

Request for Approval under the “Generic Clearance for Development and or Testing of Model Forms, Disclosures, Tools, and Other Similar Related Materials” (OMB Control Number: 3170-0022)

1. TITLE OF INFORMATION COLLECTION:

Usability Testing for Prepaid Products Model Form Development

2. PURPOSE:

The Electronic Fund Transfer Act (EFTA) establishes the rights, liabilities, and responsibilities of participants in electronic fund transfer (EFT) systems, with the primary objective of providing individual consumer rights. The EFTA is implemented in Regulation E (12 CFR part 1005) by the Consumer Financial Protection Bureau (CFPB).

Prepaid financial products are one of the fastest growing payment instruments in the United States. Some consumers may use these products as an alternative to traditional checking or demand-deposit accounts. For example, consumers may reload funds onto a card through direct deposit of their paychecks or government benefits. Prepaid products do not, however, carry the same protections given to checking accounts and EFTs under federal law, because Regulation E has traditionally been interpreted not to apply to the products.

Given the growth in the market for prepaid financial products and the risk of consumer harm, the CFPB expects to propose to apply provisions in Regulation E to prepaid products. The CFPB further expects that its proposal will include model disclosure forms that providers of prepaid products may use as the basis for the pre-purchase disclosures that they will be required to provide to consumers in the marketplace.

The CFPB previously sought and received approval from the Office of Management and Budget (OMB) to conduct four focus groups with prepaid card customers.¹ Through these focus groups, CFPB learned more about how consumers use prepaid products, how they make decisions about the purchase of prepaid products, and whether they feel they have the information necessary to make informed decisions about these products. The focus groups also provided an opportunity to solicit participants’ reaction to several fee disclosures that are currently used in the prepaid card marketplace.

The CFPB now seeks approval from OMB to conduct three rounds of 90-minute one-on-one interviews for the purposes of testing the usability of model disclosure forms that the CFPB is developing. Each round would consist of interviews with 10 consumers, for a total of 30 interviews. These usability testing interviews will provide data on the effectiveness and understandability of these model forms, which will then be used to revise the forms before the next round of iterative testing and ultimately for inclusion in the CFPB’s proposal.

The CFPB has retained a contractor to assist it with conducting these interviews, as well as using the results to refine the model disclosure forms for prepaid products. The CFPB has drafted a Proposed

¹ See <http://www.reginfo.gov/public/do/DownloadDocument?documentID=427050&version=1>

Interview Guide (Attachment A), as well as some preliminary model forms that illustrate the types of documents that would be shown to consumers in the interviews (Attachment B). The description of each fee, term, or program and the amount of each fee, term, or program in the guide and forms that will be used during the testing interviews may vary from what appears in the attached guide and forms. For example, the CFPB is considering testing forms containing certain fees in the context of a range of fees for comparable products.

3. DESCRIPTION OF RESPONDENTS:

The CFPB's contractor will subcontract with a research facility (or multiple facilities), which will provide facilities for the interviews as well as pre-screened participants. Participants will be qualified for the interviews based on a number of criteria related to their use and purchase of prepaid and other financial products, as well as demographic criteria such as their age, ethnicity, education level, and gender. The respondent characteristics that will be sought from the research facility are described in the proposed Participant Screener for Prepaid Product Interviews (Attachment C). The goal of these screening criteria is to ensure that the participants are knowledgeable enough to provide meaningful information about the topics being discussed, and to ensure the inclusion of a variety of perspectives.

4. TYPE OF COLLECTION (Administration of the instrument):

a. How will you collect the information? (Check all that apply)

- | | |
|---|--------------------------------------|
| <input type="checkbox"/> Web-based or other forms of Social Media | <input type="checkbox"/> Telephone |
| <input checked="" type="checkbox"/> In-person | <input type="checkbox"/> Mail |
| <input type="checkbox"/> Small Discussion Group | <input type="checkbox"/> Focus Group |
| <input type="checkbox"/> Other, Explain _____ | |

b. Will interviewers or facilitators be used?

Yes No Not Applicable

c. What type of disclosure or model form is being tested?

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Mortgage | <input type="checkbox"/> Student Loan |
| <input type="checkbox"/> Credit Card | <input checked="" type="checkbox"/> Prepaid Cards |
| <input type="checkbox"/> Remittances | <input type="checkbox"/> Other (Explain): _____ |

5. FOCUS GROUP OR SURVEY:

If you plan to conduct a focus group or survey, please provide answers to the following questions:

a. Do you have a customer list or something similar that defines the universe of potential respondents and do you have a sampling plan for selecting from this universe?

Yes No Not Applicable

b. If the answer is yes, please provide a description below. If the answer is no, please provide a description of how you plan to identify your potential group of respondents and how you will select them?

The CFPB's contractor will partner with a professional research facility (or facilities) to conduct recruitment. The facilities will utilize a recruitment screener (Attachment C) and will be fully oriented to the project and the recruitment goals prior to beginning their work. The facilities will screen participants from a pre-recruited database of people who have indicated their interest in being involved in qualitative research studies.

The participation goals described in the recruitment screener are intended to ensure a mix of participants in terms of age, race/ethnicity, gender, and education. Because this research is qualitative and results will not be generalized to a larger population, the characteristics of participants are not required to match a larger population distribution. With that said, the CFPB believes that it is possible that consumers' knowledge, understanding, and attitudes about their prepaid product accounts may differ based on these demographic variables, and therefore seek to ensure the inclusion of a variety of perspectives among the interview participants.

6. PERSONALLY IDENTIFIABLE INFORMATION:

a. Is personally identifiable information (PII) collected? Yes No

The CFPB expects that participant screening will have been conducted by the research facilities contracted by its contractor to facilitate the testing. In that regard, research facilities generally pre-screen a broad range of candidates for future use. In any event the CFPB and its contractor will not have access to personally identifiable information regarding the test participants and will not seek it out. The CFPB similarly expects that distribution of incentive payments will be conducted by the subcontractor.

The proposed informed consent form for the interviews (Attachment D) assures participants that participation is "[t]otally voluntary" and that:

- "We will not disclose personal information about you, except as described in this form, unless legally authorized or required by law to do so";
- "Your name will not be used in any written reports or presentations for this project"; and
- "audio and video recordings [of the interviews] may be shared with the employees of the Consumer Financial Protection Bureau and authorized contractors who have a need for the information for official business purposes. All such persons are under obligation to protect the privacy of the information in the records."

The CFPB has specified in its contract that its contractor, its employees, its subcontractors, and its subcontractors' employees will not disclose to any third party, or otherwise use, any information it obtains or prepares in the course of performance under the contract, including personally identifiable information, without first receiving written permission from the CFPB.

b. If Yes, is the information that will be collected included in records that are subject to the Privacy Act of 1974? Yes No Not Applicable

c. If Applicable, has a System of Records Notice been published?

Yes No Not Applicable

7. INCENTIVES:

a. Is an incentive provided to participants? Yes No

b. If Yes, provide the amount or value of the incentive? \$75

c. If Yes, provide a statement justifying the use and amount of the incentive.

We will provide an incentive payment of \$75 to each interview participant, to compensate them for an estimated two-and-a-half hours of time (a 90-minute interview, plus an average of an hour in travel to and from the interview facility). We believe that \$75 is the minimum incentive the project can offer and still expect to recruit a demographically and geographically diverse group of consumer respondents. In that regard, our contractor has extensive experience recruiting for similar usability studies, and advises that a \$75 to \$100 incentive payment is a standard best practice in the industry when recruiting a demographically diverse set of respondents for 90-minute interviews. In preparing for this study the contractor has contacted several research facilities in the Washington D.C. metropolitan area, and all have indicated that they would not be able to successfully recruit for the interviews if the incentive were lower than \$75. Many research facilities are located in suburban locations in order to have access to both urban and rural participants. While this provides greater demographic diversity, it also means that many participants have to travel significant distances in order to be interviewed.

8. BURDEN ESTIMATES:

Information Collection	Number of Respondents	Participation Time	Burden Hours
Participant Screener	150	5 minutes	13
Interview Participants	30	90 minutes	45
Totals		////////////////////	58

9. FEDERAL COST:

The cost to the CFPB for the portion of its contract with its contractor that relates to the proposed usability testing is \$64,714. There are no additional costs to the Federal Government.

10. CERTIFICATION:

By submitting this document, the CFPB certifies the following to be true:

- The collection is voluntary.
- The collection is low-burden for respondents and low-cost for the Federal Government.
- The collection is non-controversial and does not raise issues of concern to other federal agencies.
- The results are not intended to be disseminated to the public.

- Information gathered will not be used for the purpose of substantially informing influential policy decisions.
- The collection is targeted to the solicitation of opinions from respondents and is limited to information that is qualitative and formative in nature.
- The results will not be used to measure regulatory compliance or for program evaluation.