

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Quarterly Survey of Financial Services Transactions between U.S. Financial
Services Providers and Foreign Persons (Form BE-185)
OMB Control Number 0608-0065

A. Justification

This is a request to extend the Office of Management and Budget approval.

1. Explain the circumstances that make the collection of information necessary.

The Bureau of Economic Analysis (BEA) produces the International Transactions Accounts (ITAs) of the United States. These accounts provide a comprehensive and detailed view of economic transactions between the United States and other countries. In addition, they provide input into other U.S. economic measures and accounts, contributing particularly to the National Income and Product Accounts. The ITAs are used extensively by both government and private organizations for national and international economic policy support and for analytical purposes. The services transactions accounts are contained within the current account of the ITAs and are divided into several major components. The financial services covered by the survey are a component of trade in services in the ITAs, accounting for 11 percent of U.S. exports and 5 percent of U.S. imports of private services in 2008.

The information collection, BE-185, Quarterly Survey of Financial Services Transactions between U. S. Financial Services Providers and Foreign Persons, is necessary to provide quarterly information on U.S. trade in financial services. BEA has conducted a Benchmark Survey of Financial Services Transactions between U.S. Financial Services Providers and Unaffiliated Foreign Persons (BE-80) in five year intervals since 1994. The most recent BE-80 benchmark survey was conducted in 2004. In 2009 BEA will conduct a Benchmark Survey of Financial Services Transactions between U. S. Financial Services Providers and Foreign Persons (BE-180). This will be the first financial services benchmark survey that will cover transactions with affiliated foreign persons in addition to transactions with unaffiliated foreign persons. The BE-185 survey provides timely indicators of quarterly movements in transactions and provides a basis for quarterly estimates of the universe of financial services transactions covered by the BE-80 and BE-180 benchmark surveys.

The BE-185 is a mandatory survey, conducted under the authority of the International Investment and Trade in Services Survey Act (P.L. 94-472, 22 U.S.C. 3101 through 3108), hereinafter “the Act” and Section 5408 of the Omnibus Trade and Competitiveness Act of 1988. The survey obtains quarterly data from U.S. financial services providers whose sales of covered financial services to foreign persons exceeded \$20 million for the previous fiscal year or are expected to exceed that amount during the current fiscal year, or whose purchases of covered financial services from foreign persons exceeded \$15 million for the previous fiscal year or are expected to exceed that amount during the current fiscal year.

2. Indicate how, by whom, and for what purpose the information is to be used.

The information will be used by BEA in estimating the private services component of the U.S. ITAs. For each country and region, BEA will estimate cross-border transactions in the financial services covered by the survey. The quarterly collection of data will provide timely indicators of quarterly movements in transactions and provide the basis for quarterly estimates of the universe of transactions in financial services covered by the benchmark survey.

Data from the survey are needed to monitor U.S. exports and imports of transactions in financial services; analyze their impact on the U.S. and foreign economies; compile and improve the U.S. international transactions, national income and product, and input-output accounts; support U.S. international trade policy on financial services; assess and promote U.S. competitiveness in international trade in financial services; and improve the ability of U.S. business to identify and evaluate market opportunities.

The Section 515 Information Quality Guidelines apply to this information. The information is collected according to documented procedures in a manner that reflects standard practices accepted by the relevant economic/statistical communities. BEA conducts a thorough review of the survey input data using sound statistical techniques to ensure the data quality before the final estimates are released. The data are collected and reviewed according to documented procedures including the use of check lists, procedures manuals, and on-going review by the appropriate supervisor or team leader. The quality of the data are validated using computerized edit checks to detect potential errors and to otherwise ensure that the data are accurate, reliable, and relevant for the estimates being made. Data are routinely revised as more complete source data become available. The collection and use of this information complies with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and those of the Bureau of Economic Analysis.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

eFile is BEA's electronic filing system and has been used successfully for many of BEA's surveys. The *eFile* system makes use of fillable Adobe PDF forms that can be downloaded, completed, saved, and submitted securely to BEA. The survey will use *eFile* or a similar system for electronic data submission. Based on prior quarter responses, BEA expects that approximately 26% of the respondents will use *eFile*.

4. Describe efforts to identify duplication.

Data on U.S. international transactions in financial services are available only from surveys conducted by BEA. This survey will provide an update to comprehensive information on services for which data were collected on a benchmark survey of financial services transactions.

The quarterly collection of data is required to provide timely indicators of quarterly movements in transactions.

The Census Bureau conducts economic surveys of establishments in services industries and includes on those surveys broad questions pertaining to revenues derived from sales to foreign persons. Although these surveys do not identify the type of service or the country of the foreign customer, both of which are required by the ITAs, BEA has used the information reported to expand the mailing lists for several of its surveys.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

The information collection excludes most small businesses from mandatory reporting. The BE-185 quarterly survey will be required from U.S. financial services providers whose sales to foreign persons of covered financial services exceeded \$20 million for the previous fiscal year or are expected to exceed that amount during the current fiscal year, or whose purchases from foreign of covered financial services exceeded \$15 million for the previous fiscal year or are expected to exceed that amount during the current fiscal year. Thus, the exemption level will exclude most small businesses from mandatory reporting. Of those smaller businesses that must report, most will tend to have specialized operations and activities, so they will likely report only one type of transaction, often limited to transactions with a single partner country; therefore, the burden on them should be small. To further reduce burden, respondents may provide estimates of their transactions with foreign persons where precise data cannot be obtained without undue burden.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

The data are needed on a quarterly basis in order to adequately monitor U.S. international trade in financial services, especially in the current economic environment, when such trade is changing rapidly in size, variety, and complexity. The quality and accuracy of the international and national income and product accounts, which are produced quarterly, have been improved with the conduct of a quarterly survey. In addition to these quarterly estimates, monthly estimates must be prepared from these data for inclusion in the joint BEA-Census Bureau monthly news release on trade in goods and services. The quality of all these estimates would also be seriously impaired if the data were collected less frequently.

Quarterly surveys also provide more accurate current information on U.S. trade in financial services for use in connection with trade policy and promotion and for other economic uses.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

Not Applicable.

8. Provide information of the PRA Federal Register Notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

This submission follows a public request for comments in the *Federal Register* dated July 17, 2009 (Vol. 74 page 34711). No comments were received.

BEA maintains a continuing dialog with respondents and with data users, including its own internal users through the Bureau's Source Data Improvement and Evaluation Program, to ensure that, as far as possible, the required data serve their intended purposes and are available from existing records, that instructions are clear, and that unreasonable burdens are not imposed.

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

No payments or gifts to the respondents will be made.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

BEA provides respondents with assurance that it will keep the reported data confidential. The following statement is taken directly from the reporting instructions for the survey.

“Confidentiality – The Act provides that your report is CONFIDENTIAL and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.”

Sec.5(c) of the Act (22 U.S.C. 3104) provides that the information collected may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under

the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential, and their submission or disclosure shall not be compelled by any such person without the prior written permission of the person filing the report and the customer of such person, where the information supplied is identifiable as being derived from the records of such customer.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

No questions of a sensitive nature are asked.

12. Provide estimates of the hour burden of the collection of information.

The BE-185 survey as proposed is expected to result in the filing of approximately 625 reports on a quarterly basis, or 2,500 responses annually. BEA expects approximately 1,600 mandatory responses and 900 other responses – exemption claims and voluntary responses. The average burden for completing the quarterly survey is estimated at 10 hours for companies filing mandatory data and one hour for other responses, resulting in a total respondent burden of 16,900 hours (1,600 mandatory responses times 10 hours average burden plus 900 other responses times 1 hour). This covers the amount of time for respondents to review the instructions, search existing data sources, gather and maintain the data needed, and complete and review the collection of information. The burden estimates used in this submission reflect BEA's experience with the BE-185 quarterly survey form since 2007.

The BE-185 quarterly survey will be required from U.S. financial services providers whose sales to foreign persons of covered financial services exceeded \$20 million for the previous fiscal year or are expected to exceed that amount during the current fiscal year, or whose purchases from foreign persons of covered financial services exceeded \$15 million for the previous fiscal year or are expected to exceed that amount during the current fiscal year.

Respondents that fall below the exemption levels account for a small share of transactions. BEA will estimate data for those companies that fall below the BE-185 quarterly survey exemption level. Estimates will be based on a benchmark or other prior reports, growth in the transactions of a current-quarter matched sample of respondents, voluntarily provided data, and data provided in the exemption claims. BEA will allocate these amounts by country and by type of transaction for inclusion in the published totals. Thus, the estimates will cover the universe of transactions.

The actual burden will vary from reporter to reporter, depending upon the number and size of their transactions and the ease of assembling the data.

Of the 625 reports BEA expects to receive on a quarterly basis, approximately 611 of those reports will be filed by for-profit entities, 7 will be filed by not-for-profit entities, and 7 will be filed by State, Local and Tribal Governments. Thus, the estimated annual burden for the for-profit entities is 16,340 hours; the estimated burden for the not-for-profit entities is 280 hours; and the estimated burden for the State, Local and Tribal Governments is 280 hours.

BEA believes its proposal reflects a reasonable balance between the needs of data users for complete, accurate, detailed, and timely data, and the concerns of respondents about the burden imposed.

The estimated labor cost to the public is \$676,000, based on an estimated reporting burden of 16,900 hours and an estimated hourly cost of \$40.

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in Question 12 above).

The total annual cost burden to respondents is expected to be negligible. Total capital and start-up costs are insignificant, because new technology or capital equipment would not be needed by respondents in order to prepare their responses to the survey. As a consequence, the total cost of operating and maintaining the technology and capital equipment will also be insignificant. Purchases of services to complete the information collection are also expected to be insignificant.

14. Provide estimates of annualized cost to the Federal government.

The annual project cost to the Federal Government for this survey is estimated at \$390,000, which consists of \$290,000 for salaries and related overhead and \$100,000 for equipment, supplies, form design, and computer processing.

15. Explain the reasons for any program changes or adjustments.

This request is for an extension of a currently approved collection. The estimated change in the burden hours is an increase of 9,900 hours. This is an adjustment caused by an increase, from 175 to 625, in the estimated number of respondents meeting the (unchanged) requirements for filing on a quarterly basis. The average burden level remains at 10 hours per response. The new estimated annual respondent burden is 16,900 hours.

16. For collections whose results will be published, outline the plans for tabulation and publication.

The data from this survey will be used to estimate financial services transactions by major world region and selected countries for the U.S. ITAs on a quarterly basis. These estimates will be

published in BEA's monthly journal, *Survey of Current Business*, and on BEA's web site (www.bea.gov). The data will also be used to provide the basis for the reflection of financial services transactions in monthly estimates of international services transactions, which are included in a joint BEA-Census Bureau news release on U.S. trade in goods and services.

Quarterly statistics developed from the survey results are released four times a year, as part of the U.S. international transactions accounts, approximately 75 days after the close of each quarter. Annual summations of the quarterly statistics are released approximately six months after the end of the year. An analysis of the quarterly statistics appears in the BEA's monthly journal, *Survey of Current Business* approximately 105 days after the end of each quarter. Detailed annual estimates are included in an article on U.S. international services published each year, usually in the October issue of the *Survey of Current Business*. The *Survey of Current Business* is available on BEA's web site as well as in hard copy.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

Not Applicable.

18. Explain each exception to the certification.

Not Applicable.