

Supporting Statement B
The Senior Financial Officer Survey
(FR 2023; OMB No. 7100-0223)
Attachment 2
Overview of Statistical Methods

Statistical Methods

The Federal Reserve uses this voluntary survey to collect qualitative and limited quantitative information about liability management, the provision of financial services, and the functioning of key financial markets from a selection of up to 60 large commercial banks (or, if appropriate, from other depository institutions or major financial market participants). Responses are obtained from a senior officer at each participating institution through a telephone interview conducted by the Federal Reserve.

The primary panel of respondents currently comprises 56 large, domestically chartered commercial banks, distributed as evenly as possible across Federal Reserve districts. Although the primary panel of respondents has been, and will likely continue to be, appropriate for most survey topics, panels based on alternative criteria may be more appropriate and efficient for some situations. Consequently, the option would continue to be available to survey other depository institutions or major participants in financial markets. This option greatly enhances the potential scope and utility of the survey.

The survey does not have a fixed set of questions; each survey consists of a limited number of questions directed at topics of timely interest. To the extent possible, the Federal Reserve notifies respondents in advance as to the topic(s) to be covered in an impending survey. In extraordinary circumstances, when such notice is not possible, the decision to waive this advance notice provision would be made only by Federal Reserve officials. Responses are collected through a telephone interview with a senior officer at each respondent either by a Reserve Bank officer or senior-level Federal Reserve staff member who has expertise in the area of bank liability management, or by a Federal Reserve staff member, as appropriate.

The survey may be conducted up to four times per year. Recently, the survey has been conducted much less frequently: since 1995, only two surveys have been conducted (one in May 1996, the other in May 1998). There were no circumstances requiring additional surveys. Such circumstances could arise in the future, however, and in order to maintain the Federal Reserve's ability to keep abreast of important market developments, the authority to conduct up to four surveys a year is considered essential. It is difficult for the Federal Reserve to stipulate the exact nature, type, or timing of future surveys. In the past, surveys have been conducted at irregular intervals and have included both qualitative and quantitative questions.

The Federal Reserve uses the Senior Financial Officer Survey to obtain information about deposit pricing and behavior, bank liability management, the provision of financial services, and

reserve management practices. The survey helps pinpoint developing trends in bank funding practices, enabling the Federal Reserve to distinguish these trends from transitory phenomena. It also complements other deposit reports that, by themselves, provide limited insight into the causes of the changing behavior of deposit holders and depository institutions. Moreover, the survey has given the Federal Reserve the opportunity to follow periodic developments in financial markets related to extraordinary events that are beyond the scope of other reports.

The Senior Financial Officer Survey has assisted the Federal Reserve in its assessment of bank behavior and financial market conditions by improving knowledge of institutional arrangements and by permitting prompt inquiries in response to unusual circumstances. Information collected through the survey has also been used by the Federal Open Market Committee and has contributed to the formulation of monetary policy.

Survey responses are tabulated and summarized at the Federal Reserve Board. Summary data are forwarded to Reserve Banks for distribution to respondents and also are available to other members of the public.