BUREAU OF CONSUMER FINANCIAL PROTECTION
PAPERWORK REDUCTION ACT SUBMISSION
INFORMATION COLLECTION REQUEST

Supporting Statement – Part B

CFPB Generic Information Collection Plan for Studies of Consumers using Controlled Trials in Field and Economic Laboratory Settings
(OMB CONTROL NUMBER: 3170-XXXX)

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1. **Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection has been conducted previously, include the actual response rate achieved during the last collection.**

The potential respondent universe will vary depending on the research question addressed and method of data collection employed. All samples under this generic clearance will be purposive and non-representative, and not intended to necessarily be externally valid.

2. **Describe the procedures for the collection of information.**

The CFPB plans to gather primary data from purposive samples through controlled trials in field and economic laboratory settings. The sections below outline the types of data collections that the Bureau plans to conduct.

Trials may be broadly categorized into laboratory and field settings.

A laboratory setting provides researchers with a high degree of control over the research environment for a wide range of possible studies. Participants may be placed in situations that isolate features of economic activity or decision-making to be studied in detail. The researcher may have them interact to provide insight into how people share information, solve problems, and make choices in competitive or cooperative environments.

One advantage of the lab setting is standardization. The researcher can ensure that participants are given the same instructions, placed in similar contexts, and otherwise treated the same way. Respondents are often asked to use computer software or online resources in

order to standardize their experience and reduce measurement error in collecting their responses. For example, online lab settings are growing in popularity for this reason, and the CFPB may employ this type of setting for a lab study.

Another benefit of the lab setting is the quantity and quality of possible observations. Researchers may reproduce events in the lab that occur sporadically or unpredictably in a real world setting and would otherwise be difficult to observe. A lab setting may also facilitate collection of data on gaze (enabling inferences about attention) and on reaction times (enabling inferences about the ease of processing information).

Subjects for lab research are typically recruited using convenience sampling, so the samples may not represent the general population, and therefore are not useful for estimating specific parameters or the costs and benefits of any given intervention or idea. Although this may introduce selection bias that could limit the applicability of the lab findings to other contexts, in many cases a laboratory provides a credible economic environment where the results of the study can be useful for predicting behavior outside the lab. The sign or direction of the effect frequently carries over to a more general population. For example, if a laboratory study showed that one disclosure format resulted in decisions different than another disclosure format, we could reasonably expect that the pattern may remain among other populations. This ability to generalize is important given that particular sub-populations like students, service-members, or older Americans are frequently of interest to the CFPB.

A field setting allows researchers to see how economic activity operates in real world environments. It generally allows for research studies to occur over a longer period of time than in a lab. Respondents may be recruited from a variety of sources, including through web panels and existing channels of economic interaction; for example, users of a given financial product or service. Outcome data generally comes from some mix of existing administrative sources, which do not burden the participants, and from data collection instruments, such as surveys, that are designed to gather the minimal amount of additional data required to conduct the research.

The CFPB plans to use research studies under the proposed clearance to learn about behavior in markets and to test research hypotheses. Results and findings from these

research studies are designed to be used for developmental and informative purposes. The CFPB does not intend to make regulatory decisions solely based on these studies or use these studies to develop or evaluate specific policies.

Studies will often take the form of a randomized controlled trial (RCT).

Identifying causation is often essential in research to determine the effects on consumers of a particular factor; for example, a financial product, disclosure form, or financial education training. In observational studies, there is often reason to believe that people who differ in exposure to the factor of interest also differ in other ways. For example, consumers who use a particular strategy for managing their finances may, on average, differ in many characteristics (education, employment status, income, etc.) from those who do not. In such a case, it would be incorrect to conclude that the financial strategy alone accounted for differences in outcomes between those who use it and those who do not.

Failing to account for relevant characteristics leads to bias in a researcher's estimate of whether a causal relationship exists and how strong or statistically significant it is. Since many of these characteristics are unobservable to the researcher, observational studies pose problems for causal inference.

In general, researchers are unable to observe a counterfactual for a given person; that is, they cannot observe what the outcome would have been if a person not exposed to the factor had been exposed and vice versa. Randomization of research participants into a treatment group that is exposed to the factor and a control group that is not exposed or is exposed to a lesser extent allows the researcher to determine whether the observed outcomes were caused by the factor.

A randomized controlled trial (RCT) is designed to overcome the selection bias problem. It uses a control group as a valid counterfactual for the treatment group. For a sufficiently large sample, the treatment and control groups will look very similar to one another since no participant characteristics are used in a random assignment, other than possibly in a stratified approach where they are in fact balanced by construction. This similarity can be verified for observable characteristics and safely assumed for unobservable

characteristics. Differences in outcomes observed after comparing treatment and control groups are therefore attributable to the treatment factor.

3. **Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.**

Recruitment of subjects for lab research projects typically involves convenience sampling, which does not yield a sample that is representative of the general population. Small-scale field studies by design will include purposive samples and therefore are not necessarily externally valid beyond the population from which those samples are drawn. This generic clearance will not be used in cases where it is especially important to be representative of a specific population (ex: all Americans or another population of regulatory interest). These studies will be used primarily for developmental and informative purposes, and will not be intended as the main source for making regulatory decisions or a basis for specific policy at the Bureau.

4. **Describe any tests of procedures or methods to be undertaken.**

The CFPB plans to use pretesting and cognitive interviewing to test research instruments on a small scale prior to their use in full-scale research studies. Respondents will be debriefed after pilot to ensure that they understood the instrument, which in turn ensures that the resulting data collections are effective. These techniques are meant to reduce the total public burden of the information collection by ensuring that the full study information collection is optimized.

5. **Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or**

other person(s) who will actually collect and/or analyze the information for the agency.

The name and telephone numbers of these individuals will be provided in the clearance request for each specific data collection.

The Office of Research is currently staffed with over twenty employees with PhD's in social science, who are trained in relevant methods. For any research studies that employ statistical methods submitted for approval under this generic information collection plan, such methods will be reviewed by a qualified statistician for scientific rigor; including compliance with the Office of Management and Budget's (OMB) statistical programs and standards prior to submission to OMB.