

**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 (see full list in the Respondent Panel section below). The Board may conduct various surveys under this collection, as needed, all of which would be voluntary. 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 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.

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; (3) inform respondents that the information collection has been approved; (4) be used only in such cases where response is voluntary; (5) not be used to substantially inform regulatory actions or policy decisions; (6) be conducted only and exactly as described in the OMB submission; (7) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies; (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 sensitive 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.

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 will 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.

Since its creation, the Board has used the FR 3067 multiple times. For example, in 2014, the Board 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 how to increase recirculation of pennies. In 2021, the Board used the FR 3067 in conjunction with the FR 3066 Federal Reserve Payments Study (OMB No. 7100-0351) to collect additional information related to the COVID-19 situation. That information was used as input for a report showing how the use of payments changed as the pandemic unfolded throughout 2020.²

Description of Information Collection

The FR 3067 is a series of surveys used to conduct research related to the Federal Reserve System's role in the payments system, including supervisory, regulatory, fiscal, or operational responsibilities. 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 prepares questions of specific topical interest and then determines the relevant target group to contact. Examples of topics that could be covered by the FR 3067 in the future may vary and include:

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

The FR 3067 may be implemented through interviewer-mediated, face-to-face, or

² Developments in Noncash Payments for 2019 and 2020: Findings from the Federal Reserve Payments Study (Washington: Federal Reserve Board, December 2021), <https://www.federalreserve.gov/paymentsystems/december-2021-findings-from-the-federal-reserve-payments-study.htm>.

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 may 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.

Surveys may be coordinated and conducted by the Board with assistance from Reserve Bank staff as part of other ongoing research or regulatory activities, or through a private firm chosen in a competitive bidding process.³ 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 consist of 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

³ 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 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.

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 collected will 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 will 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 Board uses the information obtained through the FR 3067 to discharge its statutory responsibilities, including those under the following statutes:

- Section 609 of the Expedited Funds Availability Act;⁴
- Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act;⁵
- Sections 904 and 920 of the Electronic Fund Transfer Act;⁶
- Section 7 of the Bank Service Company Act;⁷
- Section 15 of the Check Clearing for the 21st Century Act;⁸ and
- Sections 2A, 11, 11A, 13, and 16 of the Federal Reserve Act.⁹

The FR 3067 surveys are voluntary. Individual respondents may request confidential treatment in accordance with the Board's Rules Regarding Availability of Information.¹⁰ Requests for confidential treatment of information are reviewed on a case-by-case basis. To the

⁴ 12 U.S.C. § 4008(c) (authorizing the Board to prescribe such regulations as it may determine appropriate to carry out its responsibility to regulate the payment system).

⁵ See 12 U.S.C. § 5461(b) (authorizing the Board to promote uniform standards for the management of risks by systemically important financial market utilities and conduct of systemically important payment, clearing, and settlement activities by financial institutions, as well as providing an enhanced role in the supervision of risk management standards for systemically important financial market utilities and systemically important payment, clearing, and settlement activities by financial institutions).

⁶ 15 U.S.C. §§ 1693b, 1693o-2 (authorizing the Board to prescribe regulations relating to interchange fees for electronic debit transactions and require any debit card issuer or payment card network to provide the Board with such information as may be necessary to carry out its responsibility to regulate interchange fees for electronic debit transactions).

⁷ 12 U.S.C. § 1867 (authorizing the Board to issue such regulations and orders as may be necessary to administer and carry out the purposes of the Bank Services Company Act and prevent evasions thereof).

⁸ 12 U.S.C. § 5014 (authorizing the Board to prescribe such regulations as it determines necessary to implement, prevent circumvention or evasion of, or facilitate compliance with the Expedited Funds Availability Act, as amended).

⁹ 12 U.S.C. §§ 225a, 248, 248a, 342, 360, and 248-1 (*inter alia*, requiring the Board to maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates).

¹⁰ 12 CFR 261.17.

extent information provided on the FR 3067 is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, the information may be protected from disclosure pursuant to exemption 4 of the FOIA.¹¹

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On September 15, 2022, the Board published an initial notice in the *Federal Register* (87 FR 56677) requesting public comment for 60 days on the extension, without revision, of the FR 3067. The comment period for this notice expires on November 14, 2022.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 3067 is 30,000 hours.¹² 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. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

FR 3067	<i>Estimated number of respondents</i> 13	<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 estimated total annual cost to the private sector and state and local government

¹¹ 5 U.S.C. § 552(b)(4).

¹² Burden estimates for any Federal agencies that may be surveyed are not included in this figure because they are not subject to the Paperwork Reduction Act (PRA).

¹³ Of the private sector respondents, 4,000 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>. There have been no special accommodations made to minimize the burden on small entities.

agencies for this information collection is \$816,075.¹⁴ The estimated total annual cost to individual consumers or households for this information collection is \$462,000.¹⁵

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, number of questions asked, type and complexity of the questions asked, 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 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 \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). 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 2021, published March 31, 2022 <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

¹⁵ The average consumer cost of \$28 is estimated using data from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2021, published March 31, 2022 <https://www.bls.gov/news.release/ocwage.t01.htm#>.