

**Supporting Statement Part B for the
Domestic Finance Company Report of Consolidated Assets and Liabilities
(FR 2248; OMB No. 7100-0005)**

Summary

For all information collections that involve surveys or require a statistical methodology, the Board of Governors of the Federal Reserve System (Board) is required to provide a complete justification and explanation of the use of such a methodology. For collections that employ surveys without such a methodology, the Board should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results.

Background

The Board has collected consumer credit data from finance companies on a regular basis since the mid-1940s. In 1955, the Federal Reserve conducted its first universe survey of finance companies, including business finance companies. Using data from that first universe survey, the Federal Reserve developed a monthly sample survey. To benchmark the monthly sample series, the Federal Reserve continued to conduct the universe finance company survey at five-year intervals. In 1980, this benchmark survey was changed from a universe to a sample survey. Over the years the Board has changed the reporting form according to changes in industry and the Board's data needs. The latest major change occurred in 2013 when the reporting form was revised to obtain detailed information on student loans and the authorized respondent panel size was increased from 70 to 150 finance companies.

The FR 2248 is benchmarked on a quinquennial basis using data from the FR 3033s survey. The FR 3033s survey is the second stage of a two-stage survey sent to finance companies that respond to a simple questionnaire, the FR 3033p, sent to all known domestic finance and mortgage companies. The FR 3033p requests information about each company's total net assets, areas of specialization, and other characteristics in order to first identify a potential universe of domestic finance companies, from which the sample of finance companies is drawn.

Finance companies provide a significant share of short- and medium-term credit to businesses, and business investment, both for fixed capital and inventory, is one of the more cyclically sensitive components of Gross Domestic Product. Because of the significant effect monetary policy can have on business investment, in part via the availability of credit, monitoring the sources of funding to businesses is important for the conduct of monetary policy. The information collected on the FR 2248 is not available from other sources.

Universe and Respondent Selection

The panel consists of a stratified sample of up to 150 domestic finance companies selected from respondents to the quinquennial Surveys of Finance Companies (FR 3033p and FR 3033s). Participation is voluntary.

Procedures for Collecting Information

To obtain a representative sample of the industry, the panel is decided by Board staff in the Division of Research and Statistics based on data from the quinquennial Census of Finance Companies and Other Lenders (FR 3033p) and Survey of Finance Companies (FR 3033s). Once institutions are selected based on their size and significance, they will be either directly solicited by Board staff in the Monetary and Research Reports Unit or the appropriate Reserve Bank will be contacted to initiate the solicitation.

The FR 2248 collects information monthly on amounts outstanding in major categories of consumer and business credit held by finance companies and on major short-term liabilities of finance companies. For quarter-end months (March, June, September, and December), the report also collects information on other assets and liabilities outstanding as well as information on capital accounts in order to provide a full balance sheet. In addition, a supplemental section collects data about assets that have been pooled by finance companies and sold to third parties that issue securities based on those assets. The supplemental section is organized in the same four categories of credit (consumer, real estate, business, and lease-related). The special addendum section may be used if the need arises for the collection of timely information on questions of immediate concern to the Federal Reserve. When necessary, respondents would be asked, no more than twice a year, to provide answers to a limited number of relevant questions, which would be distributed in advance to ease burden and which would take, on average, ten minutes to complete. This addendum provides the Federal Reserve a valuable source of information regarding timely topics and events in financial markets.

The majority of survey respondents submit their FR 2248 data monthly to the Federal Reserve Banks. Respondents submit quarterly data for quarter-end months only. The data are edited and transmitted to the Board for central processing. All data are due at the Board on the 18th business day after the end of the month. The data are used to construct universe estimates of finance company holdings, which are published in the monthly statistical releases *Finance Companies* (G.20) and *Consumer Credit* (G.19), and in the quarterly statistical release *Financial Accounts of the United States* (Z.1).

Methods to Maximize Response

There has been no need to maximize response rates because most respondents submit data. Reserve Bank analysts are responsible for ensuring the timely submission of reports, verifying the accuracy of data, researching questions regarding the data, and contacting the respondents to resolve issues.

Testing of Procedures

There is no testing of procedures for this collection.