

Supporting Statement Part-B
Consumer Protection Surveys
(FR 3053; OMB No. 7100-to be assigned)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to implement the Consumer Protection Surveys (FR 3053; OMB No. 7100-to be assigned). The Federal Reserve would use this event-driven survey to obtain information specifically tailored to the Federal Reserve's supervisory, regulatory, operational, informational, and other responsibilities.

The FR 2353 studies would be used to gather qualitative and quantitative information directly from: consumers (consumer studies), financial institutions and other financial companies offering consumer financial products and services (financial institution study), and other stakeholders, such as state or local agencies, community development organizations, brokers, appraisers, settlement agents, software vendors, and consumer groups (stakeholder studies).

Overview of Statistical Methods

The Federal Reserve proposes to conduct various versions of the Consumer Protection Surveys during the year, as needed, to collect information on specific issues that affect its decision making. The survey's principal value would be the flexibility it provides the Federal Reserve to respond quickly to the need for data due to unanticipated economic, financial, or regulatory developments and unforeseen Congressional requests for information. The Federal Reserve cannot predict what specific information would be needed but, because such needs are generally very time sensitive, is requesting approval to conduct the Consumer Protection Surveys as needed. They could conduct up to 12 consumer-focused surveys, four financial institution surveys, and four stakeholder-focused surveys annually, although information may not be needed that frequently.

The survey topics discussed with the respondents would be time sensitive and the questions of interest would vary with the focus of the survey. Because the relevant questions would change with each survey, there would be no fixed reporting form. For each survey, the Federal Reserve would prepare questions of specific topical interest. The Federal Reserve would then determine the relevant target group to contact.

The FR 3053 could take the form of interviewer-mediated face-to-face or telephone interviews; self-administered interviews administered on paper, the telephone, or the Internet; controlled experiments; focus group discussions; cognitive interviews; or other formal or less formal formats. The size of the samples and the length of the data collection period would vary depending on the particular informational needs.

Written qualitative questions or questionnaires might include categorical questions, yes-no questions, ordinal questions, and open-ended questions. Written quantitative surveys would include dollar amounts, percentages, numbers of items, interest rates, and other such information; adequate data of this sort would not be available from any other source. Federal Reserve would review any information to be collected on a case-by-case basis to determine if the information is available by other means or sources. Less formal information collection studies, such as focus groups or cognitive interviews, would use a set of structured qualitative and quantitative questions as a guide to more extended discussion of the questions and answers.

Written quantitative surveys would enable the Federal Reserve to collect a limited amount of data from a defined set of consumers, financial institutions, stakeholders, or related entities in the event of an immediate and critical need for specific information. These data would not be collected on any other reporting form or on the same frequency as other substantively similar data.¹

The FR 3053 could be conducted through a private firm, which would be chosen in a competitive bidding process or other acceptable negotiated process.² The research instruments could be developed by the Federal Reserve alone or jointly with the firm selected by the Federal Reserve. As necessary, the firm would be responsible for testing the survey procedures, following the sampling protocol established by the Federal Reserve, conducting the survey as specified by the Federal Reserve, preparing data files containing the responses, computing analysis weights, and documenting all survey procedures. Data editing and analysis of the results would be conducted either solely by the Federal Reserve or jointly with the firm.

For surveys of financial institutions, much of the information would be obtained via written surveys because (1) data are maintained in general ledger systems and may not be readily available or (2) the data may be maintained by different operational areas of the financial institution, requiring input from multiple individuals.

Topics covered by the FR 3053 may include:

For consumers

- ability to notice, comprehend, and use disclosures,
- ability to comprehend terms of credit or account agreements,
- preferences about the delivery of information (content, format, timing, and method),
- comprehension of particular deliveries of information (electronic and paper media),
- abilities to use a particular method of delivery, such as web-based disclosures, and
- skills and practices in searching, shopping, and negotiating for credit or other financial products.

1 Studies to Develop and Test Consumer Regulatory Disclosures (FR 1380; OMB No. 7100-0312) and Ongoing Intermittent Survey of Households (FR 3016; OMB No. 7100-0150)

2 Firms used by the Federal Reserve to conduct past surveys include the University of Michigan's Survey Research Center (SRC), NORC (a social science and survey research organization at the University of Chicago), MacroInternational, Inc. in Calvert, MD, and Rockbridge and Associates in Great Falls, VA.

For financial institutions and stakeholders

- effect of disclosure, marketing, advertising, and sales practices of the mortgage, consumer credit, and other relevant financial services industries,
- effect of disclosure, marketing, advertising, and sales practices of other financial services or products sold by banks,
- terms of credit or account agreements,
- influence of the Community Reinvestment Act (Reg BB; CRA) and fair lending regulations on the financial institution's involvement in lending and community development, and
- effect of marketing and other industry practices on the availability and price of credit to consumers of different races, ethnicities, genders, incomes, and geographic locations.

The first proposed study would focus primarily on consumer financial capability and competency, using a random-sample Internet survey to gather data to compare with the Federal Reserve Board's 2001 Financial Literacy survey. Selected benchmark questions would be included to allow comparisons with other national and international financial capability studies.