

# **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:**

Usability Testing for Prepaid Account 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 prepaid card through direct deposit of their paychecks or government benefits. Prepaid products do not, however, all carry the same protections given to checking accounts and EFTs under federal law, because Regulation E traditionally has been interpreted not to apply to certain kinds of prepaid products.

Given the growth in the market for prepaid financial products and the risk of consumer harm, the CFPB proposed rules to regulate certain types of prepaid products under Regulation E and under Regulation Z (12 CFR part 1026) as “prepaid accounts.” The CFPB’s notice of proposed rulemaking regarding prepaid accounts was published in the Federal Register on December 23, 2014 (Proposed Rule).<sup>1</sup> The public comment period ended on March 23, 2015. Pursuant to the Proposed Rule, financial institutions offering prepaid accounts would be required to provide certain disclosures to consumers before consumers acquire prepaid accounts. The Proposed Rule included model and sample disclosure forms that may be used to satisfy these requirements under Regulation E.

The CFPB developed the model and sample disclosure forms proposed in the Proposed Rule through focus groups and usability testing that the Office of Management and Budget (OMB) approved on November 15, 2013 and January 21, 2014, respectively (together, Phase 1 testing). Phase 1 testing consisted of four focus groups and three rounds of 90-minute one-on-one interviews with a total of 69 prepaid card customers. The focus groups served to inform the CFPB about consumer understanding and decision-making regarding the purchase and use of prepaid products. The interviews provided information on the effectiveness and understandability of several iterations of model disclosure forms, resulting in the development of the model and sample disclosure forms proposed by the CFPB in the Proposed Rule.

The CFPB now seeks approval from OMB to conduct two additional rounds of 90-minute one-on-one interviews for the purposes of further testing and refining the model disclosure forms (Phase 2 testing). Each round would consist of usability testing interviews with 10 consumers, for a total of 20 interviews.

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<sup>1</sup> 79 FR 77102 (Dec. 23, 2014).

The CFPB is considering possible revisions to the model and sample disclosure forms proposed in the Proposed Rule based on public comments received and other factors. The first round of the Phase 2 usability testing interviews will incorporate these possible revisions to the model and sample forms. This first round will in turn inform the second round of iterative testing. Both rounds of testing will inform the CFPB on the effectiveness and understandability of the forms. The CFPB will use the results of these usability testing interviews to inform the final versions of model and sample disclosures the CFPB expects to include in its final rule on prepaid accounts.

For Phase 2 of the prepaid disclosure testing, the CFPB will continue to work with the contractor it retained for Phase 1. The contractor will assist in conducting the interviews and using the results to refine the model and sample disclosure forms for prepaid accounts. The CFPB has drafted a Proposed Interview Guide (Attachment A). The Proposed Guide is comprehensive such that only a portion of the questions in the guide will be asked of any one participant. The CFPB’s model and sample disclosure forms proposed in the Proposed Rule and additional forms designed for this phase of testing (Attachment B) illustrate the types of documents that would be shown to consumers in the interviews. 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 or certain elements may not be retested. For example, the CFPB is considering using the Phase 2 testing to, among other things, refine targeted portions of the forms such as those addressing overdraft and credit-related fees.

**3. DESCRIPTION OF RESPONDENTS:**

The CFPB 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 Account Interviews (Attachment C). This is the same recruitment screener that was used for Phase 1 interview testing (with slight modifications). 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)**

- Web-based or other forms of Social Media
- In-person
- Small Discussion Group
- Other, Explain \_\_\_\_\_
- Telephone
- Mail
- Focus Group

**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:**

The CFPB will not be conducting any focus groups or surveys during this final phase of prepaid accounts disclosure testing. Its contractor is tasked with recruiting the 20 participants for the one-on-one interviews and the answers below reflect that recruitment process.

**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?**

As was done in Phase 1 interview testing, in this Phase 2, 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 accounts may differ based on these demographic variables, and therefore seek to ensure the inclusion of a variety of perspectives among the interview participants. While the CFPB seeks a diverse testing pool, the pool should not be considered a representative sample of the population as a whole.

**6. PERSONALLY IDENTIFIABLE INFORMATION:**

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

As was done in Phase 1 interview testing, in this Phase 2, 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 nor will they seek out this information. 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.”

This is the same informed consent form that was used for Phase 1 interview testing.

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):** Consumer Experience Research [http://files.consumerfinance.gov/f/201406\\_cfpb\\_consumer-experience-research\\_pia.pdf](http://files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf)

- c. If Applicable, has a System of Records Notice been published?**  
 Yes  No  Not Applicable

If yes, cite the SORN.

Title: CFPB.022 [Market and Consumer Research Records](#)  
FR: 77 FR 67802).

## 7. INCENTIVES:

- a. Is an incentive provided to participants?**  Yes  No

- d. 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 as compensation 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 preparation for Phase 1 interview testing, the contractor contacted several research facilities in the Washington D.C. metropolitan area, and all 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. An incentive payment of \$75 was also used for Phase 1 interview testing.

**8. BURDEN ESTIMATES:**

<b>Information Collection</b>	<b>Number of Respondents</b>	<b>Participation Time</b>	<b>Burden Hours</b>
Participant Screener	100	.08 hours	8
Interview Participants	20	1.5 hours	30
<b>Totals</b>	100*	////////////////////////////////////	38

\* The 20 Interview Participants are a subset of the 100 Screener Participants; therefore, the total estimated number of Respondents is 100.

**9. FEDERAL COST:**

The cost to the CFPB for the Phase 2 portion of its contract with its contractor that relates to the proposed usability testing is \$88,003. There are no additional costs to the Federal Government.

**10. CERTIFICATION:**

**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;
- (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.