

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

### **Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, without revision, the Domestic Finance Company Report of Consolidated Assets and Liabilities (FR 2248; OMB No. 7100-0005). The voluntary FR 2248 is collected monthly as of the last calendar day of the month from a stratified sample<sup>1</sup> of finance companies.<sup>2</sup> Each monthly report collects balance sheet data on major categories of consumer and business credit receivables and on major short-term liabilities. For quarter-end months (March, June, September, and December), additional asset and liability items are collected to provide a full balance sheet. A supplemental section collects data on securitized assets. Board staff may ask either quantitative or qualitative questions through the use of a special addendum section no more than twice per year.<sup>3</sup> 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).<sup>4</sup>

The estimated total annual burden for the FR 2248 is 750 hours. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportingforms>.

### **Background and Justification**

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

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<sup>1</sup> A potential universe of respondents is identified by the quinquennial Census of Finance Companies and Other Lenders (FR 3033p) and Survey of Finance Companies (FR 3033s) (OMB No.7100-0277), as explained in the Background and Justification section.

<sup>2</sup> Finance companies include companies in which 50 percent or more of assets are held in any of the following types of loan or lease assets: (1) liens on real estate, defined as outstanding balances on loans or leases, for any purpose, secured by liens on real estate and (2) loans and leases not secured by real estate, such as business loans and leases, defined as outstanding balances on loans and on leases for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises; or consumer loans and leases, defined as outstanding balances on loans and on leases for household, family, and other personal expenditures.

<sup>3</sup> Certain criteria apply to information collections conducted via the Board's ad hoc clearance process. Such information collections shall (1) be vetted by the Board's clearance officer, as well as the Division director responsible for the information collection, (2) display the OMB control number, (3) inform respondents that the information collection has been approved, (4) be used only in such cases where response is voluntary, (5) not be used to substantially inform regulatory actions or policy decisions, (6) be conducted only and exactly as described in the OMB submission, (7) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies, (8) include a detailed justification of the effective and efficient statistical survey methodology (if applicable), and (9) collect personally identifiable information (PII) only to the extent necessary (if collecting sensitive PII, the form must display current Privacy Act notice). In addition, for each information collection instrument, respondent burden will be tracked and submitted to OMB.

<sup>4</sup> See <https://www.federalreserve.gov/data.htm>.

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-term and medium-term credit to businesses, and business investments, 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 investments, 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.

### **Description of Information Collection**

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 Board understands that respondents use information technology to comply with these provisions, including submitting data to Reporting Central.

### **Respondent Panel**

The FR 2248 authorized panel size comprises 150 finance companies.

## **Frequency and Time Schedule**

The FR 2248 is submitted monthly, as of the last calendar day of each month. Respondents submit additional quarterly data for quarter-end months (March, June, September, and December) only. The data are edited and transmitted to the Board for central processing. All data are due at the Board on the 18<sup>th</sup> business day after the end of the month.

## **Public Availability of Data**

Aggregate data from the FR 2248 are published in the Board's monthly statistical releases *Consumer Credit* (G.19) and *Finance Companies* (G.20), and in the quarterly statistical release *Financial Accounts of the United States* (Z.1).

## **Legal Status**

The FR 2248 is authorized by sections 2A and 12A of the Federal Reserve Act (FRA). Section 2A of the FRA requires the Board and the Federal Open Market Committee (FOMC) to “maintain long run growth of the monetary and credit aggregates commensurate with the economy’s long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates” (12 U.S.C. § 225a). Section 12A of the FRA further requires the FOMC to implement regulations relating to the open market operations conducted by the Federal Reserve Banks “with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country” (12 U.S.C. §§ 263(b)-(c)). The Board and FOMC use the information obtained through the FR 2248 to discharge these responsibilities. The FR 2248 is voluntary.

Although the Board releases aggregate data derived from the FR 2248 in the monthly G.20 and G.19 statistical releases, and in the quarterly Z.1 statistical release, individual finance company information provided by each respondent is generally treated as confidential. Information collected on the FR 2248 is likely to constitute nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. Accordingly, such information may be kept confidential by the Board pursuant to exemption 4 of the Freedom of Information Act, which applies to “trade secrets and commercial or financial information” that is “privileged and confidential” (5 U.S.C. § 552(b)(4)). If it should be determined that any information collected on the FR 2248 must be released, respondents would be notified.

## **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

## **Public Comments**

On November 14, 2023, the Board published an initial notice in the *Federal Register* (88 FR 78022) requesting public comment for 60 days on the extension, without revision, of the FR 2248. The comment period for this notice expired on January 16, 2024. The Board did not

receive any comments. The Board adopted the extension, without revision, of the FR 2248 as originally proposed. On April 3, 2024, the Board published a final notice in the *Federal Register* (89 FR 23017).

### Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2248 is 750 hours. 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. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR 2248</b>	<i>Estimated number of respondents<sup>5</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
Monthly	150	8	20 minutes	400
Quarterly	150	4	30 minutes	300
Addendum	150	2	10 minutes	<u>50</u>
<i>Total</i>				750

The estimated total annual cost to the public for the FR 2248 is \$52,388.<sup>6</sup>

### Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

### Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this report is \$121,500.

<sup>5</sup> Of these respondents, 18 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

<sup>6</sup> Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group’s hourly rate and then summed (30% Office & Administrative Support at \$23, 45% Financial Managers at \$84, 15% Lawyers at \$85, and 10% Chief Executives at \$124). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2023*, published April 3, 2024, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.