

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

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 (NIPAs) and Input-Output 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. Financial services is a major component of trade in services in the ITAs, accounting for 14 percent of U.S. exports and 5 percent of U.S. imports of services in 2017.

No additions, modifications, or deletions will be made to the survey. The effort to keep current reporting requirements unchanged is intended to minimize respondent burden while considering the needs of data users. 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 and to ensure the quality of the services component of the ITAs.

The survey will be mandatory under the authority of the International Investment and Trade in Services Survey Act (P.L. 94-472, 22 U.S.C. 3101-08, as amended), hereinafter “the Act,” and Section 5408 of the Omnibus Trade and Competitiveness Act of 1988. It is the subject of this supporting statement. The BE-185 quarterly survey will be required 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.

In Section 3 of Executive Order 11961, as amended by Executive Orders 12318 and 12518, the President delegated responsibility for performing functions under the Act concerning trade in services to the Secretary of Commerce, who has re-delegated it to the Bureau of Economic Analysis (BEA). The implementing regulations for the international services surveys conducted under the Act can be found in 15 CFR Part 801.

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 financial 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 BE-180 Benchmark Survey of Financial Services Transactions between U. S. Financial Services Providers and Foreign Persons. Some specific uses of the data to be collected are discussed in greater detail below.

(a) Compile and improve the U.S. economic accounts:

Data from the BE-185 survey will be used by BEA to estimate the financial services component of the U.S. ITAs, which also enter the NIPAs and the Input-Output Accounts.

(b) Support U.S. government policy on services trade:

Data from the survey are needed to monitor U.S. trade in financial services, to analyze the impact on the U.S. economy and on foreign economies, to compile and improve the U.S. economic accounts, to support U.S. commercial policy on trade in services, to conduct trade promotion, and to improve the ability of U.S. businesses to identify and evaluate market opportunities.

The data are used by several U.S. government agencies including the Office of the U.S. Trade Representative, the International Trade Administration of the Commerce Department, the Departments of Treasury and State, the Council of Economic Advisers, and the Federal Reserve Board to support U.S. international economic policy. The data also help identify areas where U.S. trade in services may be restricted.

The United States is a signatory to regional and multilateral commercial agreements that cover trade in services. The data from this and related surveys provide information that can be used both during negotiations and as an aid in monitoring resulting agreements. For example, trade in services are covered both by the General Agreement on Trade in Services, which is the principal World Trade Organization agreement on trade in services, and by the North American Free Trade Agreement among the United States, Canada, and Mexico.

(c) Other government uses:

Several agencies, including the U.S. Commercial Service (Commerce Department), facilitate U.S. trade by providing information and assistance to businesses. They use data from the quarterly survey for this purpose. They also use the data to examine the impact of trade in services on developing countries.

(d) Non-government uses:

International organizations and private researchers also use data from the quarterly survey in assessing the impact of U.S. trade in services on the U.S. and foreign economies. International organizations that regularly make use of BEA data on U.S. trade in services include the United Nations, International Monetary Fund, World Trade Organization, Organization for Economic Cooperation and Development, and World Bank. Numerous private researchers use the data; use by researchers affiliated with the National Bureau of Economic Research has been among the most extensive.

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 that the quality of the data is high before the final estimates are released. The data are collected and reviewed according to documented procedures, best practice standards, and on-going review by the appropriate supervisor. The quality of the data is validated using a battery of 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., those of the Office of Management and Budget (OMB), the Department of Commerce, and BEA.

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.

BEA offers electronic filing through its eFile system for use in reporting the BE-185 quarterly survey form. The eFile system enables respondents to download the survey forms in PDF format for each reportable U.S. person, enter the required data, and submit the forms securely to BEA. Additionally, BEA utilizes a secure messaging system, accessible through the eFile system, to ensure the confidentiality of correspondence with BE-185 respondents.

In addition, BEA provides links to all its survey forms and reporting instructions on its web site (www.bea.gov). Survey forms may be downloaded, printed, and submitted via fax or mail.

4. Describe efforts to identify duplication.

Data on trade in U.S. financial services are available only from surveys conducted by BEA.

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. While 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

information reported on Census Surveys 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 reporting threshold for this survey are set at level that will exempt most small businesses from reporting.

A BE-185 survey will be required only from U.S. persons 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. While the survey does not collect data on total sales or other measures of the overall size of the businesses that respond to the survey, historically the respondents to the existing quarterly survey of financial services have been comprised mainly of major U.S. corporations.

To reduce reporting 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 to closely 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 ITAs and NIPAs, which are quarterly accounts, are improved by conducting quarterly surveys. In addition to quarterly estimates, monthly estimates must be derived from these data for inclusion in the joint BEA-Census Bureau monthly news release on trade in goods and services. The quality of the monthly estimates would also be diminished if the data were collected less frequently.

Quarterly surveys also provide more accurate and timely 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.

No aspects of the Quarterly Survey of Financial Services Transactions between U.S. Financial Services Providers and Foreign Persons require a special justification.

8. Provide a copy 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* July 5, 2018 (Vol. 83, page 31363 – 31364). No comments were received.

BEA maintains a continuing dialogue with respondents and with data users, including its own internal users through the Bureau’s Source Data Improvement and Evaluation Program, to ensure that, to the extent possible, the required data serve their intended purposes, that the survey instructions are clear, and that unreasonable burdens are not imposed.

During 2017 BEA engaged with staff from the Data Collection Methodology and Research Branch (DCMRB) in the Economic Statistical Methods Division (ESMD) of the U.S. Census Bureau to undertake a cognitive review of the BE-125 Quarterly Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons and the 2017 BE-120 Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons. The cognitive review, which aligned with best practices in survey development and pretesting, included an expert review of the BE-120 and BE-125 forms, respondent debriefings, and multiple rounds of cognitive interviews consisting of approximately 30 in-person interviews with survey respondents. BEA will incorporate many of the findings into the design of the BE-185 survey, including improvements to the clarity of the instructions and respondent navigation throughout the survey.

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 to this Bureau 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. Per the Cybersecurity Enhancement Act of 2015, your data are protected from cybersecurity risks through security monitoring of the BEA information systems.”

Sec. 5(c) of the Act (22 U.S.C. 3104) provides that the information collected can 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 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 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 quarterly survey is expected to result in the filing of approximately 715 reports on a quarterly basis, or 2,860 per year. BEA expects approximately 580 filed each quarter by respondents that will report mandatory data and 135 other responses - exemption claims and voluntary responses, which entail the provision of aggregate data only. The average burden for completing the survey with data is estimated at 10 hours and the average burden for other responses is one hour, resulting in an overall annual respondent burden of an estimated 23,740 hours.

$$\begin{aligned} 580 \times 4 \text{ (times per year)} &= 2,320 \times 10 \text{ hours per response} = 23,200 \text{ burden hours} \\ 135 \times 4 \text{ (times per year)} &= 540 \times 1 \text{ hour per response} = 540 \text{ burden hours} \end{aligned}$$

This estimate 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 information collection.

Respondent burden is estimated based on the estimated burden in the current BE-185 survey and other BEA surveys, feedback from respondents, and on changes to the form. The actual burden will vary from respondent to respondent depending on the number and amounts of their transactions and the ease of assembling the data.

The estimated cost to respondents is \$791,492 based on an estimated reporting burden of 23,740 hours and estimated hourly cost of \$33.34. The hourly cost reflects the median

hourly wage of accountants and auditors from the Bureau of Labor Statistics' May 2017 Occupational Employment Statistics.

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 #12 above).

Other than respondent cost associated with the estimated burden of 23,740 hours (see A.12 above), the total additional annual cost burden to respondents is expected to be negligible. Total capital and start-up costs are insignificant because new technology or capital equipment will not be needed by respondents to prepare their responses to the survey. The total cost of operating and maintaining the technology and capital equipment will, therefore, 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 \$400,000, which consists of \$275,000 for salaries and related overhead and \$125,000 for equipment, supplies, form design, printing, mailing, and computer processing.

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

This request is for an extension without change of a currently approved collection. The estimated change in the burden hours is an increase of 1,240 hours (from 22,500 to 23,740). There has been an overall increase, from 675 to 715, in the estimated number of respondents meeting the (unchanged) mandatory requirements for filing on a quarterly basis.

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 quarterly U.S. ITAs and for a more detailed annual tabulation of U.S. trade in services. These estimates will be published on BEA's web site (www.bea.gov). The data will also be used to provide the basis for the estimates of transactions in financial services 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.

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.

The OMB expiration date will be displayed on the forms.

18. Explain each exception to the certification statement.

The BE-185 information collection is consistent with the certification in all aspects.