

**Supporting Statement for the
Payments Research Survey
(FR 3067; OMB No. 7100-0355)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Payments Research Survey (FR 3067; OMB No. 7100-0355). The Board uses this collection to obtain information, as needed, on specific and time sensitive issues, related to payments research. Respondents may comprise depository institutions, financial and nonfinancial businesses, for profit and nonprofit enterprises, federal, state, and local governments, individual consumers, or households. The Board may conduct various surveys under this collection, as needed. The frequency and content of the questions depend on changing economic, regulatory, supervisory, or legislative developments.¹

The maximum total burden for the FR 3067 is 30,000 hours, affecting a maximum of 10,000 respondents.

Background and Justification

The Board oversees the Federal Reserve Banks' provision of financial services to depository institutions and fiscal agency services to the Treasury and other government agencies; develops policies and regulations to foster the efficiency and integrity of the U.S. payments system; works with other federal agencies on payments issues of joint responsibility; works with other central banks and international organizations to collect information on and improve the payment, clearing, and settlement system more broadly; and conducts research on payments issues.

The Federal Reserve System has a long history of conducting surveys, including surveys of depository institutions, financial and nonfinancial businesses and related entities, individual

¹ Certain criteria apply to information collections conducted via the Board's ad hoc clearance process. Such information collections shall (1) be vetted by the Board's clearance officer as well as the Division director responsible for the information collection, (2) display the OMB control number and inform respondents that the information collection has been approved, (3) be used only in such cases where response is voluntary, (4) not be used to substantially inform regulatory actions or policy decisions, (5) be conducted only and exactly as described in the OMB submission, (6) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies, (7) include information collection instruments that are each conducted only one time, (8) include a detailed justification of the effective and efficient statistical survey methodology (if applicable), and (9) collect personally identifiable information (PII) only to the extent necessary (if collecting PII, the form must display current privacy act notice). In addition, for each information collection instrument, respondent burden will be tracked and submitted to OMB.

consumers, and households. Often, the surveys have provided the only reliable source of data for the subject covered by the surveys. Although these surveys have been driven by specific needs of the Board, when published, their aggregated findings have also been used extensively by researchers outside the Board and have been widely cited by the media.

Several functional areas of the Board occasionally need to gather data on a timely basis from the public on their payment habits, economic condition, and financial relationships, as well as their attitudes, perceptions, and expectations. The Board may have a particular need for data during times of critical economic or regulatory change, or when issues of immediate concern arise from Federal Reserve System committee initiatives and working groups or from Congress. Completion of the full information collection approval process for a new survey under such circumstances can pose a serious obstacle to collecting and processing data that are both accurate and timely. Therefore, the Board proposes to continue the Payments Research Survey to allow for the timely collection of ad hoc data in such situations without the delay associated with the regular approval process.

The scope of the FR 3067 is intended to provide the Board with the ability to respond promptly to data collection needs related to its supervisory, regulatory, fiscal, and operational responsibilities, as well as to support its payments research.

Over the past several years, the Board has utilized the FR 3067 multiple times. For example, in 2014, the Board, in conjunction with a public relations firm, conducted research to understand how consumers authenticate the \$100 Federal Reserve note. In 2018, the Board used the FR 3067 to conduct a collaborative research project among four central banks focused on assessing user perception of genuine and counterfeit banknotes, and to assess where there might be opportunities to increase recirculation of pennies. That information was used as input for research conducted by the Director of the United States Mint on ways to potentially reduce penny production costs.

Description of Information Collection

The survey topics are time-sensitive and the questions of interest vary with the focus of the survey. Because the relevant questions may change with each survey, there is no fixed reporting form. For each survey, the Board, in consultation with any partners, prepares questions of specific topical interest and then determines the relevant target group to contact. Although the exact topics to be covered by the FR 3067 in the future are unknown at this time, the Board believes that potential topics may include, but are not limited to the following:

- general payments research
- wholesale payments research
- research related to clearing and settling transactions
- retail payments research
- payment card networks research
- currency and coin research

The FR 3067 could take the form of interviewer-mediated, face-to-face, or telephone interviews; self-administered surveys using paper questionnaires, the telephone, or the Internet;

focus group discussions; cognitive interviews; or other formats. The size of the samples and the length of the data collection period would vary depending on the particular informational needs.

Written qualitative questions or questionnaires may include categorical questions, yes-no questions, ordinal questions, and open-ended questions. Written quantitative surveys may include dollar amounts, percentages, numbers of items, interest rates, and other such information. These data will only be collected if the request is time-sensitive or adequate data of this sort is not available from any other source. These quantitative surveys would be used to enable the Board to collect a limited amount of data from a defined set of participants in the event of an immediate and critical need for specific information. These surveys would be used for data that are not collected on any other reporting form or on the same frequency as other substantively similar data. Less structured information collection studies, such as focus groups or cognitive interviews, may use a set of qualitative and quantitative questions as a guide but could allow a more extended discussion of the topic to evolve.

In its assessment of the need to perform a survey under the FR 3067, the Board determines if the information to be collected is available by other means or sources within the Federal Reserve System.

The survey may be coordinated and conducted by the Board with assistance from Reserve Bank staff² as part of other ongoing research or regulatory activities, or through a private firm, which would be chosen in a competitive bidding process. The research instruments could be developed by the Federal Reserve System alone or jointly with a firm selected by the Federal Reserve System. As necessary, the firm would be responsible for testing the survey procedures, following the sampling protocol established by the Federal Reserve System alone or jointly with the firm, conducting the survey as specified by the Federal Reserve System, preparing data files containing the responses, computing analysis weights, and documenting all survey procedures. Data editing and analysis of the results would be conducted either solely by the Federal Reserve System or jointly with the selected firm. In determining how to conduct a particular survey, the Federal Reserve System considers the resources required.

Respondent Panel

Respondents for surveys conducted under the FR 3067 may comprise depository institutions, including bank holding companies, savings and loan holding companies, Edge or agreement corporations, and intermediate holding companies and agencies of foreign banks, financial and nonfinancial businesses, for profit and nonprofit enterprises, federal, state, and local governments, individual consumers, or households.

Time Schedule for Information Collection

The time schedule for the distribution of, response to, and collection of data for each survey is determined during the planning phase prior to the distribution of the survey instrument.

² Board staff would generally ask for assistance from Reserve Bank staff with expertise in data collection applications and processes, or with knowledge of the topic to be researched.

The time schedule for the collection of data through surveys conducted by private firms is detailed in the contract between the Federal Reserve System and the firm.

Public Availability of Data

Before data collection begins, staff from the Federal Reserve System will explain to respondents the purpose of the survey and how the data would be used. The Federal Reserve System may choose to keep survey data confidential, depending upon the nature of the data collection. The Federal Reserve System decides whether to publish survey data that it obtained from respondents and informs them, before publication, if the data would be confidential or published on an individual or aggregate basis. Aggregate survey information may be cited in published material such as staff studies or working papers, professional journals, the Federal Reserve Bulletin, testimony and reports to the Congress, or other vehicles.

Legal Status

The legal framework for the collection of checks and other items by Reserve Banks and for funds transfers through Fedwire is provided by section 13 of the Federal Reserve Act (FRA),³ section 16 of the FRA,⁴ the Expedited Funds Availability Act,⁵ and the Check Clearing for the 21st Century Act.⁶ Within the Federal Reserve System, the Reserve Banks are generally the entities engaged in the payments system. The Board has broad authority to supervise the actions of Reserve Banks, provided by section 11 of the FRA.⁷ To successfully maintain the operation of the payments system, the Board must collect payments related data and information related to the performance of Reserve Banks involved in the payments system. The Federal Reserve System has a long history of conducting surveys, including surveys of supervised institutions and of outside parties. Accordingly, FR 3067 is authorized by sections 11, 13, and 16 of the FRA, as well as the Expedited Funds Availability Act and the Check Clearing for the 21st Century Act. Depending on the survey respondent, the information collection may also be authorized under a specific statute. These statutes include:

- Section 809 of the Dodd-Frank Wall Street Reform and Consumer Protection Act,⁸
- Section 7 of the Bank Service Company Act,⁹ and
- Section 920 of the Electronic Fund Transfer Act.¹⁰

³ 12 U.S.C. § 342.

⁴ 12 U.S.C. § 360.

⁵ 12 U.S.C. §§ 4001-4010.

⁶ 12 U.S.C. §§ 5001-5018.

⁷ 12 U.S.C. § 248.

⁸ 12 U.S.C. § 5468.

⁹ 12 U.S.C. § 1867.

¹⁰ 15 U.S.C. § 1693o-2.

Survey submissions are voluntary.

While unlikely, individual respondents may request that information submitted to the Board through a survey under FR 3067 be kept confidential. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. Information collected through these surveys may be kept confidential under exemption 4 for the Freedom of Information Act, which protects privileged or confidential commercial or financial information,¹¹ or under FOIA exemption 6, which covers personal information, the disclosure of which would constitute an unwarranted invasion of privacy.¹²

Consultation Outside the Agency

There has been no consultation outside the agency.

Public Comments

On September 10, 2019, the Board published an initial notice in the Federal Register (84 FR 47511) requesting public comment for 60 days on the extension, without revision, of the FR 3067. The comment period for this notice will expire on November 12, 2019.

Estimate of Respondent Burden

The annual burden for the proposed FR 3067 is estimated to be, on average, 30,000 hours as shown in the following table.¹³ The number of respondents is based on the average number of responses anticipated per survey conducted. Because the surveys are event-generated, it is not possible to predict exactly how many surveys would be conducted in a given year. For purposes of this estimate, it is assumed that surveys would be conducted no more than two times per year.

The average burden per response associated with the FR 3067 is estimated to vary from one to three hours per response, depending on the number and complexity of the survey questions. The Board estimates respondents would take, on average, 1.5 hours to complete each survey. This information collection represents less than 1 percent of the Board's total paperwork burden.

¹¹ 5 U.S.C. § 552(b)(4).

¹² 5 U.S.C. § 552(b)(6).

¹³ As reflected in the PRA, burden estimates for any Federal agencies that may be surveyed are not included.

FR 3067	<i>Number of respondents ¹⁴</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Private Sector	4,300	2	1.5	12,900
Individual Consumers or Households	5,500	2	1.5	16,500
State and Local Government Agencies	200	2	1.5	<u>600</u>
<i>Total</i>				30,000

The total annual cost to the public for this information collection is estimated to be \$1,728,000.¹⁵

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The cost of the surveys depends on the size of the sample, the number of questions asked, the type and complexity of the questions asked, the frequency of the surveys, and whether staff from the Federal Reserve System or a private firm conducted the surveys. The Board anticipates that, in many cases internal staff would conduct the surveys as part of their normal research activities, and would therefore not result in additional staffing costs. If, however, the Board determined that a private firm is needed to conduct the surveys, the Board estimates that associated costs may range from \$25 to \$100 per respondent, depending on the level of involvement of the private firm.

¹⁴ Of the non-individual/household respondents that may comply with this information collection, the Board estimates at least 4,000 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets); see www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards. There have been no special accommodations made to minimize the burden on small entities.

¹⁵ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2018, published March 29, 2019; see www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System; see www.bls.gov/soc/.