

**Supporting Statement for the
Census of Finance Companies and Survey of Finance Companies
(FR 3033p and FR 3033s; OMB No. 7100-0277)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Census of Finance Companies and Other Lenders and Survey of Finance Companies (FR 3033p and FR 3033s; OMB No. 7100-0277). These voluntary information collections (the quinquennial) consist of the Census of Finance Companies and Other Lenders (FR 3033p), which the Board last revised in 2020, as well as the Survey of Finance Companies (FR 3033s), which the Board is proposing to revise at this time.

The FR 3033p is the first part of a two-stage survey series, which has been conducted at regular five-year intervals since 1955. It is a census survey designed to identify the universe of finance companies eligible for potential inclusion in the FR 3033s. It gathers limited information including total assets, areas of specialization, and information on the corporate structure of such companies. The second part of these information collections, the FR 3033s, collects balance sheet data on major categories of consumer and business credit receivables and major liabilities, along with income and expenses, and is used to gather information on the scope of a company's operations and loan and lease servicing activities. In addition, additional questions are proposed to collect lending information related to the COVID-19 impacts. From the universe of finance companies identified by the FR 3033p, a stratified random sample of 3,000 finance companies would be drawn for the FR 3033s. This survey would be sent in September 2021, and would collect information as of June 30, 2021. The data collected from this voluntary survey would be used for two purposes: to benchmark the consumer and business finance series collected on the Board's monthly Domestic Finance Company Report of Consolidated Assets and Liabilities (FR 2248; OMB No. 7100-0005) and to increase the Federal Reserve's understanding of an important part of the financial system.

The Board proposes to revise the FR 3033s to improve clarity, simplify the form overall, and collect additional information on the COVID-19 impacts on lending activities. The Board is not proposing any revisions to the FR 3033p at this time.

The current estimated total annual burden for the FR 3033p/s is 6,024 hours, and would decrease to 5,124 hours. The proposed revisions would result in a decrease of 900 hours. The survey form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

Background and Justification

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 quinquennial 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 quinquennial data to benchmark monthly data series on major assets and quarterly data series on liabilities of finance companies developed from the 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, the Finance Companies (G.20) and the 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 Flow of Funds data, 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, holding or managing about 13 percent of total consumer credit outstanding and a significant share of the short- and intermediate-term business finance market. The business and consumer credit holdings of finance companies are key elements of domestic nonfinancial debt, which is monitored by the Board and the Federal Open Market Committee (FOMC) in the implementation of monetary policy.

Description of Information Collection

FR 3033p

The FR 3033p is a voluntary census survey designed to identify the universe of finance companies eligible for potential inclusion in the FR 3033s and to enable the stratification of the sample for more statistically efficient estimation. The FR 3033p is currently composed of 7 questions to assess the company's asset size, level of loan and lease activity, company structure, and licensing authority.

FR 3033s

From the universe of finance companies identified by the Census of Finance Companies and Other Lenders (FR 3033p), a sample of finance companies will be invited, on a voluntary basis, to fill out FR 3033s. From these finance companies, the FR 3033s survey collects balance sheet data on major categories of consumer and business credit receivables and major liabilities. In addition, the survey may be used to gather information on topics that are pertinent to increasing the Federal Reserve's understanding of the finance companies.

Respondent Panel

Currently, the Board is conducting the Census of Finance Companies and Other Lenders (FR 3033p), which was launched in early October 2020. For the FR 3033s survey, the Board proposes to keep the sample size at 3,000 finance companies, as in 2015. The survey sample would likely include all the FR 3033p respondents identified as finance companies, as experienced in 2010 and 2015.

The Board plans to mail out survey forms to companies in September 2021 and conduct additional mailings and postcard reminders to bolster response rates. The adoption of a web-based survey, which was inaugurated in 2010, is also expected to have positive effects on response rates.

To cope with the expected level of nonresponse to the survey, the Board also intends to follow up with all the nonrespondents with phone calls or emails. The follow-up study would include questions related to, but not necessarily identical to, the survey questions. Select Reserve Banks would assist with the nonresponse follow-up activities.

Proposed Revisions to the FR 3033s

The Board proposes to revise the FR 3033s to improve clarity, simplify the form overall, and collect additional information on the COVID-19 impacts on lending activities. The FR 3033s revisions, which are effective for the proposed September 2021 survey date, include:

A. Removals:

- Removing the off-balance-sheet securitizations column on the balance sheet, which encompasses 20 items.
- Removing question 7.C (non-recourse debt associated with financing activities).
- Removing questions 12.A-12.D, as they were special topic questions added for the 2015 survey.
- Removing the question soliciting comments or explanations from the respondents.

B. Revisions:

- Revising general survey instructions and item descriptions for clarity.
- Revising the benchmark date to June 30, 2021.
- Renumbering items 7.E-7.G to items 7.D-7.F.
- Revising question 7.D to “Notes, Bonds, Debentures, and Other Debt” and renumbering it to 7.C. This is to be consistent with the information collected on the FR 2248.
- Revising question 11.B to “Total number of accounts for domestic business and real estate receivables.”

C. Additions:

- Adding an item for “Student Loans” in section 3.B. as question 3.B.3 and renumber “Other Consumer Loans” as question 3.B.4. This is to closer align the information collected on the FR 3033s with the FR 2248.
- Adding a Question 12 to collect detailed information on types of consumer credit that finance companies offer. This question is useful to assess the extent of offerings of consumer credit products by the finance company industry. This also makes it feasible to identify specialty finance companies and facilitate analysis of profitability at such companies.

12. Does your company offer any of the following types of consumer credit or financing?

- | | | |
|-----------------------------|------------------------------|-----------------------------|
| ❖ Installment cash loans | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ❖ Motor vehicle title loans | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ❖ Pawn loans | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ❖ Payday loans | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

- Adding a Question 13 with 3 sub-items to collect lending information related to the COVID-19 impacts. Given that the Survey of Finance Companies and Other Lenders falls during the time in which the United States economy has been impacted by the effects of the COVID-19 pandemic, it is useful to collect lending information related to this unforeseen event. The need for economic relief has been at the forefront of this pandemic. Many financial firms have already been approved and are participating in the SBA’s Paycheck Protection Program (PPP) to lend to small businesses in need and have been doing so. Additionally, some of these firms are actively advertising their lending relief options to the public. There may be value in assessing any relief lending associated with the COVID event by these firms.

13. COVID-19 pandemic relief

13.A. During the COVID-19 pandemic, did your company provide financial relief in the form of loans or leases OR accommodations to customers?

☐ Yes. **Please complete 13.B & 13.C below**

☐ No. **Please stop**

13.B. What type of relief did your company provide?

Loans or leases	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Deferred payments	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Waiving late fees	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Waiving interest fees	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Interest rate modifications	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other	<input type="checkbox"/> Yes	<input type="checkbox"/> No

13.C. What was the TOTAL dollar amount of loans and leases? Please include both the loans and leases originated that were specifically related to pandemic relief AND those that were existing but offered accommodations. Mark one.

- ☐ Less than \$1 million
- ☐ \$1 million — less than \$10 million
- ☐ \$10 million — less than \$100 million
- ☐ \$100 million — less than \$1 billion
- ☐ \$1 billion or more

Time Schedule for Information Collection

The FR 3033s survey is scheduled to be sent out to the respondents identified in the FR 3033p in September 2021. Respondents would be directed to either complete the survey online or mail paper responses back. Before commencement of the FR 3033s, postcards would be mailed to respondents to thank them for taking part in the FR 3033p and to encourage their participation in the FR 3033s as well. Follow-up mailings and postcard reminders would be sent to companies that do not respond after the initial mailing. Nonresponse follow-up calls and emails would be conducted by Reserve Banks. Ultimately data collected from the FR 3033p and FR 3033s will be used to benchmark the monthly FR 2248.

Public Availability of Data

The Board has used the quinquennial data to benchmark monthly data series on major assets and quarterly data series on liabilities of finance companies developed from the FR 2248, which is collected from a smaller sample of companies. Examples of analysis are published in

the Federal Reserve Bulletin¹ and the FEDS Note.² These data are also reported in aggregate format to the public in two monthly statistical releases, the Finance Companies (G.20) and the Consumer Credit (G.19), as well as the quarterly Financial Accounts of the United States (Z.1) release. Individual survey responses are not made publicly available.

Legal Status

The FR 3033p and FR 3033s are authorized pursuant to sections 2A and 12A of the Federal Reserve Act (“FRA”). Section 2A of the FRA requires that the Board and the Federal Open Market Committee 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.³ Under section 12A of the FRA, the Federal Open Market Committee is required to implement regulations relating to the open market operations conducted by 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.⁴ Information collected from the FR 3033p and FR 3033s is used to fulfill these obligations.

The FR 3033p and FR 3033s are voluntary. The information collected pursuant to the FR 3033p and FR 3033s is confidential pursuant to exemption 4 of the Freedom of Information Act,⁵ which protects information that is both customarily and actually treated as private by the respondent.

Consultation Outside the Agency

For the renewal of the FR 3033p in 2020, the Board consulted with OpenCorporates, Competiscan, Zoominfo, Melissa Data, and Infogroup to identify companies as potential respondents for the census. There has been no consultation outside the Federal Reserve for renewing the FR 3033s.

Public Comments

On May 25, 2021, the Board published an initial notice in the Federal Register (86 FR 28105) requesting public comment for 60 days on the extension, with revision, of the FR 3033s and FR 3033p. The comment period for this notice will expire on July 26, 2021.

Estimate of Respondent Burden

¹ <https://www.federalreserve.gov/publications/2018-june-survey-of-finance-companies-2015.htm>

² <https://www.federalreserve.gov/econres/notes/feds-notes/the-cost-structure-of-consumer-finance-companies-and-its-implications-for-interest-rates-20200812.htm>

³ 12 U.S.C. § 225a.

⁴ 12 U.S.C. § 263.

⁵ 5 U.S.C. § 552(b)(4).

As shown in the table below, the estimated total annual burden for the FR 3033p/s is 6,024 hours, and would decrease to 5,124 hours with the proposed revisions. The estimated burden for the proposed FR 3033s is reduced to 900 hours, based on a reduced estimated number of respondents and a shorter estimated average hours per response. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FR 3033	<i>Estimated number of respondents³</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FR 3033p	12,800	1	0.33	4,224
FR 3033s	1,200	1	1.5	<u>1,800</u>
<i>Total</i>				6,024
Proposed				
FR 3033p	12,800	1	0.33	4,224
FR 3033s	900	1	1	<u>900</u>
<i>Total</i>				5,124
<i>Change</i>				(900)

The estimated total annual cost to the public for these collections of information is expected to decrease from \$347,886 to \$303,085.⁴

Sensitive Questions

These collections of information contain 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 information collection is \$226,400.

³ Of these respondents, it is anticipated that 6,100 FR 3033p respondents and 950 FR 3033s respondents would be considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

⁴ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages, May 2020, published March 31, 2021 <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, www.bls.gov/soc/.