FR 2900 Weekly/Quarterly Annual Items Reminder and Guidance

As a reminder, weekly FR 2900 filers must complete annual items BB.1, BB.2, and CC.1 as of the close of business on Sunday, June 30, 2019, on the July 1, 2019, FR 2900 submission. Quarterly FR 2900 filers must complete these items as of the close of business Monday, June 24, 2019, on the June 24, 2019, FR2900Q submission.

For Item BB.1, total nonpersonal savings and time deposits, please report both:

- Savings and time deposits that represent funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a natural person, other than a deposit to the credit of a trustee or other fiduciary if the entire beneficial interest in the deposit is held by a natural person or persons; and

- Savings and time deposits that are transferable, whether or not the entire beneficial interest is held by natural persons. A deposit is transferable unless it includes on the face of a document evidencing the account a statement that the deposit is not transferable or that it is transferable on the books of, or with the permission of, the reporting institution.

More detailed guidance around what should be included and excluded from these items can be found in the report form instructions.

If you are interested in reporting electronically or have questions about any of the annual items, please contact Anthony Randle or Scott LaBounty.

FR2910a Submission Reminder

The FR2910a, Annual Report of Deposits and Reservable Liabilities, is due to the Federal Reserve Bank of Cleveland by July 9, 2019, for the June 30, 2019, as-of date. The preferred method for report submission is via email to Deposits.Unit@clev.frb.org. The report may also be submitted via fax to (216) 579-2205.

For questions regarding the FR2910a report or to report a change in the preferred point of contact for your institution, please contact Scott LaBounty or Katrina Olaniyan.
In late July, depository institutions will be assigned to one of three deposit reporting categories - the FR 2900 Weekly, the FR 2900 Quarterly, or the FR 2910a (annual reporting). Institutions are assigned to a category based on the maximum observed levels of net transaction accounts (NTA) and of total transaction accounts, savings deposits, and small time deposits during the second quarter of 2019.

For institutions that currently file the FR 2900 on a weekly basis, the maximum of the 13 weekly averages from the weeks ending April 1, 2019, through June 24, 2019, will be used when making this determination. For institutions that currently file the FR 2900 quarterly, the maximum of the two weekly averages from the weeks ending March 25, 2019, and June 24, 2019, will be used. Finally, for institutions that file the FR 2910a, values reported for June 30, 2019, will be used. These thresholds are available in the Reserve Maintenance Manual and are as follows:

- **FR 2900 Weekly**: Depository institutions (other than banking edge and agreement corporations and U.S. branches and agencies of foreign banks) with NTA greater than $16.3 million and with total transaction accounts, savings deposits, and small time deposits greater than or equal to $1.029 billion, OR with total transaction accounts, savings deposits, and small time deposits greater than or equal to $2.147 billion, regardless of the level of their net transaction accounts. Banking Edge and agreement corporations and U.S. branches and agencies of foreign banks, regardless of size, must also submit the FR 2900 Weekly.

- **FR 2900 Quarterly**: Depository institutions with NTA greater than $16.3 million and with total transaction accounts, savings deposits, and small time deposits less than $1.029 billion.

- **FR 2910a**: Depository institutions with NTA less than or equal to $16.3 million and with total deposits greater than $16.3 million but with total transaction accounts, savings deposits, and small time deposits less than $2.147 billion.

Institutions will be notified by email if affected by a deposit reporting status change and will be provided with information about changes in reporting expectations. For questions, please contact Anthony Randle.
Federal Reserve Board Invites Public Comment – Control and Divestiture Proceedings

The Board of Governors of the Federal Reserve System (Board) is inviting public comment on a proposal that would revise the Board’s regulations related to determinations of whether a company has the ability to exercise a controlling influence over another company for purposes of the Bank Holding Company Act or the Home Owners’ Loan Act. The proposal would significantly expand the number of presumptions for use in such determinations. By codifying the presumptions in the Board’s Regulation Y and Regulation LL, the Board’s rules would provide substantial additional transparency on the types of relationships that the Board would view as supporting a determination that one company controls another company. The proposed presumptions generally would be consistent with the Board’s historical practice with respect to the types of relationships that raise, or do not raise, significant controlling influence concerns. Several of the proposed presumptions, however, would represent targeted adjustments relative to the Board’s historical practice. Finally, the proposal would include various definitions and ancillary rules to ensure that the application of the proposed presumptions is clear, transparent, and consistent.

Click here to review the Federal Register Notice for the proposed changes and for instructions to submit comments by July 15, 2019.

Federal Reserve Board Invites Public Comment – Proposed Agency Information Collection Activities

The Board of Governors of the Federal Reserve System (Board), the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) (the agencies) are inviting public comment on a notice of proposed revisions that would implement reporting changes in the Call Reports consistent with the agencies’ proposed rule to develop a simplified alternative measure of capital adequacy, the community bank leverage ratio, for certain qualifying community banks with less than $10 billion in total consolidated assets, consistent with section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

The proposed revisions in this notice would also implement reporting changes consistent with the FDIC’s proposed rule to amend the deposit insurance assessment regulations to apply the community bank leverage ratio framework to the deposit insurance assessment system.

The proposed revisions in this notice would take effect the same quarter as the effective date of the forthcoming final rules on the community bank leverage ratio and the related deposit insurance assessment revisions. At the end of the comment period for this notice, the FFIEC and the agencies will review any comments received to determine whether to modify the proposal in response to comments. If modifications are made to the proposed community bank leverage ratio or deposit insurance assessment rules when those rules are adopted in final form, the agencies would modify the Call Report proposal to incorporate such changes. As required by the Paperwork Reduction Act, the agencies will then publish a second Federal Register Notice on the proposal for a 30-day comment period and submit the final Call Reports to OMB for review and approval.

Click here to review the Federal Register Notice for the proposed changes.
Ask the Regulators: CECL Webinar - Weighted-Average Remaining Maturity (WARM) Method

Recently, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, the Financial Accounting Standards Board (FASB), the Conference of State Bank Supervisors, and the U.S. Securities and Exchange Commission, hosted an interagency webinar focusing on matters related to the application of the WARM method for estimating the allowance for credit losses in accordance with Accounting Standards Update No. 2016-13, Financial Instruments/Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.

In January 2019, the FASB issued a Staff Q&A document confirming that the WARM method is one of many acceptable methods that could be used to estimate an allowance for less complex financial asset pools under the current expected credit losses methodology (CECL). This "Ask the Regulators" session addressed the use of the WARM method. This session was recorded and both the presentation and the audio file are available for review by anyone with an Ask the Fed account.

Ask the Fed® is an educational program that provides critical information on recent financial and regulatory developments. The target audience consists of senior officials of bank and holding companies and their financial institution subsidiaries as well as state bank commissioners and state banking organizations.

Click here to access the Ask the Fed registration and login to access the CECL information.
Ask the Regulators: The Basics of Fintech: Introduction to Financial Technology

Technologically-enabled financial innovation is having a significant effect on financial markets, banking institutions and on the overall provision of financial services. Financial technology, or fintech, enables third-party technology companies to build upon the existing technology “stacks” of banking and other financial firms in order to more efficiently and effectively deliver banking services.

In 2019, the Federal Reserve launched a five-part series on financial technology. Through this series, the Federal Reserve will address key components of fintech, including data aggregation, artificial intelligence, machine learning, payments, and technology-enabled lending. Recently, this five-part series kicked off with an introductory session on fintech. This session explored issues around an introduction to fintech, focusing on the opportunities and challenges presented by data aggregation technology. This session was recorded and both the presentation and the audio file are available for review by anyone with an Ask the Fed account.

On June 19, the Federal Reserve will conduct part II in its five-part series on financial technology. Gerry Tsai, Federal Reserve Bank of San Francisco, will discuss technology-enabled lending, focusing on the various models being used today, the key relationships that banks are developing in order to enable online credit decisions, and various bank regulatory considerations around these activities.

Future sessions in the fintech series will focus on payments, digital wallets, and consumer aspects of financial technology.

Ask the Fed® is an educational program that provides critical information on recent financial and regulatory developments. The target audience consists of senior officials of bank and holding companies and their financial institution subsidiaries as well as state bank commissioners and state banking organizations.

Click here to access the Ask the Fed registration and login to access the Fintech series.

Cyber-Risks Could Have Widespread Impact for Financial Sector

Cyber-risks are becoming increasingly sophisticated. Because many financial firms are interconnected and dependent on other firms, this could pose a problem if systems like settlement, payments, and trading platforms were to be affected by a cyber-attack. In a speech, Cleveland Fed president Loretta J. Mester highlights the cybersecurity work the Fed is doing and the standards and risk-management practices banks adhere to that help ensure a resilient financial system. Find out what’s being done.
Satisfaction for Businesses Applying for Capital Is Consistently Highest at Small Banks

Results of the Small Business Credit Survey: 2019 Report on Employer Firms showed demand for new financing from small businesses stayed consistent year over year, with 43 percent of firms applying for new capital in 2018, in line with 40 percent in 2017. Applicant satisfaction is consistently highest at small banks. Read more about these firms’ borrowing experiences.

When Forecasting, Be Aware of Residual Seasonality in GDP Data

If you use statistical models to forecast inflation or interest rates, you may want to consider additional seasonal adjustments to the gross domestic product (GDP) growth data you incorporate into those models. "Residual Seasonality in GDP Growth Remains after Latest Improvements" finds that substantial seasonality remains even after the Bureau of Economic Analysis introduced new adjustments to remove its effects in the data. Read the Economic Commentary to learn more.

Review the Economic Outlook for Metropolitan Statistical Areas in the Fourth District

The Cleveland Fed’s Metro Mix reports on changes in employment, housing values, per capita income gains, and more for a number of metro areas located within the District the Cleveland Fed serves. Read the full reports in Metro Mix.

Get to Know Us

Interested in keeping up with the latest news from the Federal Reserve Bank of Cleveland? Sign up to have Cleveland Fed Digest delivered right to your inbox. The monthly e-newsletter highlights recent work by Cleveland Fed researchers, a Q&A with an expert at the Bank, news of upcoming events, and more. Become one of the thousands of people who receive it. Subscribe here.