

Quinquennial Finance Company Benchmark Survey, 2000

The Federal Reserve System has surveyed the assets and liabilities of finance companies at roughly five-year intervals since 1955. The surveys provide benchmarks for the System's monthly report on the outstanding accounts receivable of finance companies and provide a comprehensive update on these companies' sources of funds. This information in turn becomes an important input to the estimates of total consumer credit (presented in the Federal Reserve's G.19 statistical release) and the U.S. flow of funds accounts produced at the Board of Governors.

As a first step in establishing a population for the 2000 benchmark survey, pre-survey questionnaires were mailed to 2,589 companies that were identified from the mailing list for the 1996 survey and from other sources. Data were collected on the size of the company, its primary type of activity or specialty, and the classification of its parent, if any. Companies that responded to the questionnaire with information showing that they had gone out of business, had been sold to another firm, were not a finance company, or were a subsidiary of another finance company were excluded from the population (see table).

Follow-up investigations of companies that did not return the pre-survey questionnaire or whose questionnaires were returned by the Postal Service as undeliverable ("postal returns") were conducted to estimate the number of additional companies that belonged in the population. Investigations of a stratified random sample of 240 companies drawn from the 860 nonresponding companies yielded 78 eligible companies. Projecting this result on the basis of size and specialty class added 280 companies to the population. Similarly, investigations of a stratified random sample of 50 companies drawn from the 573 postal returns yielded 5 eligible companies, adding 57 companies to the population. Combining these estimates with the usable responses to the pre-survey questionnaire, the population of finance companies on June 30, 2000, was estimated at 1,012; these companies constituted the sampling frame.

The sample for the 2000 benchmark survey consisted of two groups: the 58 finance companies surveyed monthly for the Domestic Finance Company Report (FR 2248) and a stratified random sample of 542 additional companies from the sampling frame. All 58 monthly reporters responded. A total of 121 of the 542 sampled companies provided usable responses. The responses of another 28 of the 542 sampled companies indicated that they no longer fit the definition of "finance company" or had not fit the definition at the time of the questionnaire. These 28 companies were removed from the population, leaving a final estimated population of 984 companies.

Estimates of the assets and liabilities of the finance company population were produced using the stratified mean expansion estimator, where the strata were based on both the size and the lending specialty of the company. The estimator was defined as

$$Y = \sum Y(h) = \sum \frac{N(h) * y(h)}{n(h)}$$

where

Y	=	Estimated national total
$Y(h)$	=	Estimated aggregate total for stratum h
$N(h)$	=	Total number of companies in stratum h
$y(h)$	=	Sample aggregate total for companies in stratum h
$n(h)$	=	Number of sample companies in stratum h .

A.1 Responses to pre-survey questionnaire, June 30, 2000

Item	Number	Percent of total mailed
Total mailed.....	2,589	100.0
Not returned.....	860	33.2
Returned.....	1,729	66.8
Usable.....	675	26.1
Not usable.....	1,054	40.7
Postal return.....	573	22.1
Not a finance company.....	164	6.3
Out of business.....	181	7.0
Finance company subsidiary.....	90	3.5
Bank subsidiary.....	26	1.0
Other.....	20	0.8
