

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 9311
June 18, 1982]

PROPOSED REVISION OF CALL REPORTS

To All State Member Banks, Multi-Bank Holding Companies,
and Others Concerned, in the Second Federal Reserve District:

The following statement has been issued by the Federal Financial Institutions Examination Council:

The Federal Financial Institutions Examination Council has requested public comment on a proposed major revision of the Reports of Condition and Income (Call Reports) that federally insured banks are required to submit to federal supervisors.

The Council asked for comment by July 26.

The main purpose of the proposed revision is to obtain additional information needed by the agencies to monitor more efficiently individual bank condition and performance.

The Council proposed that the revised reporting requirements be implemented with the March 31, 1983 reports. It is hoped that all banks will have the final revised version of the Call Reports and revised instructions by September 30, 1982. The Council asked that comment address any problems that might arise from this implementation schedule.

The proposed revision would include certain additions to information required to be reported as well as elimination of some current requirements. The Council asked particularly that comment include estimates of any increase in reporting burden the proposed revised Call Report might cause.

The Call Reports, as proposed, would involve separate forms and reporting requirements for three categories of banks:

- Banks of any size with "foreign" offices (branches or subsidiaries in foreign countries, Puerto Rico, or U.S. territories and possessions; Edge Act or Agreement subsidiaries; or International Banking Facilities (IBFs)).
- Banks with domestic offices only (that is, having no "foreign" offices) and having assets of \$100 million or more.
- Banks with domestic offices only and having assets of less than \$100 million.

Copies of the Council's proposal are being sent for comment to all insured commercial banks, multibank holding companies, State bank supervisors, bank trade associations and other industry groups and to the Securities and Exchange Commission and other interested government agencies. A summary notice of the proposal is being published in the *Federal Register*. The Council solicits comment from all interested parties and will provide a copy of its proposal upon request.

The Council's summary description of its proposal is attached.

In addition to the particular requests for comment already noted, the Council would especially appreciate comment on other points including the following:

- The requirement to report quarterly averages of certain assets and liabilities.
- The Council's proposal to make all schedules and sections of the Call Report publicly available, including the proposed schedule on past due, nonaccrual, and renegotiated loans and leases.
- The proposed elimination of the option that small banks now have to report on the large bank forms.
- The requirement that banks with IBFs and no other "foreign" offices file the set of reports required of banks with "foreign" offices.
- Supplementary items requested by the Treasury and Commerce Departments affecting all banks with "foreign" offices, including those with IBFs.

Enclosed is a summary of the Council's proposal. The text of the appropriate proposed forms, and the full text of the Council's explanation, have been sent under separate cover to the chief executive officers of the State member banks and multi-bank holding companies in this District.

Comments on the Council's proposal should be submitted by July 26, 1982 and may be sent to our Bank Analysis Department.

ANTHONY M. SOLOMON,
President.

SUMMARY DESCRIPTION OF REVISION OF REPORTS OF
CONDITION AND INCOME PROPOSED BY THE FEDERAL
FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

The information collected in the Reports of Condition and Income serves a variety of purposes within both governmental and private spheres. Governmental uses include: supervisory purposes, i.e., for the monitoring of the safety and soundness of individual banks; analysis of general banking developments needed as background for development of supervisory policy; measurement by the Federal Reserve of monetary aggregates, of bank credit, and of flow of funds; analysis of bank credit and monetary developments needed as background for the formulation of monetary policy by the Federal Reserve; preparation of the balance of payments and national income and product statistics by the Treasury and Commerce Departments; and analysis by various government agencies of credit that serves the needs of agriculture, industry, housing, international trade and finance, and consumers. Many of these governmental uses of the information are paralleled by uses within the private sector, e.g., by the banking industry, by security analysts, and by academic scholars. In some cases, an individual item in the reports may serve all or a number of these uses; in other cases, an item may be applicable only to one specialized use.

The main purpose of this proposed revision of the Call Report is to obtain additional and revised supervisory data items that are needed by the agencies to monitor more efficiently individual bank condition and performance. This is particularly important given the environment of high and fluctuating interest rates, ongoing deregulatory efforts, and decreased frequency of comprehensive on-site examinations envisaged by the OCC and FDIC.

The general thrust of the proposed new supervisory data applies to all sizes and types of banks -- although not necessarily in the same detail for all banks -- and includes: information on asset and liability maturities and interest rate repricing opportunities for rate sensitivity analysis; daily averages and additional income breakdowns for yield analysis; and expanded data on past due accounts, renegotiated and nonaccrual loans, and loan charge-offs to assist in determining credit quality.

The proposed addition of specific schedules and data items for the surveillance purposes referred to above would increase the complexity and reporting burden of the Call Reports. However, for many banks, the improved surveillance data may permit a reduction in examination burden by facilitating less frequent comprehensive on-site examinations.

The surveillance data increases are partially offset, within the proposed Call Report revision itself, by the elimination of other data items and schedules. Some of these items proposed for elimination are for supervisory uses of lower priority, but most are items that serve purposes other than supervision.

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In particular, many of the items that have been proposed for elimination are used by the Federal Reserve to aid in the measurement of monetary aggregates and in the analysis of financial developments needed for background in the formulation of monetary policy. Some of these items may have to be replaced in specialized Federal Reserve reports, generally with limited respondent coverage. An example of such a replacement might occur in the area of detailed information on Federal funds and security repurchase transactions.

The proposed changes can affect the accuracy of the estimates of certain elements of the balance of payments and national income and product statistics maintained by the Departments of Treasury and Commerce. These departments have urged the Council to add to its proposal further detail to maintain the quality of these estimates.