

**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)

Terms of Clearance: When the Office of Management and Budget (OMB) last approved this collection on June 29, 2018 it imposed the clearance term that “The agency will significantly modify this collection upon renewal.” In consultation with OMB, the Bureau of Consumer Financial Protection (“Bureau”) is modifying this generic information collection plan to provide for public notice and opportunity to comment to OMB for each request submitted under this generic.

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 through controlled trials in field and economic laboratory settings. This research is used for developmental and informative purposes 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 required 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 information collection plan to collect data through controlled trials in field and economic laboratory settings.

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 providing a sole basis for specific policy or regulatory action 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 clearance will be basic research about consumer credit markets and household finance.

2. Use of the Information

The specific purpose of this clearance is to allow the Bureau to better inform and advance scientific understanding of consumer credit markets and household finance, including consumer use of disclosures, consumer behavior with respect to consumer financial products and services, financial planning behaviors, and the effectiveness of financial educational programs. The Office of Research envisions a program of data collections, and this 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 clearance 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 clearance covers studies with developmental and informative purposes. In many cases, the research studies under this clearance will include purposive samples that are not designed to be representative of a broader population. These projects are intended to be internally valid, but not necessarily externally valid; that is, the projects will use scientifically rigorous methods, but may not always represent

broader populations beyond the sample that is included in the study. In some instances, the research studies may use sampling methods to create estimates that are representative of a population of interest. For example, the Bureau may be interested in exploring differences among subgroups of consumers. All of the studies conducted under this clearance will be intended to improve the Bureau's methods and understanding of consumer decision-making, and not to create official government statistics.

The Office of Research will continue to monitor research projects to ensure that projects included under this clearance are not intended to inform particular regulatory decisions, or to develop or evaluate specific policies (e.g., testing of a disclosure form that is intended to later be promulgated in a rule).

While the Bureau will do most pilot and cognitive testing of its studies under the Generic Information Collection Plan the Bureau maintains to do such testing; the Bureau may, as part of experiments and studies submitted under this clearance run pre-tests with smaller samples of participants to validate the study or experiment's design, and calibrate the materials, software and equipment used for the study. As a result of those pre-tests, it will make only non-substantive changes to the experiment's design, collection instruments or instructions. If such testing reveals the need for substantive changes to the study, the Bureau will withdraw the study and resubmit it once those changes have been made.

This 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.

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.¹ The Bureau expects that the most effective 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 research projects under this clearance 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 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

¹ Roger Tourangeau, Fredrick Conrad, and Mick Couper (2013), "The Science of Web Surveys." USA: Oxford University Press.

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 clearance are important and valuable to the Bureau. Without these data collections, the Bureau will be hindered in its work 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.²

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 Bureau 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 clearance will require a single interaction between

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

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. Further, participation in all of these studies is voluntary, and participants may opt out of them at any time. The Bureau 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, except as noted above, there are no special circumstances. The collection under this information collection plan is conducted in a manner consistent with the guidelines 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 in the *Federal Register* allowing the public 60 days to comment on this information collection plan. No relevant comments were received. Also, in accordance with 5 CFR §1320.5(a)(1)(iv), the Bureau has 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.

Finally, in consultation with OMB, the Bureau will publish a 30-Day Notice in the *Federal Register* to invite public comment for each individual information collection conducted under this clearance prior to submitting the collection to OMB for review. When the information collection is submitted to OMB for review after the 30-Day Notice concludes, the Bureau will include in the submission to OMB a copy of the 30-Day Federal Register Notice, any comments received and a summary response to them. This approach will enable OMB to gather comments to improve the quality of the information collection.

9. Payments or Gifts to Respondents

In order to support the mission of the Bureau, 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.³ For this reason it is standard practice in the sub-discipline of experimental economics to compensate subjects.⁴ 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 the actions they take during the study.⁵ The Bureau will provide the amount of any proposed incentive and a detailed justification for each information collection request submitted under this clearance.

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 interview. If the Bureau plans to exceed these standard rates for a particular study, 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 CFR Part

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

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

⁵ 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.

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. The Bureau always 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 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.

When the Bureau collects information from third parties, commercial sources, and public 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. In such instances, 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 information sharing and the research. Additionally, 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 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 privacy and 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 CFR 1070.40 *et seq.*). The Bureau treats the information collected from participating persons and institutions in a manner consistent with its 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 Bureau has two SORNs that will cover field and lab research: CFPB.021 Consumer Education and Engagement Records, 83 FR 23435; and CFPB.022 Market and Consumer Research Records, 83 FR 23435.

Each submission under this generic will include justification for any collection of PII and

a discussion of privacy controls. Specific details regarding information handling will be specified in individual submissions under this clearance, but will conform to the broad guidelines described here.

When collecting information about consumer credit markets, the Bureau 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 clearance later in this supporting statement. The Consumer Experience Research PIA and the [Market Analysis of Administrative Data Under Research Authorities PIA](#) covers the data that will be collected under this clearance.⁶

Each request submitted under this revised generic information collection plan will include a separate justification as applicable for the collection of PII as well as the appropriate Privacy Act information.

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 its mission.

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

⁶ Consumer Experience Research PIA https://s3.amazonaws.com/files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf; and Market Analysis of Administrative Data Under Research Authorities PIA https://s3.amazonaws.com/files.consumerfinance.gov/f/201312_cfpb_pia_admin-data-research.pdf.

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. Individuals may not have the opportunity to opt out of participation in certain field studies that rely solely on existing administrative or other datasets available from third parties. In such cases, the Bureau will review the third party's consent and privacy policies to ensure compliance with Privacy Act. 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 it serves 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 clearance and in 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 Bureau has started various research projects and will likely continue a similar structure for conducting research over the next three years. Many of these studies will include 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 based 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 longer data collection.

Types of Projects	Total Respondents	Total Hours
Lab Studies	31,620	19,905
Field Studies	4,500	4,500
Total all projects for 3 years	36,120	24,405

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

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

Number of Projects	Interviews per project	Rounds per Project	Respondents per Round	Total Respondents	Hours per Respondent	Total Hours
3	10	3	300	2,730	2	5,460
9	10	4	800	28,890	.5	14,445
Total				31,620		19,905

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
3	1,500	4,500	1
Total		4,500	4,500

For each specific collection request submitted under this clearance, 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 clearance.

14. Estimated Cost to the Federal Government

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

15. Program Changes or Adjustments

Exhibit 2: Burden Estimate Changes

	Total Respondents	Annual Responses	Burden Hours
Total Annual Burden Requested	36,120	36,120	24,405
Current OMB Inventory	0	0	0
Difference (+/-)	+36,120	+36,120	+24,405
Program Change	+36,120	+36,120	+24,405
Discretionary			
New Statute			
Violation			
Adjustment			

Since this is a request to reinstate a discontinued OMB control number, the current OMB inventory is 0 and, therefore, all the estimated burden associated with this generic information collection plan is considered a program change. However, when last approved by OMB, the number of inventoried respondents and responses was 42,600 and inventoried hours were 38,400. This reinstatement request is seeking a reduction of 6,480 respondents/responses and a reduction of 13,995 hours as compared to the previous OMB approval. Based on research the Bureau has conducted over the last several years, and its plans for upcoming research studies, the Bureau has better estimates of what projects it will pursue in the next three years. The decrease 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 clearance. The Office of Research plans to conduct an ongoing program of research and therefore plans to apply for an extension to the anticipated 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.⁷ The publication process for Bureau in-house products is shorter than that for external academic publications.

17. Display of Expiration Date

The Bureau plans to display the expiration date for OMB approval of the information

⁷ P.K. Trivedi (2006), "An Analysis of Publication Lags in Econometrics" *Journal of Applied Econometrics* 8(1): 93-100.

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.

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.