

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

Abstract

The BE-185, Quarterly Survey of Financial Service Transactions between U.S. Financial Services Providers and Foreign Persons will obtain quarterly sample data on financial services transactions between U.S. and foreign persons. The data collected on the BE-185 survey are needed to measure U.S. trade in financial services and to analyze the impact of U.S. trade on the U.S. and foreign economies. The data are used to support U.S. trade policy initiatives, including trade negotiations, and to compile the U.S. international transactions and the national income and product accounts. The survey is authorized by the International Investment and Trade in Services Survey Act.

A. Justification

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

The data collected on the BE-185, Quarterly Survey of Financial Services Transactions between U.S. Financial Services Providers and Foreign Persons, are needed to monitor U.S. trade in financial services, to analyze the impact of these cross-border services on the U.S. and 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 in estimating the trade in financial services component of the U.S. international transactions accounts (ITAs) and national income and product accounts (NIPAs). 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 20 percent of U.S. exports and 9 percent of U.S. imports of services in 2020.

The survey is mandatory and is conducted under 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. The implementing regulations for the international services surveys conducted under the Act can be found in 15 CFR Part 801. These data are not available from any other source.

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

The BE-185 quarterly survey will be required from U.S. persons whose combined 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 combined 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.

The quarterly survey data, covering U.S. persons' cross border transactions in financial services with foreign persons (sales and/or purchases), will be collected on quarterly forms that can be completed and submitted electronically, mailed, faxed, or sent by secure message to BEA. The information collected on the survey will be used by BEA to produce economic statistics on international trade in financial services. For each country and region, BEA will estimate cross-border transactions in the financial services transactions covered by the survey. The quarterly collection of data is an ongoing sample survey, for which the reporting requirements and data items provided by respondents has changed over time to reflect changes in the types of services that are bought and sold internationally and to meet the needs of data users. The survey covers U.S. persons (comprised mainly of major U.S. corporations) above a size-exemption level.

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 with detailed information by country, region, type of service, and affiliation of the transactors. The resulting statistics are also used in the NIPAs and the Input-Output Accounts. These are general use economic statistics that most world economies produce. BEA follows international standards for producing the statistics so that they are internationally comparable, accurately measure new and evolving types of services, and meet user needs.

The survey is a sample survey that covers U.S. persons above a size-exemption level. The sample data are used to derive universe estimates in non-benchmark years from similar data reported in the BE-180, Benchmark Survey of Financial Services Transactions U.S. Financial Services Providers and Foreign Persons, which is typically conducted once every five years. Therefore, quarterly and annual services trade statistics produced by BEA reflect the universe of financial services trade, not just the trade of those U.S. persons required to report on the quarterly survey.

(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, and to conduct trade promotion.

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 United States-Mexico-Canada Agreement.

(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, Organisation for Economic Co-operation 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.

U.S. businesses use the information to identify and evaluate market opportunities.

The 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 comply 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 use in reporting the BE-185 quarterly survey form. The eFile system enables respondents to download the survey forms in PDF format, 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 BE-185 respondents.

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

4. Describe efforts to identify duplication.

Data on U.S. international transactions in financial services by service type, country, and affiliation 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 combined 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 combined 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, rely on 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 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 would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;**
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- requiring respondents to submit more than an original and two copies of any document;**

- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

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

Respondents are required to report information to BEA on a quarterly basis. Survey responses will be due within 30 days of the close of each of the three quarters that are not their final fiscal quarter of the year, and within 45 days of the close of their final fiscal quarter of the year. Respondents will be required to submit a single copy of their survey form to BEA by the due date. A copy of their submission should be retained for their records, for three years. The information collected in the survey will be used by BEA to produce economic statistics on international trade in financial services, representing the universe of cross-border transactions in the financial services transactions covered by the survey. The survey collects an industry classification code for each respondent. These codes are based on the North American Industry Classification System (NAICS), which has been reviewed and approved by OMB, and is used by numerous Government statistical agencies. The Act requires that survey data submitted to BEA is **confidential** and may be used only for analytical or statistical purposes, and without prior written permission, the information filed **cannot** be presented in a manner that allows it to be individually identified; it **cannot** be used for purposes of taxation, investigation, or regulation. Respondents are not required to submit proprietary trade secrets, or other confidential information, beyond the information collected in the survey.

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* May 26, 2021 (Vol. 86, page 28,333 – 28,335). BEA received one public comment related to the proposed change to survey due dates. The comment indicated that survey respondents have competing obligations, manually compile data for BEA surveys, and a change in survey due dates will likely result in respondents needing lengthier filing extensions to align with previous survey due dates and/or extensions. BEA believes that the earlier due date is essential to the production of more accurate and complete trade in services statistics in preliminary estimates of the ITAs,

which is critical information for policymakers' timely decisions on international trade policy. The earlier due date will allow BEA to use more reported data for preliminary statistics, improving the accuracy of both the aggregates and the country and service-type details, and reducing revisions in subsequent statistical releases. BEA understands respondents may encounter difficulties assembling the data required on the survey within the required timeframes. As such, BEA remains committed to providing extensions of time to reporters as warranted by individual circumstances. Additionally, to facilitate reporter responses and ease reporting burden, BEA permits survey respondents to submit estimated data when more accurate data is not available.

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.

In recent years, BEA has solicited input from its data users, including other government agencies, through a series of site visits and webinars. During these presentations, BEA staff presented an overview of potential changes to the services data collected and published by BEA, including proposals to expand upon the existing services categories. These presentations also provided an opportunity for data users to suggest other services-related data that are of particular interest. From these consultations, BEA developed a list of changes to the services data collected on this and other BEA surveys.

BEA also 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 survey and the BE-120 benchmark survey (administered as a "census" survey and required of all reporters with transactions in the covered services). In consultation with BEA, DCMRB developed a comprehensive survey methodology research plan to prepare for a revised data collection instrument. The plan activities, 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. Census staff prepared findings and recommendation reports that summarized the results of the expert reviews and cognitive interviews. BEA used this information to aid in the redesign of the 2019 BE-180 and BE-185 surveys.

For the current proposed survey changes, detailed in section A.15 below, BEA consulted a sample of five current quarterly survey respondents regarding the modifications. BEA sent these reporters a letter summarizing the plans for the survey and provided them an opportunity to comment regarding the feasibility of these adjustments. Similar to the comment mentioned above, one of these five reporters indicated that due to other filing obligations within the company, they expect to need lengthier extensions, up to the current dates which they receive extensions to. Based on the single response, BEA believes the changes will have little impact on most respondents.

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 to be filed each quarter by respondents that will report mandatory data and 135 other responses - exemption claims and voluntary responses that provide aggregate data only. Approximately 100 respondents will be affected by the proposed changes to the survey will experience approximately a 10 percent increase in burden. When averaged across all respondents, the burden for completing the survey with data continues to be estimated at 10 hours, and the average burden for other responses is one hour. The overall estimated annual respondent burden is 24,140 hours. Burden estimates are summarized in the table below.

Type of Respondent	# of Respondents (a)	Annual # of Responses per Respondent (b)	Total # of Annual Responses (c) = (a) x (b)	Average Burden Hours per Response (d)	Total Annual Burden Hours (e) = (c) x (d)
Mandatory Data					
Impacted by changes	100		400		4,400
No change	480	4	1,920	11	19,200
Total	580	4	2,320	10	23,600
Exemption	135	4	540	1	540
Total	715		2,860		24,140

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. Most of the information requested on the survey is readily available in existing company accounting and financial records. In proposing changes to the survey, BEA analyses the impact on existing companies by reviewing their reported transaction categories, and the volume of country detail provided by respondents within the categories being considered for modification. This information, in conjunction with communication between BEA and respondents regarding their existing accounting and financial records, serves as a basis for estimating the impact of planned survey modifications. In proposing the current changes, as discussed in section A.8. above, BEA contacted a sample of current quarterly reporters to provide an opportunity for them to comment on the proposals. Only one reporter responded with a comment regarding the planned changes in survey due dates, indicating they will continue to require filing extensions. BEA believes the changes will have little impact on most respondents. However, 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 \$922,872 based on an estimated reporting burden of 24,140 hours and estimated hourly cost of \$39.26 for employees in the accounting and auditing field, who represent the type of employee typically completing BEA surveys. The hourly cost reflects the median hourly wage of accountants and auditors from the Bureau of Labor Statistics' May 2020 Occupational Employment Statistics. A summary of the estimated average burden cost per respondent and response type, is provided in the table below.

Type of Respondent	Total Annual Burden Hours (a)	Hourly Wage Rate* (b)	Total Burden Costs (c) = (a) x (b)
Mandatory Data	23,600	\$39.26	\$926,536
Exemption	540	\$39.26	\$21,200
Total	24,140		\$947,736

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).

There are no capital/start-up or ongoing operation/maintenance costs associated with this information collection.

Other than respondent cost associated with the estimated burden of 24,140 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 \$700,000 which consists of \$644,500 for salaries and related overhead and \$55,500 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 with changes of a currently approved collection, with an increase of 400 annual burden hours (the previous approval by OMB, in December 2018, can be viewed at www.reginfo.gov by searching OMB control number 0608-0065 under the Information Collection Review tab). Approximately 100 survey respondents will have a 10 percent or less increase in burden hours. Across all respondents the average burden per response remains at 10 hours. There has been no change in the estimated number of respondents meeting the mandatory requirements for filing on a quarterly basis.

The Bureau of Economic Analysis (BEA) is proposing two modifications to the existing transaction categories covered by the BE-185 survey and a change to the survey due date, beginning with reporting for first quarter 2022. The proposed modifications to the BE-185 survey will allow BEA to increase the quality and usefulness of BEA's statistics on trade in services.

BEA proposes to add brokerage services related to debt transactions as a separate transaction category. The change will result in three categories for brokerage services, rather than the current two categories on the survey. The three categories collected on the survey will be brokerage services related to equity transactions (code 1), brokerage services related to debt transactions (code 1.1), and brokerage services related to other transactions (code 2). In reviewing brokerage transactions reported on the survey over the last several years, BEA has determined that most survey respondents can provide brokerage related to debt securities because this information is readily available in their records. BEA will provide updated instructions to ensure accurate reporting of brokerage transactions.

BEA proposes to break financial advisory and custody services into two separate transaction categories. The change will result in two separate transaction categories of financial advisory services (code 7), and financial custody services (code 7.1). In reviewing transactions reported in

the combined “financial advisory and custody services” category over the last several years, BEA has determined that these transactions are distinctly different in nature and collecting them in a single transaction category may be confusing to survey respondents. BEA has also determined that most respondents have the ability to report details for these activities separately because this information is readily available in their records. BEA will provide updated instructions to ensure accurate reporting.

BEA also proposes to change the due date of the survey for the three fiscal quarters of the year that are not the final fiscal quarter to 30 days after the close of each quarter from 45 days. For the close of the final fiscal quarter of the year, reports will be due 45 days after the close of the quarter instead of 90 days. Shortening the reporting timeline will allow BEA to produce more accurate and complete trade in services statistics in preliminary estimates of the ITAs, which is critical information for policymakers’ timely decisions on international trade policy. The earlier due date will allow BEA to use more reported data for preliminary statistics, improving the accuracy of both the aggregates and the country and service-type details, and reducing revisions in subsequent statistical releases. In addition, the proposed reporting deadlines are also consistent with the reporting deadlines of BEA’s quarterly direct investment surveys.

BEA estimates there will be a small increase in the total burden for the survey due to the change in transaction detail required, but the average number of burden hours per response will continue to average 10 hours for companies filing country detail. BEA estimates that approximately 100 survey respondents will experience a burden increase of less than 10 percent. Although the estimated change is measurable, only a small portion of the total reporters are affected. BEA believes these data are readily available in their accounting records. When total burden for completing the survey is averaged across all reporters, factoring in the additional time BEA believes these reporters will spend complying with the survey, burden for completing the survey continues to average 10 hours per response.

BEA estimates there will be no change in burden hours per response as a result of the proposed change in survey due dates. While survey respondents will have to file earlier, the burden for the survey is unchanged because the same information, other than the two changes described above, will be required on the survey as in the past. The language in the instructions and definitions will be reviewed and adjusted as necessary to clarify survey requirements.

The reporting thresholds of the current BE-185 survey will be retained. The effort to keep current reporting thresholds unchanged is intended to minimize respondent burden while considering the needs of data users.

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 trade in 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 website (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. The agency certifies compliance with 5 CFR 1320.9 and the related provisions of 5 CFR 1320.8(b)(3).