

**REQUEST FOR APPROVAL UNDER THE “CFPB 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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**PART A. GENERAL INFORMATION**

1. **Title of the Information Collection (Study):** Savings and Debt Study

2. **Study Abstract:**

This study will explore consumers’ perceptions and motivations around the experience of managing savings and credit card debt simultaneously. The goal of this project is to better understand consumers’ preferences for savings and debt management strategies, which can inform the development of useful and effective financial educational materials.

3. **Type of Collection:**

a. **Will there be an informed consent?**  Yes  No  N/A

The participants for the Study are being recruited through a pre-existing panel created by the contractor, and informed consents are handled during that recruitment process by the contractor

b. **How will you collect the information?** (Check all that apply)

Field Study  Laboratory Trials

Other, Explain \_\_\_\_\_

c. **Will interviewers or facilitators be used?**  Yes  No  N/A

4. **Personally Identifiable Information:**

a. **Is personally identifiable information (PII) collected?**  Yes  No

**If yes, explain direct identifying PII and/or other PII and relevant uses.**

General demographic data, including age, gender, and income range will be collected.

Participants will not be required to answer these questions. Direct identifying PII will not be collected.

b. **If Yes, is the information that will be collected included in records that are subject to the Privacy Act of 1974?**  Yes  No  Not Applicable

1. **If Applicable, has a System or Records Notice (SORN) been published?**

Yes  No  N/A

2. **If Yes, provide SORN title and *Federal Register* citation for the SORN** N/A

c. **Has the Privacy Impact Assessment (PIA) been published?**

Yes  No  Not Applicable

**If Yes, provide link to PIA. If No, please describe the status of the PIA:**

Consumer Experience Research PIA,

[http://www.consumerfinance.gov/f/201406\\_cfbp\\_consumer-experience-research\\_pia.pdf](http://www.consumerfinance.gov/f/201406_cfbp_consumer-experience-research_pia.pdf)

## **PART B. JUSTIFICATION**

### **1. Purpose of the Study and Intended Uses of the Data:**

One of the “primary functions” of the Consumer Financial Protection Bureau (“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.”

This project investigates the tendency for consumers to simultaneously hold savings and credit card debt. There are several explanations from the literature in economics<sup>1</sup>, but we suggest that there are additional unexplored factors underlying this behavior. To the best of our knowledge, this question of whether and when consumers consider using savings to pay existing debts has not been explored from the perspective of the consumer.<sup>2</sup>

The goal of this project is to better understand consumers’ preferences for savings and debt management strategies, which can inform the development of useful and effective financial educational materials. The purpose of this study is not to make particular regulatory decisions, evaluate specific policies, or substantially inform a rulemaking. The findings from this study 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 this research project. Instead, the study is for developmental and informative purposes. This study uses a purposive sample that is not designed to be representative of a broader population. This project is 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. The study is intended to improve the Bureau’s and understanding of consumer decision-making, and not to create official government statistics.

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<sup>1</sup> Fulford, 2014; Teyukova, 2007; Zinman 2007; Lehnert & Maki, 2002

<sup>2</sup> Sussman and O’Brien (2016) examine reticence to take *on* debt versus use savings to handle an emergency, suggesting that there are important factors at play when consumers consider the use of their savings.

**2. Payments or Gifts (Incentives) to Respondents:**

Participants will be paid a fixed amount for their participation, in essence appreciation for their time. Study participants will come from a survey vendor that maintains a standing online panel of respondents, who will be paid by the provider of the panel service. The payment per response will vary according to the survey vendor’s compensation policies, but will generally be a few dollars (less than \$5 each). Payment will be administered directly by the survey vendor and will take the form of a cash-equivalent gift card or panel “points” that can be redeemed for various prizes or gift cards.

**3. Assurances of Confidentiality and Justification for Sensitive Questions:**

Questions about an individual’s finances are commonly considered sensitive. We will collect general demographic characteristics from participants, including age, gender, and income (reported in a range) to examine differences in responses across these characteristics. Some participants may consider these demographic questions as potentially sensitive as well. Participants will not be required to complete these questions. These questions are included to permit analysis of responses in subgroups, especially to understand whether more financially vulnerable consumers hold different preferences for managing their savings and debt.

**4. Estimated Burden of Information Collection:**

Information Collection	No. of Respondents	Frequency	Total Annual Responses	Average Response Time (hours)	Total Burden Hours
Phase 1	800	1	800	.25	200
Phase 2	800	1	800	.25	200
Phase 3	400	1	400	.25	100
<b>Totals:</b>	<b>2,000</b>	<b>///////</b>	<b>2,000</b>	<b>///////</b>	<b>500</b>

**5. Federal Costs (estimated annual cost to the Federal government):**

\$30,932.86

This study will be conducted through a contract with a cost of \$30,932.86. This cost reflects all available options; the actual cost will be lower if the Bureau does not exercise all options in the contract. This will be a one-time cost.

## **PART C. STATISTICAL METHODS**

### **1. Respondent Universe and Selection Methods:**

Respondents will be members of an online panel. For this particular panel, the contractor will request participants take a short survey about how people understand what they read. Interested participants will access the study, participate, and be compensated by a contractor. This panel has several hundred thousand members, with approximately two to five thousand actively looking for postings at any given time, ensuring sufficient numbers of unique respondents for the study. The sample will be purposive and non-representative, and not intended to be externally valid or representative of a broader population

### **2. Information Collection Procedures:**

We intend to conduct three phases of data collection. Collection in later phases will exclude participants from earlier phases, ensuring unique participants for each phase of collection.

After responding to an invitation to participate in the study, respondents will be randomly assigned to one of several experiences. Each experience seeing a different kind of savings and debt scenario, wherein the ratio of savings to debt has been varied. For example, a consumer might be asked to indicate how they would manage a \$1,500 credit card debt, and be given information about the assets and bills they have, including some amount in savings (e.g., \$1,000, \$1,500, or \$3,000). Participants will then be asked to answer a set of questions about the scenario and their perceptions of different kinds of debt and different kinds of savings. Finally, they will be asked to answer demographic questions, including age, gender, and income to see whether there are any differences in responses across these characteristics.

We will also gather metadata on the time spent per page of the survey. This can sometimes help researchers understand where the survey might have required more thought or was harder to answer. The study will be available to participants until the study reaches the desired number of responses, which we expect will be between one and three weeks.

### **3. Testing of Procedures or Methods:**

The Bureau plans to use two types of pretesting to test the research instruments on a small scale prior to its use in full-scale research studies. First, pretesting is conducted with volunteers from within the Consumer Financial Protection Bureau, who have agreed to provide feedback on study materials. Pretesting of this type took place in August 2018, and was used to refine the study materials contained in this submission. Similar pretesting will be conducted by the contracted staff who will be fielding the study. They will review the program and provide feedback on the wording of items and the technical execution of the study. The second type of pretesting is conducted using a small sample of participants from the panel. In this “soft launch,” between 10

and 50 participants will complete the study, and the data will be examined to ensure there are no administrative or technical flaws in the survey leading to errors in the recorded data. These techniques are meant to reduce the total public burden of the information collection by ensuring that the full study information collection is optimized. The Bureau will also gather time spent on the questionnaire during pretesting, and will use this information to ensure the average response time does not exceed 15 minutes.

**4. Contact Information for Statistical Aspects of the Design:**

Brianna Middlewood

Research [Psychologistbrianna.middlewood@cfpb.gov](mailto:Psychologistbrianna.middlewood@cfpb.gov)

**PART D. CERTIFICATION PURSUANT TO 5 CFR 1320.9, AND THE RELATED PROVISIONS OF 5 CFR 1320.8(b)(3) :**

By submitting this document, the Bureau certifies the following to be true:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (d) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (e) It indicates the retention period for recordkeeping requirements;
- (f) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (g) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to be collected;
- (h) It uses effective and efficient statistical survey methodology; and
- (i) It makes appropriate use of information technology.

**PART E. CERTIFICATION FOR INFORMATION COLLECTIONS SUBMITTED UNDER A GENERIC INFORMATION COLLECTION PLAN**

- (a) The collection is voluntary.
- (b) The collection is low-burden for respondents and low-cost for the Federal Government.
- (c) The collection is non-controversial and does not raise issues of concern to other federal agencies.
- (d) The collection is not intended to be published to the public as an official government statistic to be externally valid and representative of a population of interest. The results are intended to be internally valid, not necessarily externally valid.
- (e) Information gathered will not be used for the purpose of substantially informing influential policy decisions.
- (f) The collection is targeted to the solicitation of opinions from respondents who have experience with the topics or issues being studied.
- (g) The results will not be used to measure regulatory compliance or for CFPB program performance evaluation.
- (h) The results are not intended to be generalizable or otherwise draw inferences beyond the survey population