



Bank Reports

FIL-94-96
November 22, 1996

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Proposed Electronic Filing Requirement for Call Reports*

The Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency request your comments on a proposal to discontinue their acceptance of Reports of Condition and Income (Call Reports) that banks file directly with them in hard copy (paper) form. Under the proposal, the agencies would, instead, accept only those Call Reports filed with the agencies' electronic collection agent, Electronic Data Systems Corporation (EDS). The agencies would implement the new filing practice during 1997, based on bank size. A copy of the Federal Register notice explaining this proposal is attached.

A bank could satisfy this proposed filing requirement in one of two ways:

- By using computer software to prepare its reports in automated form. The bank would then file the reports directly with EDS by using a computer and modem or by sending EDS a computer diskette.
- By completing its reports in hard copy (paper) form and arranging with a third party, such as a Call Report software vendor, to convert its paper reports to automated form and file the reports with EDS.

The agencies are proposing to phase out accepting hard copy (paper) Call Reports that banks file directly with them according to the following timetable:

- Beginning June 30, 1997, banks with assets of \$50 million or more as of June 30, 1996, will be required to file, or arrange for a third party to file, their Call Reports electronically or on computer diskette with EDS.
- Beginning September 30, 1997, banks with assets of \$25 million or more as of June 30, 1996, will be required to file, or arrange for a third party to file, their Call Reports electronically or on computer diskette with EDS.
- Beginning December 31, 1997, all banks will be required to file, or arrange for a third party to file, their Call Reports electronically or on computer diskette with EDS.

Currently, over 75 percent of all banks purchase and use Call Report software, and more than two-thirds of these banks submit their reports to EDS electronically or on diskette. Significant declines in the cost of computers and telephone modems in recent years have made this equipment affordable and cost-effective for even the smallest financial institutions. The annual cost of Call Report software for personal computers starts at approximately \$200 for small banks and the software operates effectively on any 286 or higher personal computer with a hard drive. No formal computer training is necessary to operate Call Report software. Banks have generally found that the instruction manuals for the Call Report software and the customer support help desks operated by the software vendors provide all the assistance necessary for their use of the software. Call Report software vendors are identified in the Federal Register notice.

The agencies have provided the Call Report software companies with a significant number of edits that the agencies normally use for validating the Call Report information. As a result, while each bank is responsible for the quality of its Call Report data, a bank using a commercial

software package is able to correct errors identified by the software prior to filing the Call Report, and provide better quality data to the agencies. This procedure saves a bank time by reducing agency inquiries for data correction after the Call Report has been filed. The software also provides immediate confirmation to a bank filing electronically that EDS has received its Call Report. Thus, electronic submission promotes the accuracy of Call Report data, and speeds its receipt and processing.

Comments are invited on the proposed electronic filing requirement from both users and nonusers of Call Report software and the electronic filing method. In particular, respondents are requested to comment on the automated collection process as a way to minimize the burden of preparing and filing Call Reports, any initial implementation costs to banks, and ongoing costs to banks after initial implementation.

The Federal Register notice also requests comment on whether the agencies should consider discontinuing their acceptance of other hard copy (paper) reports and, instead, accept only reports that are filed electronically or on computer diskette. These reports include:

- the Annual Report of Trust Assets (form FFIEC 001), which is filed annually as of December 31 by insured depository institutions with trust powers and nondeposit trust companies; and
- the Summary of Deposits, which is filed annually as of June 30 by each bank with more than one office.

Comments on the proposal should be submitted by January 3, 1997, to any or all of the banking agencies at the addresses listed in the attached notice. For further information about this proposal, national and FDIC-supervised banks should contact Ms. Massie G. Nyman of the FDIC at (800) 688-3342, extension 86590, or (202) 898-6590. State member banks should contact Ms. Christine A. Reid of the Federal Reserve Board at (202) 452-3485.

Joe M. Cleaver
Executive Secretary

Attachments

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