

Supporting Statement for the Consumer Satisfaction Questionnaire (FR 1379; OMB No. 7100-0135)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the voluntary Consumer Satisfaction Questionnaire (FR 1379; OMB No. 7100-0135). The FR 1379 questionnaire is sent to consumers who have filed complaints with the Federal Reserve against state member banks. The information gathered on the questionnaire is used to determine whether consumers are satisfied with the way the Federal Reserve Bank handled their complaints and to solicit suggestions for improving the complaint investigation process.

Effective second quarter 2008, the Federal Reserve proposes to revise the FR 1379 information collection by: (1) renumbering the FR 1379 to FR 1379a and reducing the number of questions from twenty-five to six, (2) implementing a new voluntary questionnaire, the Federal Reserve Consumer Help Center Survey (FR 1379b) to survey consumers about the Federal Reserve Consumer Help (FRCH) center, the Federal Reserve System's new central intake center for consumer complaints and inquiries, and (3) implementing a new voluntary consumer complaint form, the Federal Reserve Consumer Help Online Complaint Form (FR 1379c) to the FRCH web site¹ that would allow consumers to submit their complaint or inquiry to the FRCH center electronically. Currently, there is no formal reporting form for consumer complaints. The annual burden is estimated to increase by 1,867 hours, from 170 hours to 2,037 hours.

Background and Justification

The Federal Trade Commission Improvement Act (15 U.S.C. §57(a)(f)(1)) mandates that the Federal Reserve System receive and investigate consumer complaints involving state member banks. Complaints received by the Federal Reserve System involving state member banks are forwarded for investigation to the Federal Reserve Bank with direct supervisory responsibility for the bank. Complaints against institutions regulated by other agencies are forwarded to the federal or state agencies with direct supervisory responsibility for those institutions.

A 1976 staff report by the Subcommittee on Consumer Affairs of the House Committee on Banking, Currency and Housing recommended the periodic evaluation of the Federal Reserve's complaint-handling system. In response, the Board developed the Consumer Satisfaction Questionnaire in May 1977 to be sent to consumers whose complaints involve state member banks. Completion of the questionnaire is voluntary. The questionnaire has been revised from time to time to assess consumer attitudes more accurately.

¹ See Press Release dated November 19, 2007: www.federalreserve.gov/newsevents/press/other/20071119a.htm.

As part of the Federal Reserve System's efforts to improve its ability to serve consumers, in November 2007, the System launched a project to centralize and streamline the intake of consumer complaints and inquiries. A new central site was established, the FRCH center, which provides consumers with a single point of access to the Federal Reserve for addressing complaints and inquiries. The FRCH center is operated by the Federal Reserve's existing call centers and staff. In an effort to ensure that the new center is adequately serving consumers, the FR 1379b would be implemented to allow the Federal Reserve to better assess how the FRCH staff are handling consumer complaints and inquiries. In an effort to speed up the process by which complaints are handled, the FR 1379c would be implemented in order to provide consumers with a new form that could be used when filing a complaint against a state member bank. The FR 1379c would ask consumers for specific information about the complaint in order to minimize follow up calls to the consumer.

Description of Information Collection

The purpose of the current FR 1379 questionnaire is to assess consumers' satisfaction with Federal Reserve handling of and written response to complaints at the conclusion of the Federal Reserve investigation. The Federal Reserve conducts investigations of all complaints against state member banks. At the conclusion of the investigation, the Federal Reserve sends a closing letter to the consumer explaining the results of the investigation. A FR 1379 questionnaire is then mailed to the consumer with a return self-addressed, postage-paid envelope. Although participation is optional, the questionnaire indicates that the responses would help improve the Federal Reserve's service to consumers. The respondent panel consists of all consumers who have filed complaints against state member banks.

Proposed Revisions

The Federal Reserve proposes to renumber the current FR 1379 to the FR 1379a. In an effort to minimize burden, the number of questions would be reduced from twenty-five to six to focus on the information most necessary for evaluating the Federal Reserve's complaint program. The FR 1379a would ask consumers to indicate their level of satisfaction with four aspects of the Federal Reserve's investigation using a five-point scale from very dissatisfied to very satisfied:

1. the amount of time it took to investigate their complaint,
2. their treatment by Federal Reserve staff,
3. whether their concerns were addressed, and
4. the clarity of the Federal Reserve response.

The fifth question on the FR 1379a would ask consumers to indicate how they learned about the Federal Reserve's consumer complaint program, and the sixth question would ask whether they would contact the Federal Reserve again for assistance.

The Federal Reserve proposes to delete the demographic questions and the open-ended question asking consumers to further explain their responses. Demographic information was previously used to conduct studies on complaint behavior and consumer satisfaction that were published in the *Journal of Satisfaction / Dissatisfaction & Complaining Behavior* and the *International Journal of Consumer Studies*. Those studies explored the economic impact of complaint resolution and consumer satisfaction and provided a profile of consumers who complain. Collection of demographic data on the consumer satisfaction questionnaire is no longer needed because the focus of that section's research has changed and the data is available from other sources, such as the Ongoing Intermittent Survey of Households (FR 3016; OMB No. 7100-0150) and the Studies to Develop and Test Consumer Regulatory Disclosures (FR 1380; OMB No. 7100-0312).

The respondent panel for the revised questionnaire would not change, consisting of consumers who file complaints against state member banks; however, since the volume of complaints coming into the new FRCH center has increased substantially, there would be a corresponding increase in the number of state member bank complaints received and investigated, and thus, in the number of questionnaires administered.

Implement Consumer Survey (FR 1379b)

The Federal Reserve proposes to implement the Federal Reserve Consumer Help Center Survey (FR 1379b) to assess the quality of customer service provided by the FRCH staff at the beginning of the consumer complaint and inquiry process (when consumers first contact the FRCH center via telephone, mail, or email to voice their complaint or inquiry). The results of the consumer survey would be used to gauge consumers' satisfaction with the FRCH center's service and responsiveness to the consumer's incoming inquiry or complaint. Consumers would be surveyed by e-mail and mail. Administering the survey via telephone to callers before their incoming call is completed is also being considered.

The FR 1379b questionnaire would first ask consumers to indicate how they learned about the FRCH center. The next four questions would ask consumers to indicate their level of satisfaction regarding the quality and speed of the FRCH representative's service, using a 5-point scale where 1 represents poor and 5 represents excellent. The survey would also ask consumers to rate the performance of customer service provided by the FRCH representative in three areas, including knowledge of consumer information, ability to provide information efficiently, and courtesy and professionalism. Finally, consumers would be able to request follow-up action on a specific problem or concern about the service they received.

Customer satisfaction is important to the success of the FRCH center, and consumer satisfaction ratings will be one of the FRCH center's quality metrics. The feedback from the survey would be used to enhance the FRCH staff processes and training, specifically in the areas of knowledge of consumer-related resources and consumer interaction skills. Information from this survey would also be used to monitor and modify, if necessary, service level standards. (If

consumers voice concerns about speed of answer, for example, changes to established service levels may be considered.)

Implement Online Complaint Form (FR 1379c)

The Federal Reserve also proposes to implement the Federal Reserve Consumer Help Online Complaint Form (FR 1379c), an online, fillable complaint form that would enhance consumers' ability to contact the Federal Reserve electronically. Allowing consumers to electronically complete and submit the complaint form on the FRCH web site would increase the speed with which consumers can transmit their complaint and receive a response from the FRCH center.

The new FRCH web site allows consumers to submit a free-form e-mail to the FRCH center or download the current complaint form that can then be e-mailed, mailed via the US Postal Service, or faxed to the FRCH center. The current form asks consumers for their basic contact information (name, address, telephone number) and a general description of the complaint.

The fields of information on the proposed FR 1379c would include those on the current form and (1) country field for the consumer's contact information; (2) a checkbox for the consumer's preferred method of contact (mail, e-mail, or phone); (3) the institution's name, address, and account or product type involved; (4) an open-ended field asking for contact or location information about the bank or financial institution; (5) a question asking consumers how their complaint can be satisfactorily addressed; and (6) a field to indicate how they learned about FRCH. Lastly, the current complaint section was modified to request a more detailed description of the complaint, including the names and dates of contact(s) at the institution.

Time Schedule for Information Collection and Publication

There are no established time schedules for completing the consumer satisfaction questionnaire, consumer survey, or online form because their use is strictly voluntary and the respondents are private citizens. Completed surveys may be stored with the consumer complaint and inquiry files in the Federal Reserve System's consumer complaint and inquiry database. Data related to individual consumers or personally identifiable information are not published; however, data are aggregated to support congressional testimony or to report trends for use in the Federal Reserve Board's Annual Report.

Legal Status

The Board's Legal Division has determined that the FR 1379 is authorized by law (15 U.S.C. §57(a)(f)(1)) and is voluntary. While the individual respondent's information is confidential, once such information has been aggregated, the aggregated information is not considered confidential. The information may be aggregated with responses from other respondents and released in statistical format while maintaining the privacy of the individual

respondents. If a respondent provides information not specifically solicited on the form, that information may be exempt from disclosure under the Freedom of Information Act (5 U.S.C. § 552(b)(4), (b)(6), or (b)(7)) upon specific request from the respondent.

Consultation Outside the Agency

On February 4, 2008, the Federal Reserve published a notice in the *Federal Register* (73 FR 6515) requesting public comment for sixty days on the extension, with revision, of the FR 1379 questionnaires. The comment period for this notice expired on April 4, 2008. The Federal Reserve did not receive any comment letters; the revisions will be implemented as proposed. On April 16, 2008, the Federal Reserve published a final notice in the *Federal Register* (73 FR 20673).

Sensitive Questions

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

Estimates of Respondent Burden

As shown in the table below, the total annual reporting burden for the current FR 1379 is estimated to be 170 hours, based upon 512 consumer responses (an historic response rate of 22 percent) and an estimate of twenty minutes to complete. Given the rising volume of consumer complaints it is projected that the new FRCH center will receive approximately 40,000 complaints and inquiries per year. Federal Reserve estimates the consumers who choose to respond to the surveys or use the online complaint form would spend approximately five minutes completing each of the FR 1379a and FR 1379b and approximately ten minutes completing the FR 1379c.

The panel for the proposed FR 1379a would continue to consist of respondents who file complaints against state member banks. It is estimated that of the 40,000 complaints and inquiries received 24,000 (60 percent) are complaints. Of the 24,000 complaints, 12,000 (50 percent) are about state member banks. Based on the historical response rate of 22 percent (for this questionnaire) the Federal Reserve estimates that 2,640 consumers will complete and return the questionnaire.

The proposed FR 1379b respondents would be surveyed randomly; FRCH staff estimate that they would survey 12,000 consumers (30 percent) who contact the center. Based on response rates to similar industry surveys, staff predicts a 15 percent response rate, or 1,800 consumers responding to the survey.

The Federal Reserve estimates that approximately 25 percent of all consumers contacting the FRCH center would do so via the online complaint form (FR 1379c). Therefore, based on the current projection, approximately 10,000 consumers per year would fill out and submit the

online form. Use of this form, however, is voluntary and consumers may choose to contact the FRCH center via other means. There is no burden associated with the complaints or inquiries received via phone or free-form e-mails because the consumer is not responding to specific questions. If staff need to contact consumers subsequent to receiving a complaint in order to obtain additional information necessary to respond or investigate the complaint, those discussions would be considered follow-up conversations, which are exempt from PRA burden calculations.

The overall net increase in the estimated total burden of 1,867 hours for this information collection is due to the following factors: a decrease in the estimated average hours per response from 20 minutes to 5 minutes for the FR 1379a, an increase in the estimated number of responses by consumers from 512 to 2,640 for the FR 1379a, and the implementation of the FR 1379b and FR 1379c. The total burden for the proposed information collection represents less than 1 percent of total Federal Reserve System annual burden.

	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
<i>Current</i>				
FR 1379	512	1	20 minutes	170
<i>Proposed</i>				
FR 1379a	2,640	1	5 minutes	220
FR 1379b	1,800	1	5 minutes	150
FR 1379c	10,000	1	10 minutes	<u>1,667</u>
<i>Proposed total</i>				2,037
<i>Change</i>				1,867

Based on an hourly rate of \$18², the estimated annual reporting cost to the public would increase from \$3,060 to \$36,666.

Estimate of Cost to the Federal Reserve System

The total annual cost to the Federal Reserve System for the printing, distributing, and processing of this questionnaire is minimal.

² This hourly rate is based on the A.S. Department of Labor Bureau of Labor Statistics, 2002 Quarterly Census of Employment and Wages (www.bls.gov/cew/state2002.txt).