

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

SUPPORTING STATEMENT PART A

Generic Information Collection Plan for Surveys Using the Consumer Credit Panel

(OMB CONTROL NUMBER: 3170-XXXX)

TERMS OF CLEARANCE: None. This is a Request for a new collection

ABSTRACT: Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Consumer Financial Protection Bureau is charged with researching, analyzing, and reporting on topics relating to the Bureau’s mission, including consumer behavior, consumer awareness, and developments in markets for consumer financial products and services. In order to improve its understanding of how consumers engage with financial markets, the CFPB has successfully used the Consumer Credit Panel (CCP), a proprietary sample dataset from one of the national credit reporting agencies, as a frame to survey people about their experiences in consumer credit markets. The Bureau seeks to obtain approval for a generic information collection plan for these types of surveys. Surveys conducted under this generic information collection plan will support the Bureau’s household balance sheets agenda: research to monitor developments in consumers’ financial situations, related changes in their use of financial products, and the impacts that these decisions have on their balance sheets. All research under this plan will be related to the household balance sheet agenda, and, thus, will be for general, formative, and informational research on consumer financial markets and consumers’ use of financial products and will not directly provide the basis for specific policymaking at the Bureau.

A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

Much of the Consumer Financial Protection Bureau (CFPB, Bureau)’s mission focuses on understanding how consumer financial markets work, highlighting avenues for innovation in

financial products and services, and identifying and mitigating potential risks to consumers.¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) authorizes the CFPB to engage in research and market monitoring activities to assess trends and to identify emerging risks in consumer financial markets.² Section 1013(b)(1) of the Dodd-Frank Act establishes the Office of Research for the purpose of researching, analyzing, and reporting on topics related to the Bureau’s mission, including consumer behavior, consumer awareness, and developments in markets for consumer financial products and services. The Office of Research grounds its understanding in these areas in rigorous empirical analyses that can, in turn, be used to benefit consumers, businesses, researchers, etc

Developing a comprehensive understanding of the evolution of consumers’ and households’ financial lives is one of two topic areas the Office of Research has identified as research priorities because of the need for foundational research. This “household balance sheet agenda” encompasses basic research about consumer credit markets and household finance, rather than focusing on a particular area of regulatory interest. Research under this information collection will support this agenda and, among other things, allow the Bureau to readily identify issues for future deeper study.

The CFPB seeks to use this generic information collection plan to survey consumers of financial products and services based on credit records sampled from the CCP in support of its household balance sheet agenda. Household balance sheets include financial product use, assets, liabilities, income, and expenditures of the household. Because the Consumer Credit Panel includes extensive historical credit-record information, surveys based off the Consumer Credit Panel will be especially helpful in understanding how households’ balance sheets evolve as a result of economic shifts, changes in financial products and service, and consumers’ decisions. The size of the CCP and auxiliary information it includes, such as estimated demographic

¹ CFPB FY 2013 – FY 2017 Strategic Plan, goal 3, <http://www.consumerfinance.gov/strategic-plan/>

² DFA Section 1013(b)(1) mandates that the Bureau have research staff whose responsibilities include “[r]esearching, analyzing, and reporting on (A) developments in markets for consumer financial products or services, including market areas of alternative consumer financial products or services with high growth rates and areas of risk to consumers; (B) access to fair and affordable credit for traditionally underserved communities; (C) consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services; (D) consumer awareness and understanding of costs, risks, and benefits of consumer financial products or services; (E) consumer behavior with respect to consumer financial products or services, including performance on mortgage loans; and (F) experiences of traditionally underserved consumers, including un-banked and under-banked consumers.”

information, will help in identifying specific subpopulations for whom obtaining or using a specific financial product may warrant deeper future research.

When collecting information about consumer credit markets, the CFPB recognizes that there are privacy and data security risks. The CFPB plans to mitigate these risks when collecting data using this generic information collection plan as outlined later in this supporting statement.

2. Use of the Information

The CFPB requests approval from the Office of Management and Budget (OMB) for a generic information collection plan which will allow the Bureau to collect data by administering surveys which use the CCP as a survey frame. The Office of Research envisions a multifaceted set of data collection efforts, and this generic clearance will facilitate and expedite monitoring and research of market developments, by, for instance, conducting surveys of consumers shortly after they faced an economic shock or obtained a new financial product. Further, this generic clearance will allow the Bureau to conduct data collections which will achieve our research goals with the least amount of burden on the public while ensuring strong privacy and data protections throughout these projects.

The specific purpose of this generic clearance is for surveys relating to the Office of Research's household balance sheet agenda, allowing the Bureau to better inform and advance scientific understanding of consumer credit markets and household finance. This research program aims to help the Bureau and stakeholders better understand how consumer experiences, perceptions, and decisions affect households' balance sheets over time. These data collections will allow the CFPB to understand how markets are evolving, and to discover problems or concerns, providing opportunity for further study with more targeted research projects.

Surveys that are directly linked to the CCP are incredibly valuable to this research agenda because the CCP provides extensive longitudinal data on households' liabilities and their credit score—a key measure of creditworthiness as perceived by lenders. Surveys linked to the CCP can provide information about households' balance sheets, perceptions, behaviors, and experiences, such as ownership and values of various assets (homes, savings accounts, etc), income, expenditures, and economic shocks.

We are considering four key research questions for this household balance sheet agenda:

1. **Path dependence:** The financial decisions made by households today (or in prior years) may have ramifications that last for years, or indeed for a lifetime. This part of the agenda seeks to develop a better understanding of how specific behaviors affect subsequent outcomes.
2. **Persistence.** External shocks also affect the dynamics of household balance sheets. Because the necessary data have never before been available, very little is known about the persistence of these effects over time. For example, are consumers able to use credit effectively to smooth these types of shocks and recover relatively quickly? Or does the income disruption have ramifications that affect the household's balance sheet for years, or a lifetime? How can financial markets affect these outcomes?
3. **Behavior patterns and consumer types.** Some financial products might be a boon to some consumers and pose difficulties for others. This part of the agenda seeks to identify distinct behaviors or characteristics associated with consumers who are more likely to have financial success or financial problems.
4. **Modeling Optimal and Actual Behavior.** This part of the agenda will combine the mathematical tools of optimal decision-making to rigorously measure the ways in which observed choices deviate from those that the perfectly informed agents of economic theory would make.

In order to answer these research questions, surveys will likely include questions relating to:

- Financial well-being and financial health of the household
- Consumer decision-making, information, and beliefs
- Time preferences and other individual household characteristics
- Financial product use, payments behavior, income (including inter-household transfers), assets (including human capital investment) and other relevant household balance sheet information.

Research conducted under the requested clearance will not be the primary basis for particular regulatory decisions or for the development and evaluation of specific policies. Studies

conducted under this generic approval aim to identify opportunities for enhanced or improved attention by the Bureau actions; however, as noted, the Bureau will not initiate any changes without further, more rigorous study.

The CCP is a 1-in-48 nationally representative random sample of de-identified credit records from one of the three major national credit reporting agencies. Using these data, the CFPB plans to select survey samples and then to inform the credit reporting agency of which credit records are selected. The credit reporting agency (which, unlike the CFPB, has access to direct identifying information related to these records) will mail a copy of the survey instrument to the consumer associated with each sampled credit record. The Bureau expects that for most surveys to be conducted under this clearance, consumers will be able to respond to the survey either online or by mail using a prepaid envelope. All responses will be collected by the credit reporting agency or a subcontractor, who will remove any direct personally identifying information that respondents may have inadvertently included, convert the responses into an electronic format, and transmit the data to the Bureau. The respondents will remain anonymous to the CFPB, but the survey responses will include a unique key that will allow responses to be matched with the associated de-identified credit record. The Bureau has experience using de-identified credit records as a sampling frame and with conducting mail and web surveys through this type of arrangement with the credit bureau and a survey subcontractor through its work with FHFA on the National Survey of Mortgage Borrowers and the expected Survey of Consumer Views on Debt.

The CCP data are proprietary and cannot be shared publicly. To allow outside researchers and other interested parties to benefit from research conducted by the Bureau, the CFPB may make a version of the survey data available publicly to the extent that such releases are legally permissible and consistent with protecting consumers' privacy. Any public-release version of the data would be de-identified and exclude any direct identifying information. In addition, the CFPB may, for example, withhold some data elements, aggregate response categories, or take other steps to protect the privacy of respondents in any publicly available version of the data.

3. Use of Information Technology

Surveys will be sent by mail to sampled consumers. The Bureau expects to typically allow respondents to complete the survey either online or by mail using a prepaid envelope. The website to complete the survey online will be hosted on servers owned and operated by the credit reporting agency's subcontractor.

The Bureau generally expects to provide a Spanish version of the survey instrument at least online for any survey. Returned paper surveys will be electronically scanned by a subcontractor of the credit reporting agency, stripped of any direct identifying information that the respondent may have inadvertently included, and converted to an electronic format. The data will then be transmitted to the CFPB using a secure FTP server.

4. Efforts to Identify Duplication

The CFPB will design surveys to address questions that have not yet been satisfactorily answered in the relevant research literature. For topics on which there exists previous research, the CFPB will detail the relationship between the proposal and existing studies and will describe how the data collection supports the CFPB's mission. A review of the existing relevant literature will be undertaken before proceeding with any project initiated under this generic clearance. Surveys may include general questions that are asked on existing surveys to, for example, draw rough conclusions about how characteristics measured in the CFPB survey relate to those measured in other surveys.

5. Efforts to Minimize Burdens on Small Entities

No small businesses will be impacted by this study, as survey respondents will be individuals only.

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

We envision a series of one-time data collections, not an on-going collection of the same information. For this reason, less frequent collections are not possible.

The proposed clearance will allow the Bureau to collect information on the markets we regulate from consumers, allowing us to develop a more complete understanding of this market and consumers' experiences with it. Without this data collection, the Bureau will not be as well informed, and the CFPB will not be able to achieve its mission as effectively.

Where appropriate, the CFPB plans to make the results of any research conducted using these data publicly available. Additionally, where legally permissible and consistent with protecting consumers' privacy, we envision in the future making the collected survey data available to researchers outside of the CFPB and to the public. Therefore, the data to be collected under this proposed clearance will not only improve the CFPB's understanding of consumer financial markets, but also increase the knowledge of researchers and other policymakers. When the CFPB shares data collected under this generic clearance, the data is not intended to be an official government statistic or definitive representation of a population of interest, but instead to spur further research in the area.

7. Circumstances Requiring Special Information Collection

Generally, most information collections under this generic clearance will be conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2). Most collections will require a single interaction between the agency and respondents, but some information collections could require multiple interactions. For example, some studies may ask for subjects to be surveyed more than once, and possibly more than once in a quarter. The CFPB will work to limit the burden on respondents and ensure that studies only include repeated interactions when the additional information gained is anticipated to be substantial and valuable to the study.

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 this proposed new generic information collection plan. No comments were received in response to this notice. Further and in accordance with 5 CFR 1320.5(a)(1)(iv), the Bureau has also published a notice in the Federal Register allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

After further consultation with OMB, the Bureau revised this request to include additional 30 day public notices for each study submitted to OMB for review under this information collection plan. Therefore, upon submission of each study submitted to OMB under this collection plan, CFPB will publish a notice in the Federal Register providing the public 30 days to comment on each study. Comments will be directed to OMB to inform its review of each request made under this information collection plan.

9. Payment or Gifts to Respondents

Survey recipients will receive a pre-paid cash incentive as an inducement to complete and return the survey questionnaire (ex: five dollars). Recipients who fail to respond to the initial survey solicitation will receive a second cash incentive (ex: another five dollars). This incentive strategy is identical to that used by the National Survey of Mortgage Borrowers, and the Bureau expects to use this same strategy for the planned Survey of Consumer Views on Debt.

Meta-analyses of mail surveys find that incentives given initially with the questionnaire yield significantly higher response rates than do incentives contingent on return of the survey or no incentives; furthermore, monetary incentives produce a stronger effect than non-monetary incentives.^{3,4} Many recurring federally-funded surveys use monetary incentives, including the Survey of Consumer Finances, the Survey of Income and Program Participation, and the National Survey of Drug Use and Health, and self-administered surveys such as the Survey of Doctorate Recipients, the National Survey of Recent College Graduates, and the National Survey of Mortgage Borrowers.⁵ Incentives have consistently been found to improve response rates across a variety of survey topics and modes.^{6,7} Incentives have been found to be cost-effective in

³ Allan H. Church (1993), "Estimating the Effects of Incentives on Mail Survey Response Rates: A Meta-Analysis." *Public Opinion Quarterly*, 57(1): 62-79

⁴ Phil Edwards et al. (2002), "Increasing Response Rates to Postal Questionnaires: Systematic Review." *British Medical Journal*, 324: 1183-1189.

⁵ Fan Zhang (2010), "Incentive Experiments: NSF Experiences." NSF Working Paper.

⁶ Eleanor Singer (2002), "The Use of Incentives to Reduce Nonresponse in Household Surveys." In R.M. Groves, D.A. Dillman, J.L. Eltinge, and R.J.A. Little (eds), *Survey Nonresponse*. New York: Wiley, pp 163-177.

⁷ Eleanor Singer, Cong Ye (2013), "The Use and Effects of Incentives in Surveys." *The Annals of the American Academy of Political and Social Science*, 645

different modes and often reduce the effort required to contact and interview sample persons or the number of follow-up mailings.^{8,9,10}

10. Assurances of Confidentiality

CFPB shall treat the information in accordance with applicable federal law, including, but not limited to, the Bureau's confidentiality rules, 12 C.F.R. Part 1070, and the federal laws and regulations that apply to federal agencies for the protection of privacy, confidentiality, security and integrity.

The CFPB uses best practices of social science research design to inform the notice and consent vehicles. For research studies under this generic clearance, the CFPB provides notice to individuals that explain how their information will be used through Privacy Act Statements. Privacy Act Statements are made available prior to the collection of information and explain whether the information is mandatory or voluntary; the authority for the information collection; whether there are any opportunities to consent to sharing and submission of information; how the information will be secured and what System of Records applies.

The information collected under this generic clearance by contractors will include direct identifying personally identifiable information (PII) in order to contact survey participants and match the survey data to administrative records. The CFPB will only receive and keep response data stripped of direct identifying PII.

Conducting these research studies implicates privacy concerns because a breach of confidentiality, or re-identification, could result in an individual suffering harm. To reduce the risk of breaches of confidentiality, the CFPB designs recruitment materials so as not to disclose sensitive information about those it seeks to recruit, and uses appropriate security controls to protect information used in research. There is also risk related to misuse of information collected for research. Misuse might involve secondary types of research that are incompatible with the

⁸ Martha Berlin et al. (1992), "An Experiment in Monetary Incentives." *Proceedings of Survey Research Methods Section, American Statistical Association*, pp. 393-398.

⁹ Eleanor Singer et al. (2000), "Experiments with Incentives in Telephone Surveys." *Public Opinion Quarterly*, 64(2): 171-188.

¹⁰ Gwen L. Alexander et al. (2008), "Effects of Incentives and Mailing Features on Recruitment for an Online Health Program." *American Journal of Preventative Medicine*, 34(5): 382-388.

purposes of the initial collection, or a use of the information that individuals do not understand or to which they have not provided consent.

To reduce the risk of misuse, the CFPB minimizes access to PII based on need-to-know and stipulates, in most instances, that contractors that collect data on behalf of the Bureau remove or redact all direct identifying PII, as defined by the Bureau's privacy office, before transmitting data to the Bureau. Any contractor staff assigned to the project also sign confidentiality agreements. When appropriate, research results will be presented in aggregated form to protect the confidentiality of firms or consumers, and any publicly released version of data will use disclosure protection techniques (e.g., rounding, imputation, exclusion of some variables, aggregation of categorical responses) to minimize the risk of releasing personally identifiable or otherwise sensitive information (12 CFR 1070.40 *et seq.*). The Bureau treats the information collected from participating persons and institutions in a manner consistent with our confidentiality regulations, and all data and analyses are subject to legal and privacy review prior to their release.

The Bureau also evaluates the potential privacy risk and harm to individuals of specific research relative to that authorized purpose, and vets research proposals to ensure that they serve an authorized purpose. Research conducted under this generic clearance will be consistent with the Privacy Act and the E-Government Act. The requisite SORNs and PIAs will document the collection, use, disclosure, and retention of PII; the technical, administrative, and physical controls used to minimize privacy risks. The CFPB.022 Market and Consumer Research Records, 77 FR 67802 System of Records Notice, and the Market Analysis of Administrative Data under Research Authorities PIA cover the use of administrative data and the matching required to contact potential survey respondents. The Consumer Experience Research PIA covers the collection of survey responses. The SORNs and PIAs will be updated as appropriate, and details regarding information handling will be specified in individual submissions under this generic clearance.

11. Justification for Sensitive Questions

Questions about an individual's finances, for example, monthly income or mortgage payments, are commonly considered sensitive. Nonetheless, the CFPB must ask these questions

in order to understand consumer behavior and to recognize financial trends and emergent risks relevant to consumers. The Bureau believes that these questions are justified by their central importance to the Bureau’s mission.

In addition, some people may believe that questions about race and other socioeconomic factors may be considered sensitive. However, the CFPB is mandated to enforce fair lending laws and focus on the risks to vulnerable populations, including service members and older Americans. For this reason, the Bureau often needs to ask these types of sensitive questions. For information collections involving questions of race/ethnicity, the CFPB will ensure that the OMB standards for Classification of Federal Data on Race and Ethnicity (Federal Register, October 30, 1997, Volume 62, Number 210, pages 58781-59790) are followed.

Respondent participation will be voluntary for each survey distributed under this generic clearance; subjects will be made aware of this fact. All respondents shall be free to opt-out of a data collection at any time and for any reason. Administrative data for the respondents and non-respondents will be used to analyze nonresponse bias.

The CFPB will ensure that a citation is made to any applicable System of Records Notice (SORN) for the collection of direct identifying information, and that a Privacy Impact Assessment (PIA) is published.

12. Estimated Burden of Information Collection

Exhibit 1: Burden Hour Summary

Information Collection	No. of Respondents	Frequency	Annual Responses	Average Response Time	Annual Burden Hours
Surveys	8,500	1	8,500	.5 hours	4,250
3 Year Total:	25,500	////////////////	25,500	////////////////	12,750

The CFPB plans to mail surveys to up to 25,000 consumers per year under this generic clearance and estimates an average response rate of 34 percent. For the estimated 8,500 respondents per year who fill out the survey, we estimate that completing a survey will take 30 minutes on average, for a total burden of 4,250 hours per year.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

There are no capital/start-up or ongoing operation/maintenance costs associated with this information collection. Postage costs to return the survey questionnaire will be pre-paid by the survey contractor.

14. Estimated Cost to the Federal Government

The costs of each individual survey distributed under this generic clearance will vary based on the number individuals surveyed and the size of any payments made to incentivize participation. We expect the cost of each survey to range from \$250,000 to \$600,000.

15. Program Changes or Adjustments

This is a new information collection request; therefore, all the burden (see item 12) is considered a program change.

16. Plans for Tabulation, Statistical Analysis, and Publication

All survey responses gathered under this generic clearance will be tabulated and analyzed once received. Generally, data collection will take at least two to three months. Once the data have been received, we expect data tabulation and preliminary data analyses to last another four to five months normally. We expect the analysis will include providing descriptive statistics for those variables of primary interest in a given survey, which may include statistics for which there are currently no reliable estimates. These and any other analysis would incorporate nonresponse-adjusted sample weights. We also expect to produce cross-tabulations of these key measures by, for example, demographic characteristics. The tabulations and analytical results will be published as technical articles that will be publically disseminated as working papers, published in peer-reviewed journals, or published as CFPB white papers. If any survey data are publicly released, the data release will generally follow the publication of documents presenting the results of their analysis.

17. Display of Expiration Date

The Bureau plans to display the expiration date for OMB approval of the information collection on all instruments. Further, the OMB control number and expiration date will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov.

18. Exceptions to the Certification Requirement

The Bureau certifies that this collection of information is consistent with the requirements of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3) and is not seeking an exemption to these certification requirements.