

**CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST – SUPPORTING STATEMENT
REPORT OF TERMS OF CREDIT CARD PLANS (FORM FR 2572)
(OMB CONTROL NUMBER: 3170-0001)**

TERMS OF CLEARANCE: None

ABSTRACT: Form FR 2572 collects data on credit card pricing and availability from a sample of at least 150 financial institutions that offer credit cards. The data enable the Consumer Financial Protection Bureau (CFPB or the Bureau) to present information to the public on terms of credit card plans.

A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

The FR 2572 was implemented in February 1990 as required by Section 5 of the Fair Credit and Charge Card Disclosure Act (FCCCA) of 1988.¹ Each respondent provides information about its credit card plan with the largest outstanding number of cards. The FCCCA requires the Federal Reserve to collect this information semiannually from the largest 25 issuers of credit cards and at least 125 additional institutions, in a manner that ensures both an equitable geographic distribution within the sample and representation of a wide spectrum of institutions. The Federal Reserve is further directed to make the credit card price information for each institution available to the public upon request and to report the information semiannually to the Congress. The credit card plan information is made available at the Federal Reserve Board's public web site, <http://www.federalreserve.gov/creditcard/survey.html>.² General consumer information about shopping for credit cards is also available at this web site.

Although the House and Senate Conference Report that accompanied the FCCCA did not explain specifically why the credit card reports are required, the legislative history suggests that the reports are intended to facilitate credit card shopping by consumers and thereby enhance competition.³ In this context, the credit card reports are similar to the Shopper's Guide to Credit that the Federal Reserve prepared as required by law for the Annual Percentage Rate Demonstration Project in 1984 and 1985.⁴

¹ The FCCCA was enacted on November 3, 1988, and amends the Truth in Lending Act (TILA) (15 U.S.C. 1601 et seq). Section 5 of the FCCCA added section 136(b) of TILA (15 U.S.C. § 1646(b)). Amendments to Regulation Z implementing the provisions of the FCCCA were adopted by the Federal Reserve Board on March 30, 1989, with an effective date of April 3, 1989. Creditors were required to comply with the new disclosure rules by August 31, 1989. See 54 FR 13855 (Apr. 6, 1989).

² The information was previously published in the E.5 statistical release "Report on the Terms of Credit Card Plans," but the E.5 was discontinued in 1994 in favor of a brochure format. Today, this credit card plan information is available only at the Federal Reserve Board's public web site.

³ U.S. Congress, Senate, "Report of the Committee on Banking, Housing, and Urban Affairs, to accompany H.R. 515," December 16, 1987. Statements by Edward M. Gramlich, p.12, and Senators Garn, Hecht, Bono, Karnes, and Shelby, p.14.

⁴ Board of Governors of the Federal Reserve System, "Annual Percentage Rate Demonstration Project," March 1987.

Section 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Public Law 111-203, transferred the authority to conduct the semiannual Report of Terms of Credit Cards, from the Federal Reserve Board to the CFPB on July 21, 2011. CFPB began to collect this information starting July 31, 2012, and the credit card plan information is now also available at <http://www.consumerfinance.gov/credit-cards/>.

2. Use of the Information

Section 136(b) of the Truth in Lending Act (TILA) (15 U.S.C. § 1646(b)) requires the CFPB to “collect, on a semiannual basis, credit card price and availability information, including the information required to be disclosed under section [127(c) of TILA (15 U.S.C. § 1637(c)). Section 127(c) requires issuers disclose, among other things:

- annual percentage rate for purchases (must state if it is a variable rate)
- length of the grace period
- name or description of the balance computation method
- minimum finance charge
- fee for issuance or availability (membership fee)
- fee for late payment
- fee for exceeding credit limit
- transaction fee for purchases
- transaction fee for cash advances.

To report credit card availability information, respondents state whether the credit card plan is available to consumers nationally (in all 50 states and the District of Columbia) or limited to consumers within a specific region or state (such as the issuer's home state). Generally, respondents are not required to fill out each line (corresponding to the states); rather, respondents may fill out one line that describes the most common terms, and then circle the states in which those terms apply, or fill out the lines for states in which different terms are offered. In practice, the majority of respondents offer national plans and fill out only one or two lines on the form. The reporting form also collects information on credit card plan enhancements, name and address for consumers to obtain a credit card application, and telephone number for consumer questions.

Reporting Panel

The CFPB follows the selection method the Federal Reserve used to identify the card issuers to which the FR 2572 is sent, including the 25 largest issuers, by analyzing data on the volume of outstanding credit card receivables that are reported on the Reports of Condition and Income for commercial banks (Call Reports) (FFIEC 031 and 041; OMB No. 7100-0036) and for thrift institutions (OTS Form 1313; OMB No. 1550-023). Like the 25 largest issuers, the other respondents are chosen by size, but only such that the required diversity of region and type of institution is achieved. The dynamism of the card industry, with trading of card receivables portfolios and entry into and exit from the industry, ensures turnover in the panel.

The CFPB distributed the FR 2572 reporting forms to 150 institutions in July 2012 and 160 institutions in January 2013. The number of solicitations extended in January 2013 exceeded 150 because some institutions that do not issue cards were chosen on the basis of holding large portfolios of credit card receivables. There is a lag of several months between the as-of date of the Call Report data used to choose the panel and the as-of date of the upcoming FR 2572, and an institution selected for the panel may have ceased issuing cards during that period. In addition, the extra solicitations are needed because the panel may include a number of subsidiaries of the same parent bank, in which case the CFPB will consolidate the data of these subsidiaries and count them as only one response. Also, on occasion banks are included if they are offering particularly attractive deals for consumers, regardless of size, as long as the offer is national. For the preceding reasons, the CFPB plans to increase the number of solicitations to approximately 200 for each period going forward.

Typically, about 90 percent of the responses come from commercial banks, with the remainder from savings banks, industrial banks, and savings and loans associations.⁵ The CFPB added 20 Credit Unions in January 2013 to increase the representation of such issuers. The panel is consistent with the criteria of the FCCCA: a reasonable number of creditors of each type, a significant geographic dispersion, and at least 150 card issuers, including the 25 largest issuers.

Time Schedule for Information Collection and Publication

Twice a year, the CFPB collects credit card price and availability information from a sample of card issuers on the FR 2572, as of January 31 and July 31. Each respondent must send its data within 10 business days of the as-of date by submitting form FR2572 electronically to a dedicated CFPB email box (TCCP@cfpb.gov). Individual respondent data are then published on CFPB's public website. The reports are intended to facilitate credit card shopping by consumers and enhance competition.

3. Use of Information Technology

The CFPB changed the submission method from faxing PDF/handwritten forms to emailing Excel forms electronically in July 2012. This change was non-material and have made the form submission efficient and timely and reduced logistical burden.

4. Efforts to Identify Duplication

This data is not otherwise available from any other source.

5. Efforts to Minimize Burdens on Small Entities

None of the entities affected by this data collection can be classified as small entities.

⁵ Retailers are excluded since they are not financial institutions and because their card issuance is limited to store-specific cards. The CFPB may add retailers to the panel at its discretion when it deems it appropriate to do so. The Report of Credit Card Terms includes credit card banks, such as Discover Bank, which issues the Discover Card, and American Express Centurion Bank (a subsidiary of the American Express Company), which issues the Optima Card. It also includes large consumer finance companies that issue credit cards through banks or thrifts.

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

To meet statutory requirements, the CFPB is required to collect the data twice a year and make the information available to the Congress and the general public. Without this data the public would be hindered in their ability to comparison shop for credit cards and competition would thereby be harmed.

7. Circumstances Requiring Special Information Collection

There are no special circumstances requiring special information collections. This collection of information is consistent with the applicable guidelines contained in 5 CFR 1320.5(d) (2). The Bureau notes that we request that entities respond within 10 business days so that we can provide this information in its entirety to general public in a timely fashion. However we appreciate that this is not always possible for all institutions, and note that, comporting with OMB rules regarding information collections, an entity has up to 30 days to make the required response.

8. Consultation Outside the Agency

In accordance with 5 CFR 1320.8(d)(1), the Bureau has published a notice *Federal Register* allowing the public 60 days to comment on the proposed renewal of the Form FR 2572. Further and in accordance with 5 CFR 1320.5(a)(1)(iv), the Bureau published a notice in the *Federal Register* allowing the public 30 days to comment on the submission of this renewal request to the Office of Management and Budget.

The Bureau received one comment in response to the notice published for the 60 day comment period. The Michigan Credit Union League (MCUL) commented on the utility of this proposed collection, as well as the Bureau's burden estimate, and policy of requesting a response to this collection within ten days after selecting an institution to participate. The MCUL acknowledged the necessity of collecting this information and its utility in allowing consumers to comparison shop credit offers, and make informed decisions.

However, it also noted that, especially for the sort of small institutions that make up the League's membership, it believed the Bureau had grossly underestimated the time necessary to prepare a response to this collection request, noting that for small institutions, compiling a response may involve extensive manual input of information, or consultations with third party vendors who provide some of these services to their member institutions.

The MUCL also felt that given these burdens, a ten-day response time would be extremely burdensome to its members, if not outright impossible for them to comply

The Bureau appreciates the MUCL's concern and is sensitive to the burdens its information collections impose on its regulated entities, particularly small institutions, and is always looking for ways to minimize that burden. In particular, we are always trying to improve efficiency by allowing the greater use of information technology in preparing a response. For example, we changed the report submission format from paper-handwritten-fax to excel-email in 2011, which has improved efficiency and reduced

turnaround time. Additionally, We are continuing to look into new ways to improve this reporting process and welcome any suggestions the MCUL or others may have in this regard.

The Bureau's estimated time to compile the report is based on an average from all participating institutions including large, complex and small ones and we understand that they have widely varying IT and reporting capabilities. We do acknowledge that new participating institutions like credit unions represented by MCUL may experience some challenges, particularly in their first submission. It has been our experience and observation, however, that the time needed to complete the report will be significantly reduced after institution's initial reporting.

As to the ten-day turn around time for these requests, the Bureau notes that we request that entities respond within 10 business days so that we can provide this information in its entirety to general public in a timely fashion. However we appreciate that this is not always possible for all institutions, and note that, comporting with OMB rules regarding information collections, an entity has up to 30 days to make the required response.

9. Payments or Gifts to Respondents

None.

10. Assurances of Confidentiality

The information collected will be made publicly available and no assurances of confidentiality are given to respondents. No personally identifying information is collected, and the Bureau will treat all information received consistent with its confidentiality regulations at 12 C.F.R. Part 1070 *et seq.*

11. Justification for Sensitive Questions

This information collection does not include questions of a sensitive nature.

12. Estimated Burden of Information Collection

	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Average time per response</i>	<i>Estimated annual burden hours</i>
FR 2572	150	2	15 minutes	75

The proposed annual burden for the FR 2572 would be 75 hours. The CFPB is required to collect the FR 2572 from at least 150 credit card issuers; typically the number of respondents fluctuates right around 150. Since the information collected on the FR 2572 is in nearly all respects identical to information that

card issuers are required to disclose in their credit card solicitations, the FR 2572 imposes little burden.

Associated Labor Costs:

We estimate the labor costs to respond to FR 2572 to be \$4,674 based on the following formula: percentage of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Administrative or Junior Analyst @ \$25, 45% Managerial or Technical @ \$55, 15% Senior Management @ \$100, and 10% Legal Counsel @ \$144). Hourly rate estimates for each occupational group are averages using data from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2011, <http://www.bls.gov/news.release/ocwage.nr0.htm> Occupations are defined using the BLS Occupational Classification System, <http://www.bls.gov/soc/>.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

Since this data is already collected by the respondent in their ordinary course of business, reporting it on this form imposes no significant additional costs on them.

14. Estimated Cost to the Federal Government

None. The CFPB incurs no unique costs as a result of this data collection.

15. Program Changes or Adjustments

There were no changes made to the collection that resulted in any change to the burden previously reported to OMB, other than a revision of agency estimates. We are making this submission to renew the OMB approval.

16. Plans for Tabulation, Statistical Analysis, and Publication

Individual respondent data are collected and then published on CFPB's public web site. There is no complex analytical techniques being used. The final presentation of the information does include basic search, filter and sort functionalities.

17. Display of Expiration Date

The Bureau plans to display the expiration date for OMB approval of the information collection on all instruments.

18. Exceptions to the Certification Requirement

None.