

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

**SUPPORTING STATEMENT PART A
CONSUMER AND COLLEGE CREDIT CARD AGREEMENTS
(OMB CONTROL NUMBER: 3170-0052)**

OMB TERMS OF CLEARANCE: The Office of Management and Budget (OMB) provided no Terms of Clearance when it last reviewed this collection of information in March 2015.

ABSTRACT:

Sections 204 and 305 of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) and 12 CFR §§ 226.57(d) and 226.58 require card issuers to submit to the Bureau of Consumer Financial Protection (Bureau):

- agreements between the issuer and a consumer under a credit card account for an open-end consumer credit plan; and
- any college credit card agreements to which the issuer is a party and certain additional information regarding those agreements.

The data collections enable the Bureau to provide consumers with a centralized depository for consumer and college credit card agreements and information regarding the arrangements between financial institutions and institutions of higher education.

JUSTIFICATION

1. Circumstances Necessitating the Data Collection

Section 502(a) of the CARD Act requires periodic reviews of the consumer credit card market, within the limits of the Bureau's existing resources available for reporting purposes. As enacted in 2009, the CARD Act directed that the Federal Reserve Board (FRB) conduct this review. The responsibility for this review will be transferred to the Bureau, along with the general transfer of rulemaking authority for the Truth in Lending Act.

As set forth in the statute, these collections seek to examine developments in the consumer credit card marketplace, including:

- effectiveness of disclosure of terms, fees, and other expenses of credit card plans; and
- adequacy of protections against unfair or deceptive acts or practices relating to credit card plans.

Consumer Credit Card Agreement Quarterly Submission

On July 21, 2011, the Bureau assumed responsibility under the CARD Act for quarterly collecting credit card agreements in a publicly available database. Pursuant to 12 CFR § 1026.58 and 15 U.S.C.

§ 1632(d)(2)–(3), collection is mandated for all issuers (subject to *de minimis* exceptions), and the scope of the mandate may require submission of multiple different agreements for each issuer. *See* 15 U.S.C.

§ 1632(d)(2) (“Each creditor *shall provide* to the Bureau, in electronic format, the consumer credit card agreements that it publishes . . .”) (emphasis added); *id.* § 1632(d)(3) (“The Bureau *shall establish and maintain* on its publicly available Internet site a central repository of the consumer credit card agreements received from creditors pursuant to this subsection, and such agreements shall be easily accessible and retrievable by the public.”) (emphasis added).

College Credit Card Agreement Annual Submission

This collection is made pursuant to the CARD Act requirement, codified at 12 CFR § 1026.57(d); 15 U.S.C. § 1637(r); and 76 FR 79768 (Dec. 22, 2011).

Every year, the CARD Act requires the Bureau to collect the agreements in place between credit card issuers and institutions of higher education, as well as summary data about the credit cards offered pursuant to these agreements. *See* 15 U.S.C. § 1637(r)(2)(A) (“Each creditor *shall submit* an annual report to the Bureau containing the terms and conditions of all business, marketing, and promotional agreements and college affinity card agreements with an institution of higher education, or an alumni organization or foundation affiliated with or related to such institution, with respect to any college student credit card issued to a college student at such institution.”) (emphasis added).

The CARD Act requires the Bureau to submit to Congress, and to make available to the public, an annual report that lists information submitted to the Bureau concerning agreements between credit card issuers and institutions of higher education or certain affiliated organizations. *See id.* § 1637(r)(3) (“The Bureau shall submit to the Congress, and make available to the public, an annual report . . .”). Affiliated organizations include fraternities, sororities, alumni associations, or foundations affiliated with or related to an institution of higher education. The Bureau provides this centralized depository on its website and also publishes an annual report each year based upon the submitted data.

Similarly to the quarterly credit card agreement submission, this role was also inherited from the Federal Reserve Board.

The annual submission of college credit card agreements has previously approved by the Office of Management and Budget and bears OMB approval number 7100-0199.

2. Use of the Information

Consumer Credit Card Agreement Quarterly Submission

Every quarter, the CARD Act requires the Bureau to collect and post to the Bureau’s website credit card agreements from issuers with over 10,000 accounts. Financial institutions must submit consumer credit card agreements quarterly by the first business day on or after January 31, April 30, July 31, and October 31 of each year, as described in 12 CFR § 226.58.

Consumer agreement submissions generally must reflect the consumer agreements an issuer offered to the public as of the last business day of the preceding calendar quarter. For example, the submission due on

January 31, 2014 (the first business day on or after January 31, 2014) must reflect the consumer agreements your institution offered to the public as of December 31, 2013 (the last business day of the fourth calendar quarter).

The Bureau is required by law to make all such agreements “easily accessible and retrievable.” They are posted on the Bureau’s site: <http://www.consumerfinance.gov/credit-cards/agreements/>. The agreements can be filtered by issuer and the text is fully searchable. This facilitates consumers’ ability to find their credit card agreement and compare it to others.

College Credit Card Agreement Annual Submission

Every year, the CARD Act requires the Bureau to collect the agreements in place between credit card issuers and institutions of higher education, as well as summary data about the credit cards offered pursuant to these agreements.

College agreements must be submitted annually by the first business day on or after March 31 of each year, as described in 12 CFR § 226.57(d). For example, if an institution was a party to a college credit card agreement in effect at any time during calendar year 2013, the agreement and information about that agreement must be sent to the Bureau after December 31, 2013, and no later than March 31, 2014.

The agreements between the financial institution and the institution of higher education and information about those agreements are considered nonconfidential. The Bureau will make these agreements and the related information available to the public as part of an annual report.

Agreements between a financial institution and an institution of higher education and information about those agreements are considered nonconfidential because:

- Section 304 of the Credit CARD Act and 12 CFR § 226.57(b) require institutions of higher education to disclose these agreements publicly; and
- Section 305 of the Credit CARD Act requires the Board to submit to Congress and make available to the public an annual report that lists certain information about each agreement submitted.

This information includes:

- the total amount of payments by your institution during the year;
- the specific terms of the agreement under which payments are calculated;
- the number of accounts opened during the year;
- the total number of accounts that were open at the end of the year; and
- a list of agreements terminated during the calendar year including the name, type, and location of the institution of higher education.

This data collection is intended to bring greater transparency to the college and university credit card market. The CARD Act prohibits credit card issuers from extending credit without assessing the consumers’ ability to pay, specifically persons under the age of 21. This collection is vital to the ongoing regulatory surveillance of this potentially risky market segment. The collection also provides consumers, including college students, clear and comparable information regarding their credit cards.

The college credit card data is posted at <https://data.consumerfinance.gov/Government/College-Credit-Card-Agreements/r963-hvsf>.

3. Use of Information Technology

The Bureau changed the submission method from faxing PDF/handwritten forms to emailing Excel forms electronically in July 2012. This change was non-material and has 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.

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

To meet statutory requirements, the Bureau is required to collect these data quarterly and annually and make the information available to the Congress and the general public. Without the Bureau's quarterly collection of agreements, consumers may not have access to the latest and up-to-date agreement disclosure. Also, without this data the public would be hindered in their ability to comparison shop for credit cards and competition would thereby be harmed. Further, the Card Act requires the Bureau to submit to Congress and make available to the public an annual report that lists certain information regarding the arrangements between credit card issuers and institutions of higher education.

7. Circumstances Requiring Special Information Collection

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. There are no special circumstances requiring special information collections. These collections of information is otherwise consistent with the applicable guidelines contained in 5 CFR 1320.5(d) (2).

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 collection of information. One responsive comment was received urging the Bureau to consider whether the collection of these agreements has utility. The Bureau notes that these collections are not discretionary and are statutorily required by the CARD ACT. Further and in accordance with 5 CFR 1320.5(a)(1)(iv), the Bureau will publish a notice in the *Federal Register* allowing the public 30 days to comment on the submission of this information collection request to OMB.

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 CFR Part 1070.20 *et seq.*

11. Justification for Sensitive Questions

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

12. Estimated Burden of Information Collection

| Information Collection Requirement | No. of Respondents | Frequency | Number of Annual Responses | Average Response Time (hours) | Annual Burden Hours |
|---|--------------------|------------|----------------------------|-------------------------------|---------------------|
| Quarterly Credit Card Agreement Submission | 400 | 4 | 1,600 | .25 | 400 |
| Annual College Credit Card Agreement Submission | 30 | 1 | 30 | 1 | 30 |
| Totals: | 430 | ////////// | 1,630 | ////////// | 430 |

The proposed annual burden for the quarterly credit card agreement submission would be 400 hours. The Bureau is required to collect the agreements from at least 350 credit card issuers; typically the number of respondents fluctuates around 400. Since these agreements collected are readily available by the card issuers (and usually already publicly disclosed), this requirement imposes little burden.

Associated Labor Costs:**Quarterly agreement credit card agreement submission**

We estimate the labor costs to submit the credit card agreements quarterly to be \$23,730 based on the following formula: percentage of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Administrative Services Manager @ \$47, 70% Operations Manager @ \$58.70,). Hourly rate estimates for each occupational group are averages using data from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages, May 2016, <http://www.bls.gov/bls/blswage.htm>. Occupations are defined using the BLS Occupational Classification System, <http://www.bls.gov/soc/>.

The proposed annual burden for the annual college credit card agreement submission would be 30 hours. Typically the number of respondents fluctuates around 30. Since these agreements collected are readily available by the card issuers (and usually already publicly disclosed), this requirement imposes little burden.

Annual Credit Card Agreement submission

We estimate the labor costs to submit the annual college credit card agreement to be \$1,707 based on the following formula: percentage of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Administrative Services Manager @ \$47, 50% Operations Manager @ \$58.70, and 20% Legal Counsel @ \$67.25). Hourly rate estimates for each occupational group are averages using data from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages, May 2016, <http://www.bls.gov/bls/blswage.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 Bureau incurs no unique costs as a result of this data collection.

15. Program Changes or Adjustments

There are no changes to this program, or its burdens since the last renewal of this collection. The on-line portal that was launched in 2016 has not been used; therefore, the Bureau is adjusting the hours back to what was originally projected for respondents to email the report to the Bureau.

16. Plans for Tabulation, Statistical Analysis, and Publication

Individual respondent data are collected and then published on the Bureau's public web site. There are 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 displays the expiration date for OMB approval of the information collection on all instruments. The OMB number and expiration are also displayed on OMB's public-facing 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.

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