

**Supporting Statement Part B for the
Census of Finance Companies and Other Lenders
(FR 3033p; OMB No. 7100-0277)**

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

Since June 1955, the Board has surveyed the assets and liabilities of finance companies in five-year intervals. For purposes of this survey, finance companies were defined as companies whose largest portion of assets is made up of consumer or business loans or leases excluding commercial banks, cooperative banks, investment banks, savings banks, savings and loan institutions and industrial loan corporations or their subsidiaries. Through 1975, all known U.S. finance companies were surveyed. To reduce reporting burden, in 1980 the survey was split into two parts: (1) an extremely brief screening survey, which has been sent to all likely finance companies that operate in the United States and its territories and possessions and (2) a longer survey, which has been sent to a stratified random sample of identified finance companies. In 2005, the definition of finance company was revised to include companies whose largest portion of assets was made up of real estate loans; as a result, mortgage companies became eligible to participate in the survey. In addition, the survey was revised to instruct finance companies to include the assets and liabilities of their mortgage company subsidiaries.

In 2010, the FR 3033p and FR 3033s underwent a major revision. The title of the FR 3033p was changed to “Census of Finance Companies” to stress that every response is important. Several questions on the census were modified to allow the Board to make the determination of whether a company is a finance company rather than asking whether it meets the definition. Similarly, the title of the FR 3033s was changed to “Survey of Finance Companies.” Revisions to the FR 3033s included reordering assets and liability data items from most liquid to least liquid, asking additional detail on assets and liabilities, adding a section to gather information on servicing activities and geographic distribution of the company’s activities, and creating a clearer distinction among the broad balance sheet data items, detailed loan and lease data items, and off-balance-sheet securitization data items. The respondent panel sizes for both questionnaires were increased, and the Board implemented a web-based survey option.

The Board has used the FR 3033p and FR 3033s (collectively, the quinquennial) data to benchmark monthly data series on major assets and quarterly data series on liabilities of finance companies developed from the Board’s monthly Domestic Finance Company Report of Consolidated Assets and Liabilities (FR 2248; OMB No. 7100-0005), which is collected from a

smaller sample of companies. These data are used in internal analysis and are reported to the public in two monthly statistical releases, *Finance Companies* (G.20) and *Consumer Credit* (G.19), as well as the quarterly *Financial Accounts of the United States* (Z.1) release. As with many data series based on a fixed sample, errors of estimation tend to increase over time and thus require periodic correction. These errors reflect the evolution in the financial markets as new companies enter the market and market shares change and the deterioration of the monthly sample panel as respondents close, merge or otherwise leave the panel.

In addition to benchmarking the aforementioned data series, information from the quinquennial also provides the Board with an opportunity to learn about an important part of the financial system. It is the only statistically reliable source of information on the types of finance companies and the size of the industry. There is no other comprehensive source of data on the activities of such companies. Finance companies are a key supplier of credit to households and businesses, which is monitored by the Board and the Federal Open Market Committee (FOMC) in the implementation of monetary policy. Specifically, the FR 3033p allows the Board to select more appropriate respondents for the FR 3033s and ultimately benchmark the FR 2248 accurately. Conducting the census less frequently would not provide the Board with timely enough information to accomplish its goals and mission.

Universe and Respondent Selection

Currently, the Board is in the process of identifying the potential universe of finance companies. There is no national registry of finance companies to serve as the sample frame for the FR 3033p. In 2020, a sample frame was obtained primarily from a commercial data vendor and, to a lesser degree, from other sources. There were a substantial number of the census forms returned by the post office as undeliverable. The Board is currently working to identify the vendor(s) with the best coverage of companies that are likely to meet the definition of a finance company.

The Board estimates up to 30,000 companies that, based on results from the 2020 census, may meet the requirements for forming a sample frame. The Board would mail census forms to all these companies. Once the companies return the census, the Board would determine the panel of respondents for inclusion in the FR 3033s.

To improve the response rate for the census, which has been trending lower in the past two decades, the Board is planning to conduct census mailings based on experience from other surveys. The current plan includes a pre-survey notification letter, initial mailing, a second wave mailing of the entire survey package to nonrespondents, and postcard reminders after each wave of mailing, as needed.

To cope with the expected level of nonresponse to the census, the Board also intends to select a subsample of nonrespondents for further follow-up. The Board, along with Federal Reserve Banks, anticipate following up on 4,000 nonrespondents for the census.

To minimize burden on all respondents, only the necessary questions to determine if a company meets the definition of a finance company are included in the FR 3033p.

Procedures for Collecting Information

Given the five-year frequency for the FR 3033p, the Board believes a census rather than a sample of all likely companies in the universe of finance companies and other lenders are appropriate and necessary.

Methods to Maximize Response

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Testing of Procedures

None.