

**Supporting Statement for the
Consumer Satisfaction Questionnaire,
Federal Reserve Consumer Help – Consumer Survey,
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 (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the voluntary Consumer Satisfaction Questionnaire, the Federal Reserve Consumer Help (FRCH)¹ – Consumer Survey, the Consumer Online Complaint Form, and the Appraisal Complaint Form (FR 1379a, b, c, and d; 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 their satisfaction with the Federal Reserve’s handling and written response to their complaint at the conclusion of an investigation. The FR 1379b survey is sent 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 complaint form to electronically submit a complaint against a financial institution to the FRCH. The FR 1379d appraisal complaint form collects information about complaints regarding a regulated institution’s non-compliance with the appraisal independence standards and the Uniform Standards of Professional Appraisal Practice, including complaints from appraisers, individuals, financial institutions, and other entities. The information is necessary so that the federal agencies² may better assist the Federal Financial Institutions Examination Council-Appraisal Subcommittee (FFIEC-ASC)³ in its efforts to implement Dodd-Frank Wall Street Reform and Consumer Protection Act⁴ requirements that a national hotline be established for appraisal related complaints. The total current annual burden for the FR 1379 information collection is estimated to be 1,168 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

¹ See www.federalreserveconsumerhelp.gov/.

² The 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).

³ 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. Pursuant to 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, Federal Housing Finance Agency (FHFA), and U.S. Department of Housing and Urban Development (HUD). The ASC website may be found at www.asc.gov/Home.aspx.

⁴ Dodd-Frank Wall Street Reform and Consumer Protection Act § 1473, Pub. L. 111-203, 124 Stat. 1376, July 21, 2010.

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 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, the System, in November 2007, 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. In an effort to 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 asks consumers for specific information about the complaint in order to minimize follow up calls to the consumer.

In 2012, the FR 1379d appraisal complaint form was added to the FR 1379 information collection. 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 interagency work group 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.

Description of Information Collection

Consumer Satisfaction Questionnaire (FR 1379a)

The purpose of the FR 1379a questionnaire is to assess consumers' satisfaction with Reserve Bank handling of and written response to complaints at the conclusion of the Reserve Bank investigation. The Reserve Banks conduct investigations of all complaints against state member banks. At the conclusion of the investigation, the Reserve Bank sends a closing letter to the consumer explaining the results of the investigation. A six-question satisfaction questionnaire, along with a self-addressed, postage-paid return envelope, is then mailed to the consumer by Board staff. 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 that ask consumers to indicate their level of satisfaction with a Reserve Bank's investigation using a 5-point scale, where 1 represents very dissatisfied and 5 represents very satisfied:

- 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 Reserve Bank's response.

The fifth question asks consumers to indicate how they learned about the Federal Reserve's consumer complaint program, and the 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 by e-mail and mail.

The first question of the five-question consumer survey asks consumers to indicate how they learned about the FRCH. The next three 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, the last question of the survey asks consumers whether they wish to request follow-up action on a specific problem or concern associated with 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 with which consumers can transmit their complaint and receive a response from FRCH staff.

Alternatively, consumers may download a PDF version of the complaint form from the FRCH website and e-mail, mail via the US Postal Service, or fax it to the FRCH. The current complaint form asks consumers for their 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, e-mail 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, e-mail address, and phone number), and
- 3) Complaint section: two open-ended questions that ask for a description of the complaint and how the complaint can be satisfactorily addressed.

Appraisal Complaint Form (FR 1379d)

The FR 1379d collects information from consumers, appraisers, regulated financial institutions, and other entities necessary to review appraisal-related complaints against Federal Reserve-regulated institutions. The FR 1379d appraisal complaint form collects 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 e-mail),
- 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, online complaint form, or appraisal complaint form because their use by 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 and d 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 are not published; however, CAESAR data are aggregated to support congressional testimony or to report trends for use in the 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.

Depending on the nature of the complaint, FRCH forwards complaints to either consumer staff at the Reserve Banks or supervision staff at the Board. FRCH processes appraisal complaints related to the consumer provisions of the Truth and Lending Act and assign those to the consumer complaint staff at the Reserve Banks. FRCH would redirect non-consumer appraisal-related complaints to an internal mailbox managed by the Board's Division of

Consumer and Community Affairs, which, in turn, refers the complaint to the Board's Division of Banking Supervision and Regulation.

Legal Status

The Board's Legal Division has determined that the FR 1379a, b, and c are authorized by 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 does not collect the respondent's name or any other information that the Board considers confidential.

The FR 1379b collects the respondent's name and the respondent may provide other personal information and information regarding his or her complaint in response to question five. This information is considered confidential under (b)(6) of the Freedom of Information Act (FOIA). Exemption (b)(6) protects from disclosure information that "would constitute a clearly unwarranted invasion of personal privacy" (5 U.S.C. § 552(b)(6)). If the respondent provides confidential commercial or financial information, that information might be protectable under (b)(4) of the FOIA. Exemption (b)(4) protects from disclosure "trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential" (5 U.S.C. § 552(b)(4)).

The FR 1379c collects the respondent's name and other personal information as well as information regarding the respondent's complaint. This information is considered confidential under (b)(6) of the FOIA (5 U.S.C. §§ 552(b)(6)). The FR 1379c also collects the name and other personal information of the respondent's third-party representative if the respondent has such a representative. This information is not considered confidential information. If the respondent provides confidential commercial or financial information, that information might be protectable under (b)(4) of the FOIA (5 U.S.C. § 552(b)(4)). The financial institution's routing number collected on the FR 1379c is not considered confidential information.

The FR 1379d collects the respondent's name and the respondent may provide other personal information and information regarding his or her complaint. This information is considered confidential under (b)(6) of the FOIA (5 U.S.C. § 552(b)(6)). The FR 1379d may also collect the name and other personal information about the person subject to the complaint. If the respondent provides confidential commercial or financial information, that information might be protectable under (b)(4) of the FOIA (5 U.S.C. § 552(b)(4)).

Consultation Outside the Agency

On April 4, 2016, the Board published a notice in the *Federal Register* (81 FR 19181)

requesting public comment for 60 days on the extension, without revision, of the FR 1379. The comment period for this notice expired on June 3, 2016. The Board did not receive any comments. On June 29, 2016, the Board published a final notice in the *Federal Register* (81 FR 42359).

Estimates of Respondent Burden

As shown in the table below, the current total annual reporting burden for the FR 1379 is estimated to be 1,168 hours based upon 8,054 consumer responses. On average, the volume of consumer complaints and inquiries is 32,339 (13,160 complaints and 19,179 inquiries) per year. The Board estimates that consumers spend approximately 5 minutes completing the FR 1379a, 5 minutes completing the FR 1379b, 10 minutes completing the FR 1379c, and 30 minutes completing the FR 1379d.

The panel for the FR 1379a consists of respondents who file complaints against state member banks. Of the 13,160 complaints, an average of 3,158 (24 percent) are about state member banks. When the complaint form is used, historical data shows about 695 consumers (22 percent) will complete and return the questionnaire.

When the FR 1379b form is used, historical data show that FRCH staff surveys about 9,702 respondents (30 percent) who contact the FRCH. Based on historical response rates, 1,455 consumers (15 percent) respond to the survey.

Based on historical data, approximately 5,890 (45 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 Board staff 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.

Based on historical data, approximately 14 complaints (less than 1 percent of total complaints received) are submitted to the FRCH using the appraisal complaint form (FR 1379d). 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 Board staff 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.

These reporting requirements represent less than 1 percent of total Federal Reserve System paperwork burden.

FR 1379	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
FR 1379a	695	1	5 minutes	58
FR 1379b	1,455	1	5 minutes	121
FR 1379c	5,890	1	10 minutes	982
FR 1379d	14	1	30 minutes	<u>7</u>
<i>Total</i>				1,168

Based on an hourly rate of \$24, the estimated annual reporting cost to the public is \$28,032.⁵

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The total annual cost to the Federal Reserve System is minimal for printing, distributing, and processing.

⁵ The average consumer cost of \$24 is estimated using data from the BLS Economic News Release (USD-16-0462) www.bls.gov/news.release/cewqtr.nr0.htm.