

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

**SUPPORTING STATEMENT PART A**

**GENERIC INFORMATION COLLECTION PLAN FOR STUDIES OF  
CONSUMERS USING CONTROLLED TRIALS IN FIELD AND ECONOMIC  
LABORATORY SETTINGS**

**(OMB CONTROL NUMBER: 3170-0048)**

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**Terms of Clearance:** The Office of Management and Budget provided no terms of clearance when it last approved this generic information collection plan in December 2014.

**Abstract:** Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Bureau of Consumer Financial Protection (Bureau) is tasked with researching, analyzing, and reporting on topics relating to the Bureau’s mission, including developments in markets for consumer financial products and services, consumer awareness, and consumer behavior. Under this generic information collection plan, the Bureau collects data from purposive samples through controlled trials in field and economic laboratory settings. This research is used for developmental and informative purposes in order to increase the Bureau’s understanding of consumer credit markets and household financial decision-making. Basic research projects will be submitted under this clearance.

**1. Circumstances Necessitating the Data Collection**

One of the “primary functions” of the Bureau of Consumer Financial Protection (“Bureau”) as set forth in section 1021(c) of the Dodd-Frank Act is “collecting, researching, monitoring and publishing information relevant to the functioning of markets for consumer financial products and services.” Effectively performing that function is integral to assuring that the Bureau achieves the purposes and objectives set forth in Sections 1021(a) and 1021(b) of the Act.

To that end, section §1013(b)(1) of the Dodd-Frank Act requires the creation of a research unit whose “functions shall include researching, analyzing and reporting on” a number of topics including “consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services;” “consumer awareness and understanding of

costs, risks, and benefits of consumer financial products or services;” and “consumer behavior with respect to consumer financial products or services.”

Additionally, section 1013(d)(1) established the Office of Financial Education within the Bureau, which is responsible for “developing and implementing initiatives intended to educate and empower consumers to make better informed financial decisions.” Section §1013(d)(3)(B) requires the Office of Financial Education to work with the Office of Research to “conduct research related to consumer financial education and counseling.” Using empirical evidence and rigorous research, the Bureau improves its understanding of consumer awareness, understanding, and behavior in consumer financial markets, and how to empower consumers in their financial decisions.

The Bureau seeks to use this generic information collection plan to collect data from purposive samples through controlled trials in field and economic laboratory settings. The samples will not be designed to be representative of a broader population.

In general, topics that the Bureau is interested in studying include:

- consumer awareness and decision-making, for example, understanding what financial products or features people are aware of and why they choose one product over another;
- consumer experiences, characteristics, beliefs, attitudes, and potential risks to consumers, including traditionally underserved consumers;
- information disclosure and how disclosure may affect behavior; and
- the effect of educational or other interventions on consumer financial behavior or outcomes.

These topics will usually be in the context of consumer financial product markets, including but not limited to: mortgages, car loans, student loans, installment loans, small dollar loans and credit, debit, and prepaid cards. The research will be used for developmental and informative purposes, but not directly providing a basis for specific policy at the Bureau with respect to these markets. In addition, research may be related to the Bureau’s mission regarding

financial education, including evaluating the effectiveness of financial education programs and understanding financial planning behaviors, including savings, spending, and investing behavior. The Bureau envisions that the research covered under this generic clearance will be basic research about consumer credit markets and household finance.

## **2. Use of the Information**

The specific purpose of this generic clearance is to allow the Bureau to better inform and advance scientific understanding of consumer credit markets and household finance. The Office of Research envisions a program of data collections, and this generic clearance will allow it to monitor and research market developments in a timelier manner. In addition, the Bureau envisions that occasional unique opportunities to answer fundamental research questions about consumer finance will arise with external collaborators, and this clearance will allow it to move quickly to take advantage of those situations where the timeline is further outside our control.

The purpose of research conducted under the expected clearance is not to make particular regulatory decisions, evaluate specific policies, or substantially inform a rulemaking. Studies conducted under this generic approval may identify opportunities for enhanced or improved regulatory or other policy actions; however, as noted, the Bureau will not initiate any policy changes based solely or primarily on these research projects. Instead, this generic clearance covers studies with developmental and informative purposes. Research studies under this generic clearance only include purposive samples that are not designed to be representative of a broader population.

The Office of Research will continue to monitor research projects to ensure that projects included under this generic clearance are NOT:

- Nationally representative samples or samples that try to estimate parameters related to populations of regulatory interest.
- Statistics that are intended to be published to the public as an official government statistic to be externally valid and representative of a population of interest.
- Research projects intended to inform particular regulatory decisions or developing or evaluating specific policies (e.g., testing of a disclosure form that is intended to

later be promulgated in a CFPB rule).

These projects are intended to be internally valid, but not necessarily externally valid. They are intended to improve our methods and understanding of consumer decision-making.

Research projects under this generic clearance may include pretesting and cognitive interviewing prior to the data collection. The Office of Research will generally pretest questionnaires and other user-interfaces to ensure the collection of reliable information while minimizing respondent burden and costs. Cognitive testing ensures that a question posed to respondents successfully captures the intent of the question and that it makes sense to respondents. It can also be used to better understand research results by providing data about why participants responded to questions the way they did. The Bureau may also rely on pretesting to ensure that necessary computer hardware and software function appropriately.

This generic clearance will allow the Bureau to conduct data collections that will achieve our research project goals with the least amount of burden on the public, and while ensuring strong privacy and data protections throughout these projects. Collections under this clearance will be limited to situations in which sufficient data do not already exist but could be collected through data from purposive, non-representative samples.

### **3. Use of Information Technology**

The Bureau will employ information technology as appropriate to reduce the burden of respondents who agree to participate in its research. Computer-assisted participation will be used when feasible and appropriate, including online studies. In general, the Bureau intends to incorporate electronic data-collection techniques whenever possible, particularly since in many instances they are likely to impose the lowest burden on respondents and may be the most cost-effective. However, the extent to which the Bureau will use electronic data collection for a given project will be determined by weighing several factors, including response rates and costs. For example, evidence to date suggests that web-only data collections tend to have lower response rates than surveys conducted by mail or phone.<sup>1</sup> The Bureau expects that the most effective

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<sup>1</sup> Roger Tourangeau, Fredrick Conrad, and Mick Couper (2013), “The Science of Web Surveys.” USA:

mode, including mixed-mode combinations, may also vary with the complexity and sensitivity of the information to be collected.

#### **4. Efforts to Identify Duplication**

The Bureau will conduct controlled trials in field and economic laboratory settings to answer questions that have not yet been satisfactorily addressed in the relevant research literature. In some cases it will be appropriate to replicate previous laboratory and field studies within a new population of interest to the Bureau (such as military service members, students, older Americans, or people who utilize specific financial products), or if a change in market circumstances suggests that prior research may no longer be applicable. In these cases, the Bureau will detail the relationship between the proposal and existing studies and will describe how the data collection supports the Bureau's mission. A review of the existing relevant literature will be undertaken before proceeding with a project.

#### **5. Efforts to Minimize Burdens on Small Entities**

All of our research projects will be limited to individual consumers, not businesses, so there will be no impact on small businesses or other small entities.

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

The proposed generic clearance will allow the Bureau to collect a variety of types of data to develop a more complete understanding of consumers' decision-making regarding consumer financial products and the characteristics of markets for these products. This knowledge will improve the Office of Research's ability to inform the Bureau in developmental and formative ways.

The ability to collect data through controlled trials in field and economic laboratory settings allows the Bureau to control both the timing and direction of the research. By contrast, relying on naturally occurring data would leave the timing, content, and sample population outside of our control. These research projects allow the Bureau to isolate cause and effect by using randomization to control for variables that are unknowable or un-measurable in natural

settings. In addition, these studies may be the best way to explore consumer behavior in novel environments, such as with emerging financial products.

For these reasons, data collections under this generic are important and valuable to the Bureau. Without these data collections, the Bureau will not be able to achieve its mission to understand consumer financial markets, consumer decisions and outcomes in these markets, and how to improve the effectiveness of information provided to consumers in consumer financial markets.<sup>2</sup>

In addition, Congress has mandated that the Bureau, in consultation with the Financial Literacy and Education Commission and consistent with the National Strategy for Financial Literacy, “develop and implement a strategy to improve the financial literacy of consumers that includes measurable goals and objectives.” (12 U.S.C. 5493 Sec. 1013(d)(1). The CFPB will be unable to carry out this mandate if it does not have information about consumer experiences navigating the financial marketplace and what strategies can improve financial literacy. Without periodic information collections on consumer experiences and best practices in financial education, the Bureau will not have timely information to adjust its programming to meet consumer needs.

## **7. Circumstances Requiring Special Information Collection**

Most information collections under this generic clearance 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 respondents to return to the lab more than once, and this could occur within a single quarter. Note that in such cases the respondent would not typically have any burden beyond that single 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.

Generally, there are no special circumstances. The collection under this generic information collection plan is conducted in a manner consistent with the guidelines in 5 C.F.R. 1320.5(d)(2).

## **8. Consultation Outside the Agency**

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<sup>2</sup> Bureau of Consumer Financial Protection Strategic Plan FY 2018 - 2022, Goal 1, <https://www.consumerfinance.gov/about-us/budget-strategy/strategic-plan/>

In accordance with 5 C.F.R. 1320.8(d)(1), the Bureau published a Federal Register notice (FRN) allowing the public 60 days to comment on this proposed extension of a currently approved collection of information on October 3, 2017. The Bureau received two responsive comments regarding this information collection. The first was supportive of the Bureau's work presented at a 2016 workshop using data collected by the Bureau. The second commenter expressed concerns with adding fields to existing forms without first measuring effects. Renewal of this clearance will allow the Bureau to study generally the effects of regulatory intervention in the consumer finance market. Further, and in accordance with 5 C.F.R. 1320.5(a)(1)(iv), the Bureau published a notice in the Federal Register on December 29, 2017 allowing the public 30 days to comment to OMB on the submission of this information collection request.

## **9. Payments or Gifts to Respondents**

In order to support the mission of the CFPB, Bureau researchers are fundamentally interested in questions such as how consumers use information to make choices and their behavior in consumer financial markets.

Controlled trials in field and economic laboratory settings are an important tool for addressing these questions. In experiments, the researcher strips away extraneous features of the marketplace, leaving only the essence of the economic environment and the institutions that govern it, placing these factors under the researcher's control.

To ensure that the behaviors exhibited in these environments relate to behavior in other settings, the incentives motivating the behavior must be similar. This is difficult to achieve if subjects are presented with purely hypothetical scenarios since participants' choices may be guided by a variety of motivations.<sup>3</sup> For this reason it is standard practice in the sub-discipline of experimental economics to compensate subjects.<sup>4</sup> Sometimes subjects are paid a fixed amount for their participation, in essence appreciation for their time, but also additional money based on their choices in the study. Participants may be paid different amounts depending on

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<sup>3</sup> Rachel Croson (2005), "The Method of Experimental Economics," *International Negotiation* 10: 131-148.

<sup>4</sup> Vernon L. Smith (1976), "Experimental Economics: Induced Value Theory," *American Economic Review* 66(2): 274-279.

the actions they take during the study.<sup>5</sup> The Bureau will provide the amount of any proposed incentive and a detailed justification for each information collection request submitted under this generic plan.

The Bureau plans to pay no more than \$40 per subject for one hour of participation in a laboratory study, and \$50-75 per subject for a 1 ½ to 2 hour focus group session. If the Bureau plans to exceed these standard rates, the justification will be addressed with OMB on a case-by-case basis.

#### **10. Assurances of Confidentiality**

As applicable, the Bureau 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. To the extent a pledge of confidentiality is provided to respondents of covered studies, the Bureau will accompany such a pledge with the legal authority and discuss accordingly with the accompanying submission to OMB.

When collecting information about consumer credit markets, the Bureau recognizes that there are privacy and data security risks. The Bureau uses best practices of social science research design to inform the notice and consent vehicles. When required and when practicable, the Bureau provides notice to individuals that explain how their information will be used through appropriate vehicles, such as Privacy Notices, Privacy Act Statements or Informed Consent forms. Such notice is typically made available prior to the collection of information and explains whether the information is mandatory or voluntary; whether there are any opportunities to consent to sharing and submission of information; how the information will be secured and when a System of Records is created under the Privacy Act. In some instances, research may be based on observations or on information collected directly from a third party, and notice and consent may not be applicable.

When the Bureau collects information from third parties, commercial sources, and public

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<sup>5</sup> Colin Camerer and Robin Hogarth (1999), "The Effects of Financial Incentives in Experiments: A Review and Capital-Labor-Production Framework" *Journal of Risk and Uncertainty* 19:7-42.



databases, individuals to whom information may pertain do not have the opportunity to consent to uses, decline to provide information, or opt out. In such cases, it is those third parties' responsibility to provide any opportunity that may be required to consent, decline, or opt out of how their information may be used. As part of the due diligence process, the Bureau reviews the privacy policies or other public disclosures from the third-parties regarding their use of the information to verify that there are no contradictions with the research, and the Bureau encourages the development of notice and consent opportunities.

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.

The information collected under this generic clearance may include direct identifying personally identifiable information (PII). Typically direct identifying PII consists of contact information used to facilitate administration of research, and is separated from response data generated from the research. When the Bureau does use direct identifying PII in analyses, it does so in order to a) match across datasets; b) update data sets; c) weight datasets in order to make generalizations regarding a given population; and d) contact potential recipients of our studies to solicit information on consumer experiences with consumer financial products and services.

Conducting field and lab 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 Bureau 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 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 Bureau 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 C.F.R. 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.

Field and lab research will be conducted 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 SORNs and PIAs will so be updated to reflect any changes.<sup>6</sup> Specific details regarding information handling will be specified in individual submissions under this generic clearance, but will conform to these broad guidelines.

When collecting information about consumer credit markets, the CFPB recognizes that there are privacy and data security risks. The Bureau outlines the way it plans to mitigate these risks when collecting data using this generic clearance later in this supporting statement.<sup>7</sup>

## **11. Justification for Sensitive Questions**

Questions about an individual's finances, for example how much a person makes or how much their mortgage costs each month, are commonly considered sensitive.

Nonetheless, the Office of Research must sometimes ask such questions in order to understand consumer behavior and recognize financial trends and emergent risks relevant to consumers. The Bureau believes that it is justified in asking these types of sensitive questions because they are central to our mission.

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<sup>6</sup> The CFPB has two SORNs that will cover field and lab research: CFPB.021 Consumer Education and Engagement Records, 77 FR 60382; and CFPB.022 Market and Consumer Research Records, 77 FR 67802.

<sup>7</sup> On June 30<sup>th</sup> 2014, the CFPB published a Privacy Impact Assessment (PIA) for Consumer Experience Research that covers some of the data that will be collected under this generic clearance. Other PIAs will be published by the CFPB in the future that will likely cover data collected under this generic clearance as well. [http://files.consumerfinance.gov/f/201406\\_cfpb\\_consumer-experience-research\\_pia.pdf](http://files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf)

In addition, some people may believe that questions about race or other socioeconomic factors may be considered sensitive. However, the Bureau is mandated to enforce fair lending laws and focus on the risks to vulnerable populations, including service members, older Americans, and lower-income consumers. For this reason, the Bureau often needs to ask these types of sensitive questions. For information collections involving questions of race/ethnicity, the Bureau 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 and all activities within the laboratory setting are voluntary, and subjects will be made aware of this fact. All respondents are free to opt-out of a data collection at any time and for any reason. Respondent participation in certain field studies that rely solely on indirect observation may not be voluntary and individual may not receive direct notice. In such cases, the Bureau does not intend to identify those individuals; uses standard social science research practices, including use of research review boards, to minimize risks of negative impacts to the Respondents; and vets field research to ensure they serve an authorized purpose.

The Bureau will ensure that a citation is made to any applicable System of Records Notice (SORN), and a Privacy Impact Assessment (PIA) in the individual submissions under this generic clearance and published research.

## **12. Estimated Burden of Information Collection**

The following tables present estimates of the total number of respondents and burden hours for proposed collections. The number of respondents and average burden per response for a specific collection will depend on the methodology used for gathering information. These estimates, as well as the mix of collection methods used, may be adjusted. Further details on estimated respondents and burden will be provided in each approval request. The total number of burden hours estimated under this generic clearance is 38,400 hours.

The Bureau has started various research projects and will likely continue a similar structure for conducting research over the next three years. Within each project there will probably be multiple rounds of data collection to thoroughly learn about a topic of interest.

There will be two styles of economic studies conducted in the lab: individual decision making tasks and group level interactions. These two types of studies have different time requirements. Individual tasks typically take less time for participants to complete, allowing the Bureau to conduct many more of these studies each year. The Bureau has estimated the number of participants per project and timing requirements on very common practices in the field as well as specific research ideas. For group level tasks, the Bureau bases its time estimates on our experiences over the past three years.

A separate line of research concerns economic studies in the field. For these types of projects, the Bureau will sometimes conduct a short survey in order to choose a subset of respondents to participate in a much longer data collection (sometimes over the following months).

**Exhibit 1: Burden Hour Estimate for All Data Collections, 3-yr period**

<b>Types of Projects</b>	<b>Total Respondents</b>	<b>Total Hours</b>
Lab Studies	24,600	20,400
Field Studies	18,000	18,000
<b>Total all projects for 3 years</b>	<b>42,600</b>	<b>38,400</b>

**Exhibit 1a: Burden Hour Estimate for Economic Studies in the Lab, 3-yr period**

Number of Projects	Rounds per Project	Respondents per Round	Total Respondents	Hours per Respondent	Total Hours
3	3	600	5,400	2	10,800
6	4	800	19,200	.5	9,600
<b>Total</b>			<b>24,600</b>		<b>20,400</b>

**Exhibit 1b: Burden Hour Estimate for Economic Studies in the Field, 3-yr period**

Number of Projects	Number of Respondents per Project	Total Respondents	Hours per Respondent
12	1,500	18,000	1
	<b>Total</b>	<b>18,000</b>	<b>18,000</b>

For each specific collection request submitted under this generic plan, a detailed estimate of the burdens of that particular request will be submitted.

**13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers**

There will be no capital, operating, or maintenance costs to respondents as a result of participation in any information collection submitted under this generic clearance plan.

**14. Estimated Cost to the Federal Government**

For each data collection that falls under this generic clearance, costs to the Federal government will be estimated.

**15. Program Changes or Adjustments**

	<b>Total Respondents</b>	<b>Annual Responses</b>	<b>Burden Hours</b>
Total Annual Burden Requested	42,600	42,600	38,400
Current OMB Inventory	26,100	26,100	27,000
Difference (+/-)	+16,500	+16,500	+11,400
Program Change			
Discretionary			
New Statute			
Violation			
Adjustment	+16,500	+16,500	+11,400

Based on research the Bureau has conducted over the last three years we have better estimates of what we will pursue in the next three years. The increase in burden is not due to any new statutory or regulatory requirements.

**16. Plans for Tabulation Statistical Analysis or Publication**

The Bureau's research projects are intended to expand scientific understanding of consumer decision-making in financial domains. Research findings will be published as technical articles that are publicly disseminated as working papers, published in peer-reviewed journals, or published as Bureau white papers. Collection, analysis, and publication of data will span the entire period of the anticipated generic clearance. The Office of Research plans to conduct an ongoing program of research and therefore plans to apply for an extension to the anticipated generic clearance when it expires.

Because of publication lag, a typical academic journal article is published one or more years after initial submission. Data collection for a professional publication typically takes at least three to four months, and in some cases could be longer. Data analysis and article preparation typically lasts another three to four months. Thus, professional articles in a peer-reviewed outlet of any kind are estimated to be published from 12 months to 36 months from the time that data collection begins.<sup>8</sup> The publication process for Bureau in-house products is shorter than that for external academic publications.

Research projects submitted under this generic clearance will not be published to the public as official government statistics that are representative of a broader population. In particular, these projects will never involve nationally representative samples. Instead, publications will be along the lines of academic research, exploring consumer decision-making and behavior.

**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 OMB's public PRA docket at [www.reginfo.gov](http://www.reginfo.gov).

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<sup>8</sup> P.K. Trivedi (2006), "An Analysis of Publication Lags in Econometrics" *Journal of Applied Econometrics* 8(1): 93-100.

**18. Exceptions to the Certification Requirement**

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