the lowest dollar level of reserves that their bank would feel comfortable holding before taking actions to maintain or increase its reserve balances.³

- A majority of respondents that responded to both this survey and the previous survey in September 2024 reported no material change to their LCLOR estimate.
- Similar to LCLOR estimates, around half of respondents reported no change in their bank’s preferred additional reserve holdings above LCLOR (hereafter, additional reserves) since the previous survey in September 2024. Of the respondents that reported that their bank prefers to hold additional reserves, about half reported that their bank maintains a preferred additional reserves level above 10 and up to 50 percent of their LCLOR, little changed from September.
- When asked about their bank’s reserve management strategy over the past few months, a bit under one-half of respondents reported that their bank has taken actions intended to maintain the current amount of its reserves.

³ “Taking actions” is defined in the survey as taking active steps to intervene and raise funds to replenish reserves.

- When asked to provide an approximate forecast for their bank's reserve balances under hypothetical changes in the level of overnight interest rates relative to the interest rate on reserve balances (IORB), a plurality of respondents reported that, under each rate scenario, their bank would not reduce its reserves from its current reserve level. When the constellation of overnight interest rates was, relative to IORB, 4 and 8 basis points higher than it was over the past month, roughly one-third of respondents reported a reserve level that was between 1 and 25 percent lower than their bank's recent reserve level. When the constellation of overnight interest rates was, relative to IORB, 12 and 16 basis points higher than it was over the past month, around one-third of respondents reported a reserve level that was more than 25 percent below their bank's recent reserve level. In all scenarios, respondents from foreign banking organizations, on net, reported larger decreases in the reported reserve levels than domestic respondents.
- Respondents rated duration of liabilities or duration matching as a somewhat important factor in affecting their bank's redeployment of reserves into Treasury securities in a scenario where their institution's reserves level is higher than their preferred reserve level (the sum of its reported LCLOR and additional reserves). Respondents also rated supervisory and regulatory treatment, their institutions' expectations for the Treasury yield curve, their institutions' expectations for the path of policy rates, and relative liquidity profiles of reserves versus Treasury securities as somewhat important, though slightly less important on average than the former.
- Respondents that rated the relative or risk-adjusted rate of return between reserves and other high-quality liquid assets as an important factor for holding reserves greater than their preferred reserve level in an earlier question were asked about their bank's willingness to re-allocate reserves and invest in Treasury securities on a hedged basis. Respondents were asked about the amount of reserves they would invest in a fully hedged Treasury position under several hypothetical scenarios where the spreads between the fixed rate on a two-year or a five-year Secured Overnight Financing Rate (SOFR) swap and the rate of a Treasury security with the same tenor (SOFR swaps spreads) were narrower than recent levels. When asked about a scenario where the two-year SOFR swap spread is lower by 8 basis points from its level at the time of the survey, a majority of respondents estimated there would be no change from their current reserve level. Just under one-third reported that their bank's reserve level would be up to 10 percent lower in a hypothetical scenario where two-year SOFR swap spread is 16 basis points lower than current levels. Scenarios relating to the five-year SOFR swap spread followed a similar pattern. A majority of respondents reported no change from their current reserve level when the spread is 5 basis points lower than current levels, and just over one-third reported a reserve level that is up to 10 percent lower than their bank's recent reserve levels when the spread is 10 basis points lower than current levels.

Part 3: Questions about the Standing Repo Facility

(Questions 12–17)

The questions in Part 4 asked respondents about their bank's usage of and views regarding the standing repo facility (SRF).⁴

- Respondents whose banks are either SRF counterparties or that indicated that their bank intends to become a counterparty rated public disclosures of counterparty information as the most discouraging factor in their institution's decisionmaking around participating in SRF operations. Respondents, on average, also rated uncertainty of award allocation, no opportunity to obtain balance sheet netting with reverse repo activity, and low aggregate take-up in recent SRF operations as slightly discouraging factors.
- Respondents whose banks are SRF counterparties were asked to provide the triparty and interdealer repo spreads above the SRF rate at which their institution would actively consider placing a bid at the SRF rather than borrow in the two private repo market segments under three scenarios. The scenarios included when private repo rates were expected to exceed the SRF rate for one day, for at least several days, and for at least several days alongside material participation in the SRF operation on the previous day. For all scenarios, the median spreads were higher for the interdealer repo market than for the same scenario in the triparty repo market. For both triparty and interdealer segments, the median spreads were meaningfully lower in the hypothetical scenario where rates would remain higher for at least several days and there was material participation in the SRF operation on the previous day.
- Respondents whose banks are SRF counterparties were asked about the levels of management approval required at their institution before participating in an SRF operation. They reported nearly identical levels of approval for usage around both days with *anticipated* outflows and elevated private market repo rates and days with *unanticipated* outflows and elevated private market repo rates. Under both of these scenarios, around two-thirds of these respondents reported that their bank requires funding desk management approval and just over one-half of respondents reported that their bank requires executive management approval.
- Over one-half of respondents whose banks are SRF counterparties reported that their bank's internal notification and/or approval process does not differ from the process for discount window borrowing. In a scenario with elevated money market rates, a large majority of respondents reported that their bank would be more likely to consider participating in an SRF operation than borrowing from the discount window.

⁴ This section contained some questions that were only shown to respondents that are on the SRF counterparty list. The current list of SRF counterparties is available on the Federal Reserve Bank of New York's website at <https://www.newyorkfed.org/markets/standing-repo-facility-counterparties>. Both SRF counterparties and primary dealers may participate in SRF operations.

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Results

The following results include the instructions provided to the survey respondents. Components may not sum to totals because of rounding.

Part 1: Balance Sheet Management

Questions in Part 1 ask about your institution's expectations for balance sheet management over the next six months. For context, the results of the January 2025 Survey of Market Participants showed cumulative median dealer expectations for the size of the Federal Reserve's holdings of U.S. Treasury securities and agency mortgage-backed securities to decrease by approximately \$200 billion from the end of March 2025 through the end of September 2025. These projections would be consistent with a similar decline in the amount of Federal Reserve liabilities, including, but not limited to, reserve balances in the banking system and overnight reverse repurchase agreement (repo) balances.

Question 1: Looking ahead over the next six months, which statement best characterizes your institution's expectations for the size of its balance sheet? My institution expects the size of its balance sheet to: (select one)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase	24	25.0	18	29.0	6	17.6
Remain roughly unchanged (plus or minus 2 percent)	69	71.9	41	66.1	28	82.4
Decrease	3	3.1	3	4.8	0	0.0
Total	96	100.0	62	100.0	34	100.0

Question 2: Looking ahead over the next six months, which statement best characterizes your institution's most likely strategy regarding its balance sheet? My institution expects to: (select one)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Take actions intended to increase, or limit the decline in, the size of its balance sheet	33	34.4	24	38.7	9	26.5
Take actions intended to maintain the current size of its balance sheet	30	31.3	16	25.8	14	41.2
Take actions intended to decrease, or limit the growth in, the size of its balance sheet	2	2.1	2	3.2	0	0.0
Take no specific actions to affect the size of its balance sheet	31	32.3	20	32.3	11	32.4
Total	96	100.0	62	100.0	34	100.0

Question 3: This question asks about changes to the projected level of different liabilities on your institution's balance sheet. For each of the liability categories listed, please indicate your institution's expectation about the potential change in the average level in March 2025 compared with the average level in September 2025 in the context of your previous responses. My institution expects the level will: (select one; if your institution does not have the liability type, and does not intend to have it over the next six months, please select "remain roughly unchanged")

1. Retail deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	3	4.6	3	4.9	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	22	33.8	22	36.1	0	0.0
Remain roughly unchanged	35	53.8	31	50.8	4	100.0
Decrease more than 2 percent and less than or equal to 5 percent	5	7.7	5	8.2	0	0.0
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
Total	65	100.0	61	100.0	4	100.0

2. Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	1	1.5	1	2.0	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	25	38.5	20	40.8	5	31.3
Remain roughly unchanged	38	58.5	28	57.1	10	62.5
Decrease more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Decrease more than 5 percent	1	1.5	0	0.0	1	6.3
Total	65	100.0	49	100.0	16	100.0

3. Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	1	1.3	0	0.0	1	3.4
Increase more than 2 percent and less than or equal to 5 percent	17	21.8	12	24.5	5	17.2
Remain roughly unchanged	54	69.2	31	63.3	23	79.3
Decrease more than 2 percent and less than or equal to 5 percent	6	7.7	6	12.2	0	0.0
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
Total	78	100.0	49	100.0	29	100.0

4. Deposits in reciprocal deposit placement networks

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	3	3.1	3	4.8	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	5	5.2	5	8.1	0	0.0
Remain roughly unchanged	84	87.5	50	80.6	34	100.0
Decrease more than 2 percent and less than or equal to 5 percent	3	3.1	3	4.8	0	0.0
Decrease more than 5 percent	1	1.0	1	1.6	0	0.0
Total	96	100.0	62	100.0	34	100.0

5. Federal Home Loan Bank (FHLB) advances ("N/A" if your bank is not an FHLB member)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	5	5.2	5	8.1	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	10	10.4	10	16.1	0	0.0
Remain roughly unchanged	31	32.3	31	50.0	0	0.0
Decrease more than 2 percent and less than or equal to 5 percent	8	8.3	8	12.9	0	0.0
Decrease more than 5 percent	5	5.2	5	8.1	0	0.0
N/A	37	38.5	3	4.8	34	100.0
Total	96	100.0	62	100.0	34	100.0

6. Overnight unsecured borrowings (for example, federal funds, Eurodollars, etc.)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	0	0.0	0	0.0	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	2	2.1	1	1.6	1	2.9
Remain roughly unchanged	93	96.9	61	98.4	32	94.1
Decrease more than 2 percent and less than or equal to 5 percent	1	1.0	0	0.0	1	2.9
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
Total	96	100.0	62	100.0	34	100.0

7. Commercial paper or institutional or negotiable certificates of deposit (CDs)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	2	2.1	1	1.6	1	2.9
Increase more than 2 percent and less than or equal to 5 percent	4	4.2	2	3.2	2	5.9
Remain roughly unchanged	83	86.5	55	88.7	28	82.4
Decrease more than 2 percent and less than or equal to 5 percent	5	5.2	2	3.2	3	8.8
Decrease more than 5 percent	2	2.1	2	3.2	0	0.0
Total	96	100.0	62	100.0	34	100.0

8. Brokered retail deposits or brokered retail CDs

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	3	4.6	3	4.9	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	5	7.7	5	8.2	0	0.0
Remain roughly unchanged	29	44.6	26	42.6	3	75.0
Decrease more than 2 percent and less than or equal to 5 percent	16	24.6	15	24.6	1	25.0
Decrease more than 5 percent	12	18.5	12	19.7	0	0.0
Total	65	100.0	61	100.0	4	100.0

9. Short-term repos

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	2	2.1	1	1.6	1	2.9
Increase more than 2 percent and less than or equal to 5 percent	5	5.2	2	3.2	3	8.8
Remain roughly unchanged	84	87.5	54	87.1	30	88.2
Decrease more than 2 percent and less than or equal to 5 percent	4	4.2	4	6.5	0	0.0
Decrease more than 5 percent	1	1.0	1	1.6	0	0.0
Total	96	100.0	62	100.0	34	100.0

10. Fed facilities (discount window, standing repo facility (SRF))

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	0	0.0	0	0.0	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	1	1.0	1	1.6	0	0.0
Remain roughly unchanged	95	99.0	61	98.4	34	100.0
Decrease more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
Total	96	100.0	62	100.0	34	100.0

Question 4: This question asks about changes to the projected level of different assets on your institution's balance sheet. For each of the asset categories listed, please indicate your institution's expectation about the potential change in the average level in March 2025 compared with the average level in September 2025 in the context of your previous responses. My institution expects the level will: (select one; *please select "N/A" only if your institution does not or cannot have the asset type*)

1. Reserve balances

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	2	2.1	2	3.2	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	6	6.3	5	8.1	1	2.9
Remain roughly unchanged	63	65.6	31	50.0	32	94.1
Decrease more than 2 percent and less than or equal to 5 percent	11	11.5	11	17.7	0	0.0
Decrease more than 5 percent	14	14.6	13	21.0	1	2.9
N/A	0	0.0	0	0.0	0	0.0
Total	96	100.0	62	100.0	34	100.0

2. Federal funds sold

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	0	0.0	0	0.0	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	1	1.0	1	1.6	0	0.0
Remain roughly unchanged	53	55.2	40	64.5	13	38.2
Decrease more than 2 percent and less than or equal to 5 percent	1	1.0	1	1.6	0	0.0
Decrease more than 5 percent	0	0.0	0	0.0	0	0.0
N/A	41	42.7	20	32.3	21	61.8
Total	96	100.0	62	100.0	34	100.0

3. Reverse repo

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	3	3.1	1	1.6	2	5.9
Increase more than 2 percent and less than or equal to 5 percent	5	5.2	1	1.6	4	11.8
Remain roughly unchanged	60	62.5	43	69.4	17	50.0
Decrease more than 2 percent and less than or equal to 5 percent	1	1.0	0	0.0	1	2.9
Decrease more than 5 percent	1	1.0	1	1.6	0	0.0
N/A	26	27.1	16	25.8	10	29.4
Total	96	100.0	62	100.0	34	100.0

4. Loans

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	8	8.3	6	9.7	2	5.9
Increase more than 2 percent and less than or equal to 5 percent	47	49.0	36	58.1	11	32.4
Remain roughly unchanged	38	39.6	18	29.0	20	58.8
Decrease more than 2 percent and less than or equal to 5 percent	0	0.0	0	0.0	0	0.0
Decrease more than 5 percent	2	2.1	2	3.2	0	0.0
N/A	1	1.0	0	0.0	1	2.9
Total	96	100.0	62	100.0	34	100.0

5. Level 1 high-quality liquid assets (HQLA) securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	3	3.1	1	1.6	2	5.9
Increase more than 2 percent and less than or equal to 5 percent	22	22.9	18	29.0	4	11.8
Remain roughly unchanged	60	62.5	32	51.6	28	82.4
Decrease more than 2 percent and less than or equal to 5 percent	6	6.3	6	9.7	0	0.0
Decrease more than 5 percent	4	4.2	4	6.5	0	0.0
N/A	1	1.0	1	1.6	0	0.0
Total	96	100.0	62	100.0	34	100.0

6. Level 2 HQLA securities

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase more than 5 percent	1	1.0	1	1.6	0	0.0
Increase more than 2 percent and less than or equal to 5 percent	9	9.4	8	12.9	1	2.9
Remain roughly unchanged	62	64.6	37	59.7	25	73.5
Decrease more than 2 percent and less than or equal to 5 percent	9	9.4	9	14.5	0	0.0
Decrease more than 5 percent	2	2.1	2	3.2	0	0.0
N/A	13	13.5	5	8.1	8	23.5
Total	96	100.0	62	100.0	34	100.0

Question 5: Looking ahead to September 2025, please select the rationale that most closely aligns with your institution's deposit rate-setting strategy for each of the deposit types listed: (select one)

1. Retail deposits (excluding brokered retail deposits or brokered retail CDs)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Rate will be set to increase deposit balances	23	35.4	23	37.7	0	0.0
Rate will be set to maintain deposit balances	41	63.1	37	60.7	4	100.0
Rate will be set to decrease deposit balances	1	1.5	1	1.6	0	0.0
Total	65	100.0	61	100.0	4	100.0

2. Brokered retail deposits or brokered retail CDs

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Rate will be set to increase deposit balances	2	3.1	2	3.3	0	0.0
Rate will be set to maintain deposit balances	44	67.7	40	65.6	4	100.0
Rate will be set to decrease deposit balances	19	29.2	19	31.1	0	0.0
Total	65	100.0	61	100.0	4	100.0

3. Wholesale operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Rate will be set to increase deposit balances	14	21.5	12	24.5	2	12.5
Rate will be set to maintain deposit balances	50	76.9	36	73.5	14	87.5
Rate will be set to decrease deposit balances	1	1.5	1	2.0	0	0.0
Total	65	100.0	49	100.0	16	100.0

4. Wholesale non-operational deposits

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Rate will be set to increase deposit balances	5	6.4	3	6.1	2	6.9
Rate will be set to maintain deposit balances	64	82.1	37	75.5	27	93.1
Rate will be set to decrease deposit balances	9	11.5	9	18.4	0	0.0
Total	78	100.0	49	100.0	29	100.0

Part 2: Preferred Reserve Levels

Questions in Part 2 ask about your institution's lowest comfortable level of reserves (LCLOR)—the lowest dollar level of reserve balances your institution would feel comfortable holding before it began taking active steps to maintain or increase its reserve balances. "Active steps" could include, but are not limited to, borrowing in the federal funds or other wholesale funding markets or bidding more aggressively in those markets, reducing holdings of other liquid assets, or raising deposit rates.

Question 6: Given the constellation of short-term interest rates relative to the interest on reserve balances (IORB) rate over the past month, what is the estimated LCLOR your institution would feel comfortable holding before it takes active steps to maintain or increase its reserve balance position?

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
LCLOR \$20 billion or more	19	19.8	13	21.0	6	17.6
LCLOR \$10 billion to less than \$20 billion	18	18.8	7	11.3	11	32.4
LCLOR \$5 billion to less than \$10 billion	15	15.6	10	16.1	5	14.7
LCLOR \$1 billion to less than \$5 billion	26	27.1	18	29.0	8	23.5
LCLOR less than \$1 billion	18	18.8	14	22.6	4	11.8
Total	96	100.0	62	100.0	34	100.0

Question 7: Given the constellation of short-term interest rates relative to the IORB rate over the past month, if your institution prefers to hold additional reserves above its LCLOR, please provide an estimated amount of preferred additional reserves. If your institution does not prefer to hold additional reserves above its LCLOR, please enter “0.”

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Additional reserves greater than 100 percent of LCLOR	15	15.6	4	6.5	11	32.4
Additional reserves 76 to 100 percent of LCLOR	5	5.2	3	4.8	2	5.9
Additional reserves 51 to 75 percent of LCLOR	7	7.3	6	9.7	1	2.9
Additional reserves 26 to 50 percent of LCLOR	22	22.9	13	21.0	9	26.5
Additional reserves 11 to 25 percent of LCLOR	24	25.0	18	29.0	6	17.6
Additional reserves 0 to 10 percent of LCLOR	3	3.1	2	3.2	1	2.9
No additional reserves	20	20.8	16	25.8	4	11.8
Total	96	100.0	62	100.0	34	100.0

Question 8a: Which statement best characterizes your institution’s recent reserve management strategy over the past few months? (select one)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
My institution has taken actions intended to increase, or limit the decline in, the amount of its reserves.	10	10.4	5	8.1	5	14.7
My institution has taken actions intended to maintain the current amount of its reserves.	45	46.9	30	48.4	15	44.1
My institution has taken actions intended to decrease, or limit the growth in, the amount of its reserves.	20	20.8	18	29.0	2	5.9
My institution has taken limited or no actions intended to affect the amount of its reserves.	21	21.9	9	14.5	12	35.3
Total	96	100.0	62	100.0	34	100.0

Note: Question 8b was shown only to institutions whose average daily reserve balances over the past few months had been higher than the sum of the LCLOR plus preferred additional reserves as reported in questions 6 and 7.

Question 8b: Your institution's average daily reserve balances over the past few months have been higher than the sum of the LCLOR plus preferred additional reserves as reported in questions 6 and 7. Please rate on a scale of 1 (not important or not applicable) to 5 (very important) the factors that have resulted in your institution holding reserves above its LCLOR plus preferred additional reserves.

	Average rating		
	All respondents (n = 69)	Domestic (n = 42)	Foreign (n = 27)
i. Relative or risk-adjusted rate of return between interest on reserves and other HQLA	2.5	2.6	2.4
ii. Spread between interest on reserves and overnight borrowings	2.2	1.5	3.2
iii. Differential in foreign exchange or cross-currency basis resulting in a preference for holding dollar reserves	1.7	1.3	2.3
iv. Higher-than-expected uncertainty in your bank's depositor behavior or deposit outflows	2.1	2.0	2.1
v. Perceptions of banking-sector health	1.6	1.7	1.6
vi. Low duration of reserves	1.9	2.0	1.8
vii. Anticipation of an acceleration in future loan growth	1.8	2.0	1.5
viii. Other (please describe in the comment box)	1.7	1.9	1.4
Note: n represents the total number of respondents.			

Fifteen respondents elaborated on the factors that have resulted in their bank holding reserves above LCLOR plus preferred additional reserves. Most respondents provided more context for their bank's reserves strategy, but these responses did not have a common theme.

Question 9: For each hypothetical change in the level of overnight interest rates relative to the IORB rate in basis points, please provide an approximate forecast of your institution's reserve balance in millions of dollars.

Scenario 1: Relative to the IORB rate, the constellation of overnight interest rates is 4 basis points higher than it was over the past month.

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase current reserve level	4	4.2	1	1.6	3	8.8
Decrease current reserve level by 1 percent up to 25 percent	37	38.5	20	32.3	17	50.0
Decrease current reserve level by greater than 25 percent up to 50 percent	6	6.3	1	1.6	5	14.7
Decrease current reserve level by greater than 50 percent	4	4.2	2	3.2	2	5.9
No change from current reserve level	45	46.9	38	61.3	7	20.6
Total	96	100.0	62	100.0	34	100.0

Scenario 2: Relative to the IORB rate, the constellation of overnight interest rates is 8 basis points higher than it was over the past month.

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase current reserve level	4	4.2	1	1.6	3	8.8
Decrease current reserve level by 1 percent up to 25 percent	32	33.3	20	32.3	12	35.3
Decrease current reserve level by greater than 25 percent up to 50 percent	9	9.4	1	1.6	8	23.5
Decrease current reserve level by greater than 50 percent	11	11.5	4	6.5	7	20.6
No change from current reserve level	40	41.7	36	58.1	4	11.8
Total	96	100.0	62	100.0	34	100.0

Scenario 3: Relative to the IORB rate, the constellation of overnight interest rates is 12 basis points higher than it was over the past month.

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase current reserve level	3	3.1	1	1.6	2	5.9
Decrease current reserve level by 1 percent up to 25 percent	32	33.3	25	40.3	7	20.6
Decrease current reserve level by greater than 25 percent up to 50 percent	12	12.5	2	3.2	10	29.4
Decrease current reserve level by greater than 50 percent	15	15.6	4	6.5	11	32.4
No change from current reserve level	34	35.4	30	48.4	4	11.8
Total	96	100.0	62	100.0	34	100.0

Scenario 4: Relative to the IORB rate, the constellation of overnight interest rates is 16 basis points higher than it was over the past month.

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase current reserve level	4	4.2	2	3.2	2	5.9
Decrease current reserve level by 1 percent up to 25 percent	28	29.2	23	37.1	5	14.7
Decrease current reserve level by greater than 25 percent up to 50 percent	14	14.6	6	9.7	8	23.5
Decrease current reserve level by greater than 50 percent	19	19.8	4	6.5	15	44.1
No change from current reserve level	31	32.3	27	43.5	4	11.8
Total	96	100.0	62	100.0	34	100.0

Question 10: Please rate the importance of potential factors that affect your institution's redeployment of reserves into Treasury securities in a scenario where your institution's reserve level is higher than the sum of the LCLOR plus preferred additional reserves on a scale of 1 (not important) to 5 (very important).

	Average rating		
	All respondents (n = 96)	Domestic (n = 62)	Foreign (n = 34)
i. Duration of liabilities or duration matching	3.1	3.7	2.1
ii. Relative liquidity profiles of reserves versus Treasury securities	2.8	3.0	2.4
iii. Supervisory and regulatory treatment	2.9	2.9	2.9
iv. Your institution's expectations for the Treasury yield curve	2.9	3.2	2.4
v. Your institution's expectations for the path of policy rates	2.9	3.2	2.4
vi. Repo spreads relative to the IORB rate	2.6	2.5	2.8
vii. Cost of hedging	1.8	1.9	1.8
viii. Other (please describe in the comment box; if not applicable, select 1)	1.4	1.4	1.5
Note: n represents the total number of respondents.			

Twelve respondents provided substantive comments. Most comments were in line with or elaborated on the survey responses.

Note: Questions 11a and 11b were shown only to institutions that rated "relative or risk-adjusted rate of return between interest on reserves and other HQLA" as an important factor for holding reserves greater than the sum of the LCLOR plus preferred additional reserves on question 8b.

Question 11a: Assume you are considering re-allocating a portion of your institution's surplus reserves into a fully hedged Treasury position and relative or risk-adjusted rate of return is your only consideration for making this re-allocation. For each of the following hypothetical Secured Overnight Financing Rate (SOFR) swap spreads, please estimate the amount of reserves you would be willing to re-allocate and invest in Treasury securities.

1. The two-year SOFR swap spread is 8 basis points lower than current levels (–24 basis points).

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease current reserve level by 1 percent up to 10 percent	5	26.3	3	25.0	2	28.6
Decrease current reserve level by greater than 10 percent up to 25 percent	3	15.8	3	25.0	0	0.0
Decrease current reserve level by greater than 25 percent	0	0.0	0	0.0	0	0.0
No change from current reserve level	11	57.9	6	50.0	5	71.4
Total	19	100.0	12	100.0	7	100.0

2. The two-year SOFR swap spread is 16 basis points lower than current levels (–32 basis points).

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease current reserve level by 1 percent up to 10 percent	6	31.6	3	25.0	3	42.9
Decrease current reserve level by greater than 10 percent up to 25 percent	3	15.8	3	25.0	0	0.0
Decrease current reserve level by greater than 25 percent	2	10.5	2	16.7	0	0.0
No change from current reserve level	8	42.1	4	33.3	4	57.1
Total	19	100.0	12	100.0	7	100.0

3. The five-year SOFR swap spread is 5 basis points lower than current levels (–34 basis points).

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease current reserve level by 1 percent up to 10 percent	7	36.8	4	33.3	3	42.9
Decrease current reserve level by greater than 10 percent up to 25 percent	1	5.3	1	8.3	0	0.0
Decrease current reserve level by greater than 25 percent	0	0.0	0	0.0	0	0.0
No change from current reserve level	11	57.9	7	58.3	4	57.1
Total	19	100.0	12	100.0	7	100.0

4. The five-year SOFR swap spread is 10 basis points lower than current levels (–39 basis points).

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Decrease current reserve level by 1 percent up to 10 percent	7	36.8	3	25.0	4	57.1
Decrease current reserve level by greater than 10 percent up to 25 percent	3	15.8	3	25.0	0	0.0
Decrease current reserve level by greater than 25 percent	1	5.3	1	8.3	0	0.0
No change from current reserve level	8	42.1	5	41.7	3	42.9
Total	19	100.0	12	100.0	7	100.0

Question 11b: Please use the comment box to describe any assumptions behind your responses to question 11a.

Thirteen respondents provided more context for their survey responses. Some respondents noted internal policies and preferences around this type of reinvestment.

Part 3: Standing Repo Facility

Questions in Part 3 seek to gather information about the Federal Reserve's Standing Repo Facility (SRF) to help assess factors that could affect its monetary policy effectiveness. These questions apply only to the depository institution counterparty to the SRF and not an affiliated dealer counterparty.

Question 12: How would you characterize your institution's status relative to the eligibility criteria for and interest in becoming a counterparty to the SRF? (select one)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
My institution is a primary dealer or a depository institution that has access to the SRF.	40	41.7	27	43.5	13	38.2
My institution meets either the securities holdings or total assets eligibility criteria, and it intends to become a counterparty or has expressed interest in doing so.	11	11.5	8	12.9	3	8.8
My institution meets the eligibility criteria, and it does not intend to express interest in becoming a counterparty at this time.	20	20.8	15	24.2	5	14.7
My institution does not meet the eligibility criteria, and it would express interest in becoming a counterparty if criteria are adjusted.	9	9.4	3	4.8	6	17.6
My institution does not meet the eligibility criteria, and it would not expect to express interest in becoming a counterparty even if the criteria are adjusted.	16	16.7	9	14.5	7	20.6
Total	96	100.0	62	100.0	34	100.0

Note: Question 13 was shown only to institutions that are current SRF counterparties or institutions that answered "My institution meets either the securities holdings or total assets eligibility criteria, and it intends to become a counterparty or has expressed interest in doing so" to question 12.

Question 13: On a scale from -4 (strongly discourages) to +4 (strongly encourages), please rate how each factor may affect your institution's decisionmaking for participating in SRF operations.

	Average rating		
	All respondents (n = 49)	Domestic (n = 34)	Foreign (n = 15)
i. No opportunity to obtain balance sheet netting with reverse repo activity	-1.3	-1.0	-2.1
ii. Auction time in the afternoon	.2	.4	0.0
iii. Settlement time in the afternoon	.5	.4	.7
iv. SRF bid rate relative to other market rates	.9	.8	-1.0
ix. Low aggregate take-up in recent SRF operations, as published on the Federal Reserve Bank of New York's website	-1.2	-1.0	-1.9
v. Uncertainty of award allocation	-1.3	-1.4	-1.3
vi. Supervisory or regulatory treatment	.6	.4	.9
vii. Federal Reserve public communications	.3	.4	.2
viii. Public disclosures of counterparty information	-2.4	-2.1	-3.1
x. Other (please describe in the comment box; if not applicable, rate as 0)	0.0	.1	.3
Note: n represents the total number of respondents.			

Five respondents provided comments, with most elaborating on the factors indicated in their survey responses.

Note: Question 14 was shown only to institutions that are current SRF counterparties.

Question 14: Under each of the conditions outlined in the table below, at what triparty or inter-dealer (if applicable) repo spread above the SRF rate would your institution actively consider placing a bid at the SRF rather than borrowing in the repo market? If you are unable to borrow in the repo market segment, please enter "N/A." Please round to the nearest basis point.

1. Triparty repo spread (basis points)

	All respondents		
	1st Quartile	Median	3rd Quartile
i. You expect repo rates to be higher for one day (n = 32).	18.8	37.5	100.0
ii. You expect repo rates to remain higher for at least several days (n = 33).	10.0	25.0	50.0
iii. You expect repo rates to remain higher for at least several days, and there was material participation in the SRF operation on the previous day (n = 34).	5.8	15.0	50.0
Note: n represents the total number of respondents.			

2. Interdealer spread (basis points)

	All respondents		
	1st Quartile	Median	3rd Quartile
i. You expect repo rates to be higher for one day ($n = 30$).	20.0	50.0	100.0
ii. You expect repo rates to remain higher for at least several days ($n = 31$).	15.0	40.0	75.0
iii. You expect repo rates to remain higher for at least several days, and there was material participation in the SRF operation on the previous day ($n = 32$).	10.0	25.0	50.0
Note: n represents the total number of respondents.			

Note: Questions 15a and 15b were shown only to institutions that are current SRF counterparties.

Question 15a: Under each of the conditions listed in the table below, select the level of management approval, if any, that would be required at your institution before participating in an SRF operation.

1. Around days with anticipated outflows and elevated repo rates (for example, high payment flow days, reporting dates, Treasury settlements, tax dates)

[illegible]

2. Around days with unanticipated outflows and elevated repo rates

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Executive management	21	55.3	16	61.5	5	41.7
Risk management	11	28.9	7	26.9	4	33.3
Funding desk management	25	65.8	18	69.2	7	58.3
No approval needed	3	7.9	1	3.8	2	16.7
Note: Each respondent was able to select one or more levels of management approval. Percent calculations are thus calculated from the total of 38 total respondents who were shown this question.						

Question 15b: Please use the comment box to elaborate on your institution's approval process.

Thirty-eight respondents elaborated on their bank's internal process. Some respondents provided further information on notification versus approval for usage at their bank. Some respondents used this comment box to highlight if pre-approval was already established and some also used this comment box to compare their bank's SRF process to their process for other funding sources.

Note: Questions 16a and 16b were shown only to institutions that are current SRF counterparties.

Question 16a: Is your institution's internal notification and/or approval process for the SRF different from the process for approving discount window loans? (select "yes" or "no")

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
Yes	17	44.7	9	34.6	8	66.7
No	21	55.3	17	65.4	4	33.3
Total	38	100.0	26	100.0	12	100.0

Question 16b: If you answered "yes," please use the comment box to elaborate on the differences.

Sixteen respondents provided substantive comments, with most noting that the process for the discount window requires higher approval or notification levels.

Note: Questions 17a and 17b were shown only to institutions that are current SRF counterparties.

Question 17a: Please select the statement that best characterizes your institution's preferences. In a scenario with elevated money market rates, my institution would be: (select one)

	All respondents		Domestic		Foreign	
	Banks	Percent	Banks	Percent	Banks	Percent
More likely to consider participating in an SRF operation than borrowing from the discount window.	34	89.5	23	88.5	11	91.7
Equally likely to consider participating in an SRF operation and borrowing from the discount window.	4	10.5	3	11.5	1	8.3
Less likely to consider participating in an SRF operation than borrowing from the discount window.	0	0.0	0	0.0	0	0.0
Total	38	100.0	26	100.0	12	100.0

Question 17b: Please elaborate in the comment box on the factors that affect your institution's decisionmaking in choosing between the SRF and the discount window.

Thirty-six respondents provided comments, excluding "N/A" responses. Numerous respondents noted a higher likelihood of using the SRF compared to the discount window, some due to differences in their internal approach to the two facilities and some due to the public perception of the facilities.

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