

**Supporting Statement for the Consumer Satisfaction Questionnaire;
Federal Reserve Consumer Help – Consumer Survey, and
Consumer Online Complaint Form, and Appraisal Complaint Form
(FR 1379a,b,c and d; 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, the Federal Reserve Consumer Help (FRCH)¹ – Consumer Survey, and the Consumer Online Complaint Form (FR 1379a, b, and c; OMB No. 7100-0135). The FR 1379a questionnaire is sent to consumers who have filed complaints with the Federal Reserve against state member banks. The information is used to assess consumer satisfaction with the Federal Reserve’s handling of and written response to their complaints at the conclusion of an investigation. The FR 1379b questionnaire is sent as needed to consumers who contact the FRCH to file a complaint or inquiry. The information is used to determine whether consumers are satisfied with the way the FRCH handled their complaint. Consumers use the FR 1379c to electronically submit a complaint against a financial institution to the FRCH.

The Federal Reserve proposes to revise the FR 1379 information collection by adding the voluntary Appraisal Complaint Form (FR 1379d). The FR 1379d would collect information about complaints regarding a regulated institution’s non-compliance with the appraisal independence standards and the Uniform Standards of Professional Appraisal Practice,² including complaints from appraisers, individuals, financial institutions, and other entities. The information collected is necessary for federal agencies³ to better assist the Federal Financial Institutions Examination Council-Appraisal Subcommittee (FFIEC-ASC)⁴ in its efforts to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act,⁵ which requires a national hotline be established for appraisal related complaints. The appraisal complaint form was developed by an interagency work group tasked with assisting the FFIEC-ASC with establishing a national hotline for appraisal related complaints. Although FFIEC-ASC staff would operate the hotline, they would not review or respond to complaints; instead, they would forward complaints to the appropriate federal or state agency as determined by the nature of the complaint. The federal

1 www.federalreserveconsumerhelp.gov/

2 www.appraisalfoundation.org/

3 “Agencies” include the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), National Credit Union Administration (NCUA), and Consumer Financial Protection Bureau (CFPB).

4 Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 amended the FIRIRCA Act of 1978 to create the ASC "within" the FFIEC on August 9, 1989. Per Title XI, the ASC’s mission is to monitor federal, state, and appraisal industry initiatives relative to the appraisal process at federally regulated financial institutions and maintain a national registry of appraisers eligible to perform appraisals for federally related real estate transactions. As an independent FFIEC subcommittee, the ASC is funded by fees collected through the registry. The ASC board has seven members, one from each of these agencies: OCC, FRB, FDIC, NCUA, CFPB, FHFA and U.S. Department of Housing and Urban Development (HUD). The ASC website may be found at www.asc.gov/Home.aspx

5 Dodd-Frank Wall Street Reform and Consumer Protection Act § 1473, Pub. L. 111-203, 124 Stat. 1376, July 21, 2010.

agencies determined that in order to balance supervisory, legal, privacy, and Paperwork Reduction Act requirements, an interagency form would best serve the needs of the agencies and the FFIEC-ASC. The Federal Reserve proposes to extend the FR 1379a, FR 1379b, and FR 1379c without revision. A copy of the draft FR 1379d appraisal complaint form is included as an attachment.

The total current annual burden for the FR 1379 information collection is estimated to be 1,634 hours. With the proposed changes, the annual burden is estimated to increase by 100 hours to 1,734 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 appropriate 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 Federal Reserve Board developed the Consumer Satisfaction Questionnaire (FR 1379a) 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, most recently in 2008, to assess consumer attitudes more accurately.

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, which provides consumers with a single point of access to the Federal Reserve for addressing complaints and inquiries. FRCH is operated by existing call centers and staff at the Kansas City and Minneapolis Reserve Banks. In an effort to ensure that the FRCH is adequately serving consumers, the FRCH – Consumer Survey (FR 1379b) was implemented to allow the Federal Reserve to better assess how FRCH staff is handling consumer complaints and inquiries. To further improve the speed of the process by which complaints are handled, the Consumer Online Complaint Form (FR 1379c) was implemented to provide consumers with an electronic mechanism for filing their complaints. The FR 1379c requests specific information about the complaint in order to minimize follow up calls to the consumer.

Description of Information Collection

Consumer Satisfaction Questionnaire (FR 1379a)

The purpose of the FR 1379a 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 satisfaction questionnaire is then mailed as needed to the consumer by the Federal Reserve 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 FR 1379a includes four questions for which consumers indicate their level of satisfaction with the Federal Reserve's investigation using a 5-point scale 1 represents very dissatisfied and 5 represents very satisfied. The questions focus on:

- 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) clarity of the Federal Reserve's response.

A fifth question asks consumers to indicate how they learned about the Federal Reserve's consumer complaint program, and a sixth question asks whether they would contact the Federal Reserve again for assistance. The respondent panel for the questionnaire consists of consumers who file complaints against state member banks.

Federal Reserve Consumer Help (FRCH) - Consumer Survey (FR 1379b)

The FR 1379b assesses the quality of customer service provided by FRCH staff at the beginning of the consumer complaint and inquiry process (when consumers first contact the FRCH via telephone, mail, or email to submit their complaint or inquiry). The results of the survey are used to gauge consumers' satisfaction with the FRCH's service and responsiveness to the consumer's incoming complaint or inquiry. Consumers are surveyed as needed by e-mail and mail.

The consumer survey asks consumers to indicate how they learned about the FRCH. The next four questions ask consumers to indicate their level of satisfaction regarding the quality and speed of the FRCH representative's service, using a 5-point scale (1 represents poor and 5 represents excellent). The survey also asks consumers to rate the performance of customer service provided by the FRCH representative in three areas:

- 1) knowledge of consumer information,
- 2) ability to provide information efficiently, and
- 3) courtesy and professionalism.

Finally, consumers are able to request follow-up action on a specific problem or concern about the service they received.

Consumer Online Complaint Form (FR 1379c)

The Consumer Online Complaint Form (FR 1379c), an online, fillable complaint form, enhances the consumer's ability to contact the Federal Reserve electronically. It allows consumers to electronically complete and submit the complaint form on the FRCH website thereby increasing the speed by which consumers transmit their complaint and receive a response from FRCH staff.

Alternatively, consumers may download, complete, and submit a PDF version of the complaint via e-mail, mail (via the US Postal Service), or fax. The current complaint form requests such information as the consumer's contact information, information about the institution they are filing a complaint against, a description of the complaint, and how it can be satisfactorily addressed.

The fields of information on the FR 1379c include:

- 1) Your information section: the consumer's contact information (name, address, email address, phone number, and preferred method of contact (mail or e-mail));
- 2) Institutions section: information about the institution the complaint pertains to (name, account or product type, address, email address, and phone number); and
- 3) Two open-ended questions: description of the complaint and how the complaint can be satisfactorily addressed.

Proposed Revision

Implement Appraisal Complaint Form (FR 1379d)

The Federal Reserve proposes to add the FR 1379d appraisal complaint form in the FR 1379 information collection. The FR 1379d would collect information from consumers, appraisers, regulated financial institutions, and other entities necessary to review appraisal-related complaints against Federal Reserve-regulated institutions. The FR1379d appraisal complaint form would collect the following information, much of which is in a check box format:

1. Complainant's information (e.g., name or business, phone number, address, and email),
2. Complainant's affiliation (e.g., property owner, broker, appraiser, lender, or other),
3. Subject of complaint (e.g., appraiser, appraisal management company, lender, or other),
4. Address/contact information of person or entity subject to complaint,
5. Nature of complaint (e.g., appraisal inaccuracy, appraiser independence),
6. Property description and physical location,
7. Previous attempts at resolution, and

8. General description of the complaint.

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 by the consumers is voluntary. Completed FR 1379a and b surveys may be stored with the consumer complaint and inquiry files in the Federal Reserve System's consumer complaint and inquiry database (CAESAR). The FR 1379c consumer complaint data is input into CAESAR and used to acknowledge and respond to consumers.

CAESAR data related to individual consumers or personally identifiable information is not published; however, CAESAR data are aggregated to support congressional testimony or to report trends for use in the Federal Reserve Board's Annual Report, System staff presentations, or writing consumer regulations. Examples of data that are typically used in this manner include volume of complaints or inquiries, volume of state member bank complaints or complaints against a particular institution, and specific types of complaints such as those about credit card fees.

The Federal Reserve Board and the other agencies⁶ anticipate having the appraisal complaint form in place by the first quarter of 2013 and FFIEC-ASC ready to accept calls to the hotline for initial processing. The Federal Reserve Board is working with the other agencies and the ASC to finalize the actual process by which the information would be collected and forwarded to the responsible agency for review of the complaint.

Legal Status

The Board's Legal Division has determined that the FR 1379a,b,c is authorized by law pursuant to section 11(a) of the Federal Reserve Act (12 U.S.C. §248(a), and sections 3(q) and 8 of the Federal Deposit Insurance Act (FDIC Act), 12 U.S.C. §§ 1813(Q) and 1818. Additionally the Board is authorized to collect the information on the FR 1379d pursuant to section 1103 of the Financial Institutions and Reform, Recovery, and Enforcement Act, which authorizes the Federal Financial Institutions Examination Council-Appraisal Subcommittee to "perform research, as [it] considers appropriate," for the purpose of carrying out its duties, 12 U.S.C. 3335. The obligation to respond is voluntary.

The FR 1379a is not considered confidential. The FR 1379b collects the respondent's name and the respondent may provide other personal information and information regarding his or her complaint. The FR 1379c collects the respondent's third-party representative if the respondent has such a representative. The proposed FR 1379d would collect the respondent's name and the respondent may provide other personal information and information regarding his or her complaint. Thus, some of the information collected on the FR 1379b, FR 1379c, and FR

⁶ On October 22, 2012 the FDIC, OCC, and NCUA published an initial *Federal Register* notice (77 FR 64595), separate from the Federal Reserve.

1379d may be considered confidential under the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), (b)(7)).

Consultation Outside the Agency

On November 14, 2012, the Federal Reserve published a notice in the *Federal Register* (77 FR 67816) requesting public comment for 60 days on the proposal to extend for three years, with revision, the FR 1379. The comment period for this notice expired on January 14, 2013. The Federal Reserve did not receive any comments. On January 29, 2013, the Federal Reserve published a final notice in the *Federal Register* (78 FR 6107).

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines (e.g., ethnicity, sexual relationships, etc.).

Estimates of Respondent Burden

As shown in the table below, the current total annual reporting burden for the FR 1379 is estimated to be 1,634 hours based upon 11,499 consumer responses. With the proposed changes, the annual burden is estimated to increase by 100 hours to 1,734 hours.

On average, the volume of consumer complaints and inquiries is 44,469 (22,575 complaints and 21,894 inquiries) per year. The Federal Reserve estimates that consumers spend approximately five minutes completing the Consumer Satisfaction Questionnaire (FR 1379a) and the FRCH – Consumer Survey (FR 1379b) and ten minutes completing the Consumer Online Complaint Form (FR 1379c).

FR 1379a respondents are surveyed as needed. The panel for the FR 1379a consists of respondents who file complaints against state member banks. Of the 22,575 complaints, an average of 6,321 (28 percent) are about state member banks. When the complaint form is used, historical data shows 1,391 of consumers (22 percent) will complete and return the questionnaire.

The FR 1379b respondents are surveyed as needed. When the form is used, historical data shows that FRCH staff surveys 13,341 consumers (30 percent) who contact the FRCH. Based on historical response rates, 2,001 of consumers (15 percent) respond to the survey.

Based on historical data, approximately 8,107 (36 percent) of total complaints received are submitted to the FRCH using the online complaint form (FR 1379c). Use of the online form, however, is voluntary and consumers may choose to contact the FRCH 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 the FRCH or the Federal Reserve needs to contact consumers subsequent to receiving a complaint in order to obtain additional information necessary to respond to or investigate the complaint, those discussions

would be considered follow-up conversations, which are exempt from the Paperwork Reduction Act.

The Federal Reserve estimates that complainants would take on average 30 minutes to complete the FR 1379d appraisal complaint form. Based on complaint data for appraisal-related complaints received to date, it is estimated that the volume of total complaints submitted to FRCH using the online appraisal complaint form (FR 1379d) would be minimal (approximately 200 annually). The total burden for the proposed information collection represents less than 1 percent of total Federal Reserve System paperwork burden.

	<i>Estimated 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 1379a	1,391	1	5 minutes	116
FR 1379b	2,001	1	5 minutes	167
FR 1379c	<u>8,107</u>	1	10 minutes	<u>1,351</u>
<i>Current Total</i>	11,499			1,634
<i>Proposed</i>				
FR 1379a	1,391	1	5 minutes	116
FR 1379b	2,001	1	5 minutes	167
FR 1379c	8,107	1	10 minutes	1,351
FR 1379d	<u>200</u>	1	30 minutes	<u>100</u>
<i>Proposed Total</i>	11,699			1,734
<i>Change</i>	200			100

Based on the proposed revisions and using an hourly rate of \$23, the annual reporting cost to the public is estimated to increase by \$2,300 from \$37,582 to \$39,882.⁷

Estimate of Cost to the Federal Reserve System

The total annual cost to the Federal Reserve System is minimal for printing, distributing, and processing. FRCH has indicated that the expected cost of processing complaints forwarded by the FFIEC-ASC to be minimal, given the historical volume of appraisal-related complaints received to date and the estimate of low volumes for future appraisal-related complaints.

⁷ The average consumer cost of \$23 is estimated using data from the BLS Economic News Release (USDLE-10-0393).