

**OMB Supporting Statement for the
Payments Research Survey
(FR 3067; OMB No. to be assigned))**

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to implement a Payments Research Survey (FR 3067; OMB No. 7100-to-be-assigned) to collect information, as needed, on specific and time sensitive issues, which may affect the Federal Reserve's decision making. Respondents may comprise depository institutions; financial and nonfinancial businesses and related entities; individual consumers; or households. This survey may be mandatory for a certain subset of entities and voluntary for all other respondents. The Federal Reserve would use this event-driven survey to obtain information specifically tailored to the Federal Reserve System's supervisory, regulatory, fiscal, and operational responsibilities. The Federal Reserve may conduct various versions of the survey during the year and, as needed, survey respondents up to four times per year. The frequency and content of the questions will depend on changing economic, regulatory, supervisory, or legislative developments. The annual burden is estimated to be 60,000 hours.

Background and Justification

The bank operations and payment systems functions of the Federal Reserve 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 Federal Reserve, when published, their aggregated findings have also been used extensively by researchers outside the Federal Reserve and have been widely cited by the media.

The Federal Reserve has occasional 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 Federal Reserve 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 requests from the Congress.

Description of Information Collection

The Federal Reserve proposes to conduct various versions of the Payments Research Survey during the year, and as needed, survey respondents up to four times a year, to collect information on specific issues that affect its decision making. The principal value of the FR 3067 would be the flexibility it provides the Federal Reserve to respond quickly to the need for data due to unanticipated economic, financial, or regulatory developments and unforeseen requests for information from Congress or others. The Federal Reserve cannot predict what specific information would be needed but, because such needs are often time sensitive.

The survey topics would be time sensitive and the questions of interest would vary with the focus of the survey. Because the relevant questions would change with each survey, there would be no fixed reporting form. For each survey the Federal Reserve would prepare questions of specific topical interest and then determine the relevant target group to contact.

Although the exact topics to be covered by the FR 3067 are not known at this time, the Federal Reserve 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 interviews using paper questionnaires, the telephone, or the Internet; focus group discussions; cognitive interviews; or other formal or less formal 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; if adequate data of this sort would not be available from any other source on a time-sensitive basis. These quantitative surveys would enable the Federal Reserve to collect a limited amount of data from a defined set of depository institutions; financial and nonfinancial businesses and related entities; individual consumers; and households in the event of an immediate and critical need for specific information. These data would not be collected on any other reporting form or on the same frequency as other substantively similar data. Less formal information collection studies, such as focus groups or cognitive interviews, would use a set of structured qualitative and quantitative questions as a guide in a more extended discussion of the questions and answers.

The survey may be coordinated and conducted by the Federal Reserve Board with assistance from Federal Reserve Banks 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. 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, 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 or jointly with the selected firm. In determining how to conduct a particular survey, the Federal Reserve would consider the resources required.

Time Schedule for Information Collection and Publication

The time schedule for the distribution of, response to, and collection of data for each survey would be determined during the planning phase prior to the distribution of the survey instrument. The time schedule for the collection of data through surveys conducted by private firms will be detailed in the contract between the Federal Reserve and the firm.

Before data collection begins, the Federal Reserve would explain to respondents the purpose of the survey and how the data would be used. The Federal Reserve may choose to keep survey data confidential, depending upon the nature of the data collection. The Federal Reserve would decide whether to publish survey data that it obtained from respondents and would inform 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 professional journals, the *Federal Reserve Bulletin*, or testimony and reports to the Congress.

Legal Status

The Federal Reserve Board's Legal Division has determined that this survey is generally authorized by sections 2A and 12A of the Federal Reserve Act (FRA). Section 2A of the FRA requires that the Board of Governors of the Federal Reserve System and the Federal Open Market Committee (FOMC) 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 the maximum employment, stable prices, and moderate long-term interest rates. *See* 12 U.S.C. § 225a. In addition, under section 12A of the FRA, the FOMC is required to implement regulations relating to the open market operations conducted by Federal Reserve Banks with a view to accommodating commerce and business and with regard to the regulations' bearing upon the general credit situation of the country. *See* 12 U.S.C. § 263. The authority of the Federal Reserve to collect economic data to carry out the requirements of these provisions is implicit. Accordingly, the Federal Reserve is authorized to use the FR 3067 by sections 2A and 12A of the FRA.

Additionally, depending on the survey respondent, the information collection may be authorized under a more specific statute. These statutes are:

- Expedited Funds Availability Act § 609 (12 U.S.C. § 4008)
- Electronic Fund Transfer Act § 920 (15 U.S.C. § 1693o-2)
- The Check Clearing for the 21st Century Act § 15 (12 U.S.C. § 5014)

- Federal Reserve Act § 11 (Examinations and reports, Supervision over Reserve Banks, and Federal Reserve Note provisions, 12 U.S.C. § 248); § 11A (Pricing of Services, 12 U.S.C. § 248a); § 13 (FRB deposits and collections, 12 U.S.C. § 342); and § 16 (Issuance of Federal Reserve notes, par clearance, and FRB clearinghouse, 12 U.S.C. §§ 248-1, 360, and 411).

Under the appropriate authority, the Federal Reserve may make submission of survey information mandatory for entities such as financial institutions or payment card networks; submissions would otherwise be voluntary.

The ability of the Federal Reserve to maintain the confidentiality of information provided by respondents to the FR 3067 surveys will be determined on a case-by-case basis depending on the type of information provided for a particular survey. For instance, in some circumstance, no issue of confidentiality will arise as the surveys may be conducted by private firms under contract with the Federal Reserve and names or other directly identifying information would not be provided to the Federal Reserve. In circumstances where identifying information is provided to the Federal Reserve, such information could possibly be protected under the Freedom of Information Act (FOIA), exemptions 4 and 6. Exemption 4 protects information from disclosure of trade secrets and commercial or financial information, while exemption 6 protects information “the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.” See 5 U.S.C. § 552(b)(4) and (6). If the survey is mandatory and is undertaken as part of the supervisory process, information could be protected under FOIA exemption 8, which protects information relating to the examination reports. See 5 U.S.C. §552(b)(8).

Consultation Outside of the Agency

At this time, there has been no consultation outside the Federal Reserve regarding the subject or content of these information collections; however, surveys and studies could be conducted jointly with other agencies. If this were to occur, the Federal Reserve would consult with other agencies, to the extent practicable, to create a consistent set of questions or a substantively similar information collection. On May 16, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 28846) requesting public comment for 60 days on the FR 3067 information collection. The comment period for this notice expired on July 15, 2013. The Federal Reserve did not receive any comments; the survey will be implemented as proposed. On July 25, 2013, the Federal Reserve published a final notice in the *Federal Register* (78 FR 44952).

Estimate of Respondent Burden

The annual burden for the proposed FR 3067 is estimated to be on average 60,000 hours as shown in the following table. 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 a particular version of the survey would be conducted no more than four times per year. The average burden associated with the FR 3067 is estimated to vary from two to four hours per response, depending on the number and complexity of the survey questions. The Federal Reserve estimates respondent would take on average three hours

completing each survey. The estimated annual burden for the FR 3067 represents less than 1 percent of the Federal Reserve System’s total annual paperwork burden.

	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated hours per response</i>	<i>Estimated annual burden hours</i>
FR 3067	5,000	4	3.0 hours	60,000

The annual cost to the public for this information collection is estimated to be \$2,994,000.¹

Estimate of Cost to the Federal Reserve System

The cost of the surveys would depend 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 the survey was conducted by a private firm or the Federal Reserve.

Sensitive Questions

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

¹ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at \$18, 45% Financial Managers at \$59, 15% Lawyers at \$63, and 10% Chief Executives at \$85). Hourly rate for each occupational group are the rounded median hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2012, www.bls.gov/news.release/ocwage.nr0.htm Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/