

**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)**

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**1. TITLE OF INFORMATION COLLECTION:**

**Overdraft Opt-In Model Form Testing**

**2. PURPOSE:**

The purpose of this qualitative testing is for the Consumer Financial Protection Bureau (“CFPB”) to assess opportunities to improve consumer understanding and decision-making regarding their options relating to overdraft services on debit card and ATM transactions. Consumers currently make the decision whether to affirmatively consent (“opt in”) to fee-based overdraft services on everyday debit card and ATM transactions using a notice that is in a form that is substantially similar to Model Form A-9 (attached hereto as a supplemental document for reference), which was promulgated by the Federal Reserve Board in its amendment to Regulation E in 2009 (OMB control number 3170-0014). Electronic Fund Transfers, Regulation E (Final Rule), 74 Fed. Reg. 59033 (Nov. 17, 2009). The Bureau has found through its inquiry into overdraft programs, which launched in February 2012, that opt-in rates vary significantly between institutions and that overdraft fees paid are higher for opted-in accounts than for accounts not opted in. The Bureau is interested in assessing options to improve the clarity of the Regulation E opt-in notice and Model Form A-9 through consumer testing of alternatives.

**3. DESCRIPTION OF RESPONDENTS:**

Participants will include adults (age 18 and older) who have checking accounts and a higher likelihood of recent experience with overdraft fees than the general population. This likelihood of experience with overdraft fees will be assessed through a screening question that is empirically linked with overdraft use. Participants will be qualified for the study based on responses to screening questions, which include demographic information to ensure that the participants represent a range of demographic groups such as age, gender, race/ethnicity, income, and education.

**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"/> Electronic Disclosure        |
| <input type="checkbox"/> Credit Card  | <input type="checkbox"/> Pre-paid Cards  | <input type="checkbox"/> Check Cashing                |
| <input type="checkbox"/> Remittances  | <input type="checkbox"/> Debt Collection   | <input checked="" type="checkbox"/> Checking Accounts |
| <input type="checkbox"/> Payday Loans | <input checked="" type="checkbox"/> Other (Explain): <u>Overdraft opt-in notices</u> |   |

**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 has retained a contractor to recruit participants and to conduct cognitive and user experience testing of forms with the participants. The contractor will screen participants from their database of contacts that have expressed interest in participating in research studies. They will also advertise the study to recruit new participants through fliers in the local community and by advertising on social media and in local publications. Potential participants will complete a web-based screener, and respondents who qualify based on the web screener will be called and administered a phone screener. Qualifying respondents who agree to participate in the study will then be scheduled for a session.

The participation goals described in the recruitment screener are intended to ensure a mix of participants in terms of age, gender, race/ethnicity, income, 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. However, the CFPB believes that it is possible that consumers' understanding and use of overdraft services on their checking accounts may differ based on these demographic variables, and therefore seeks to ensure the inclusion of a variety of perspectives among the interview participants. Recruitment will particularly focus on ensuring that consumers with low incomes and consumers with low educational attainment are included.

## **6. PERSONALLY IDENTIFIABLE INFORMATION:**

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

PII will be collected by the contractor for the purposes of determining eligibility for the study, for scheduling sessions with eligible participants, and for providing compensation. PII will not be collected during the sessions or associated with the information collected during the sessions about the forms. 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

**If applicable, provide link to the Privacy Impact Assessment (PIA):**

**[http://files.consumerfinance.gov/f/201412\\_cfpb\\_market-research-in-the-field-v1.pdf](http://files.consumerfinance.gov/f/201412_cfpb_market-research-in-the-field-v1.pdf)**

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

Yes  No  Not Applicable

If yes, cite the SORN.

Title: Market and Consumer Research Records 77 FR 28

**7. INCENTIVES:**

- a. Is an incentive provided to participants?**  Yes  No
- b. If Yes, provide the amount or value of the incentive?** \$50 for a 30-minute session and \$75 for a 60-minute session.
- c. If Yes, provide a statement justifying the use and amount of the incentive.**

The contractor has extensive experience conducting qualitative cognitive testing and user experience sessions with consumers and has recommended the amounts as necessary for recruiting a demographically diverse group of consumer participants. The incentive will compensate participants for the time spent on the session as well as the time spent traveling to the testing facility. The primary research facility is located in Arlington, VA, which provides access to both urban and rural participants. While this enables demographic diversity, it also means that participants may have to travel significant distances in order to be interviewed.

**8. BURDEN ESTIMATES:**

Information Collection	Number of Respondents	Frequency	Number of Annual Responses	Average Response time (hours)	Burden Hours
Participant Screener	288	1x	288	3 minutes	14
Cognitive testing participants, round 1	24	1x	24	0.5 hours	12
Cognitive testing participants, rounds 2 - 4	18 <sup>1</sup>	1x	18	1.0 hours	18
User experience testing participants	30	1x	30	1.0 hours	30
<b>Totals</b>	288 <sup>2</sup>	//////	360	//////	74

**9. FEDERAL COST:** The estimated annual cost to the Federal government is \$ 165,761.

The cost to the CFPB for the portion of its contract with its contractor that relates to the proposed usability testing is \$165,761. There are no additional costs to the Federal Government.

**10. CERTIFICATIONS**

**PURSUANT TO 5 CFR 1320.9, AND THE RELATED PROVISIONS OF 5 CFR 1320.8(b)(3) :**

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

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;

<sup>1</sup> Each round of testing will have 6 participants for a total of 18 in all three rounds

<sup>2</sup> The people selected for the cognitive interview will be a subset of those screened so the total number of respondents is 288.

- (d) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (e) It indicates the retention period for recordkeeping requirements;
- (f) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (g) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to be collected (see note in Item 19 of the instructions)
  - (i) It uses effective and efficient statistical survey methodology; and
  - (ii) It makes appropriate use of information technology.

**CERTIFICATION FOR INFORMATION COLLECTIONS SUBMITTED UNDER A GENERIC INFORMATION COLLECTION PLAN**

- (a) The collection is voluntary.
- (b) The collection is low-burden for respondents and low-cost for the Federal Government.
- (c) The collection is non-controversial and does not raise issues of concern to other federal agencies.
- (d) The results are not intended to be disseminated to the public.
- (e) Information gathered will not be used for the purpose of substantially informing influential policy decisions.
- (f) The collection is targeted to the solicitation of opinions from respondents who have experience with the topics or issues being studied.
- (g) The results will not be used to measure regulatory compliance or for program evaluation.
- (h) The results are not intended to be generalizable or otherwise draw inferences beyond the surveyed population