

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Benchmark Survey of Financial Services Transactions between U.S.
Financial Services Providers and Foreign Persons (Form BE-180)
OMB Control Number: 0608-0062

A. Justification

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

The BE-180 Benchmark Survey of Financial Services Transactions between U.S. Financial Services Providers and Foreign Persons is necessary to obtain complete and accurate data used by the Bureau of Economic Analysis (BEA) to produce 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. The financial services transactions covered by this survey accounted for 13.5 percent of U.S. services exports and 5.5 percent of U.S. services imports in 2018.

The information collection, BE-180 Benchmark Survey of Financial Services Transactions between U.S. Financial Services Providers and Foreign Persons, is associated with the final rule (RIN 0691-AA90) and is necessary to provide baseline information on U.S. trade in financial services. The survey will ask U.S. financial services companies to report their financial services transactions with foreign persons. The BE-180 survey will be mandatory and conducted under the International Investment and Trade in Services Survey Act (P.L. 94-472, 22 U.S.C. 3101-3108, as amended by P.L. 98-573 and P.L. 101-533), hereinafter “the Act,” and by Section 5408 of the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418, 15 U.S.C. 4908(b)). It is the subject of this supporting statement.

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 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 benchmark survey covers the universe of financial services transactions and is BEA’s most comprehensive survey of such services. The benchmark survey collects financial services transactions data from U.S. persons (any person subject to the jurisdiction of the United States) for sales to, and purchases from foreign persons in the transaction categories covered by the survey. 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-180 survey will be used by BEA to estimate financial services transactions for 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 support U.S. commercial policy on trade in financial 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 financial 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 governmental 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 benchmark survey for this purpose. They also use the data to examine the impact of trade in services on developing countries.

(d) Non-governmental uses:

International organizations and private researchers use data from the benchmark 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, Organization for Economic Cooperation and Development, and World Bank.

The Section 515 Information Quality Guidelines of the Office of Management and Budget (OMB) 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 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 reporting the BE-180 benchmark survey form. The eFile system enables respondents to download the survey forms in PDF format for each reportable U.S. financial services company, enter the required data, and submit the forms securely to BEA. BEA utilizes a secure messaging system, accessible through the eFile system, to ensure the confidentiality of correspondence with respondents.

In addition, BEA provides reporting instructions and links to all its survey forms 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 U.S. international transactions in financial services with foreign persons 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. However, these surveys do not identify the type of service or the country of the foreign customer, both of which are required for the ITAs.

The BE-180 benchmark survey will provide comprehensive information on the types of financial services covered by the survey, for which data had been collected on a sample basis on the BE-185, Quarterly Survey of Financial Services Transactions between U.S. Financial Services Providers and Foreign Persons. The quarterly collection of data is required to provide timely indicators of quarterly movements in transactions. The benchmark collection, conducted after the companies have closed their books for the year, is required not only to verify the accuracy of the quarterly data, but also to collect data on transactions from companies that fall below the reporting threshold on the quarterly survey.

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

A completed BE-180 benchmark survey will be required from any U.S. financial services company that had financial services transactions in any of the covered categories with foreign persons. Any U.S. financial services company whose combined sales and/or purchases of financial services transactions with foreign persons exceeded \$3 million for the 2019 fiscal year on an accrual basis, in the financial services categories covered by the survey, will be required to report data on each of the types of transactions with totals disaggregated by country and by relationship to the foreign transactor (foreign affiliate, foreign parent group, or unaffiliated). Any U.S. financial services company that had combined sales to, or purchases from foreign persons that were \$3 million or less for the 2019 fiscal year on an accrual basis, in the financial services categories covered by the survey, will be required to report the total sales and/or purchases for each type of transaction in which they engaged. While the survey will not collect data on total sales or other measures of the

overall size of the respondents to the survey, historically the respondents to the existing quarterly survey of financial services were major U.S. corporations.

This information collection excludes most small businesses from mandatory reporting. The reporting threshold for this survey is set at a level that will exempt most small businesses from reporting by country and by relationship to the foreign transactor (foreign affiliate, foreign parent group, or unaffiliated). Any small businesses that may be required to report would likely have engaged in a small number of covered transactions. Therefore, they would be expected to experience less than the average burden of 4 hours per response since the additional country and affiliation detail collected on the mandatory schedules will not be required. Even if the responses for small businesses took the expected average burden of 4 hours per response, that would not constitute a significant impact on any small business or other entity.

Finally, to 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.

This is a benchmark survey designed to yield universe data for the covered U.S. international financial services transactions. In non-benchmark years, universe estimates covering these transactions will be derived from the sample data reported on BEA's BE-185 Survey by extrapolating from the universe data collected on the benchmark survey. The BE-180 benchmark survey is conducted once every five years. The benchmark survey data are updated between benchmark years by means of quarterly sample surveys that collect similar information but at a higher reporting threshold for the covered financial services transactions. A period beyond the normal benchmark interval would require reliance on universe estimates linked to an aging base. The reliability of the estimates becomes increasingly questionable as the base ages. This problem is particularly serious during a period when international trade in financial services is growing rapidly in size, variety, and complexity, and as the geographic pattern of trade changes, due partly to the expansion of trade with emerging economies. Conducting the survey less frequently would also reduce the timeliness of the detailed information collected only on benchmark surveys that is needed for policymaking purposes.

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

No aspects of the BE-180 Benchmark 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.

In November 2019, BEA contacted nine large respondents currently filing transactions on the BE-185 quarterly survey to discuss if they would be able to report additional details, for both sales and purchases, about: 1) financial management transactions by type of account, 2) performance (incentive fees) based on the periods during the fiscal year in which they were received and/or paid, for respondents with financial management transactions, 3) information about financial services that were performed remotely, e.g. where both the supplier and the consumer were in different territories when the service was delivered, for the transaction categories covered by the survey, as well as the identification of how services not performed remotely were typically performed (e.g. by the provider traveling to the consumer or by the consumer traveling to the provider); and 4) cryptocurrency-related financial services transactions. To minimize the impact on respondent burden associated with expanding on this data collection, U.S. financial services companies were informed that this information would not be collected based on the relationship to the foreign transactor (foreign affiliate, foreign parent group, or unaffiliated). Seven of the nine respondents BEA contacted verified that it is feasible to report this information.

Enhancements made to the 2017 BE-120 Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons and the 2018 BE-140 Benchmark Survey of Insurance Transactions by U.S. Insurance Companies with Foreign Persons will also be incorporated into the 2019 BE-180 survey. As part of the development of the revised 2017 BE-120 Benchmark Survey of Transactions in Selected Service and Intellectual Property with Foreign Persons, 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 survey. In September 2017, DCMRB provided a comprehensive report of findings and recommendations that summarized the results of the expert reviews and cognitive interviews. BEA used this information to redesign the 2017 BE-120 and 2018 BE-140 surveys, improving on the survey format and clarifying instructions.

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 table below provides details on average burden, estimated number of respondents, and estimated burden hours by response type.

Response type	Average Burden Hours Per Response	Estimated Number of Respondents	Estimated Total Burden Hours
Mandatory Schedules	11	1,875	20,625
Mandatory Totals by Transaction	2	3,625	7,250
Exempt	1	1,500	1,500
Total	*4	7,000	29,375

* Rounded.

Respondent burden is estimated based on the estimated burden in the last BE-180 benchmark 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 the public is \$995,519 based on an estimated reporting burden of 29,375 hours and estimated hourly cost of \$33.89. The hourly cost reflects the median hourly wage of accountants and auditors from the Bureau of Labor Statistics’ May 2018 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 Question 12 above).

Other than respondent cost associated with the estimated burden of 29,375 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 would not be needed by respondents to prepare their responses to the survey. Therefore, 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 \$420,000, which consists of \$335,000 for salaries and related overhead and \$85,000 for equipment, supplies, form design, and computer processing.

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

This request is for a renewal, with change, of a previously approved mandatory collection for which approval has expired. Currently, there are no burden hours for the 2019 BE-180 benchmark survey in the inventory maintained by the OMB. Therefore, the estimated burden of 29,375 hours (see A.12 above) for this periodic collection is shown entirely as a program change in the ROCIS.

The estimate for the 2019 BE-180 benchmark survey of 29,375 burden hours is 1,875 more than the estimated respondent burden for the previous (2014) benchmark survey. For the 2014 survey, the estimated burden was 27,500 hours. The increase in burden hours results from changes in the expected response composition of the respondent universe from 2014 to 2019, as well as changes to the content of the survey.

BEA proposes to add and modify some data items collected on the benchmark survey form. The changes are intended to more closely align collected financial services categories with international guidelines, to improve on current financial services estimation methodologies, and to provide users with additional information about U.S. financial services transactions with foreign persons.

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

Completed benchmark survey forms are due by August 31, 2020 (or by September 30, 2020 for respondents that use BEA's eFile system).

The data from this survey will be used to estimate trade in financial services by major world region and selected countries for the quarterly U.S. ITAs and for a detailed annual presentation of U.S. international services that is published in the *Survey of Current Business*, typically each October. 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 BEA-Census Bureau news release on U.S. trade in goods and services.

The data collected will be used to estimate the universe of financial services transactions necessary to publish revised 2019 and 2020 quarterly estimates, and revise earlier estimates as necessary, in June 2021.

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-180 information collection is consistent with the certification in all aspects.