

**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): Disclosure Market Study**

**2. Study Abstract:**

This study examines the effect of different disclosure regimes on market outcomes. In order to estimate these effects, we will invite people to participate in laboratory research in which they will make choices in a marketplace environment that we construct. These marketplaces will vary in terms of the disclosure requirements. This laboratory study builds upon earlier work conducted by the Bureau that examines how the number of product attributes in a disclosure affects outcomes including consumers’ choice of providers and realized market prices. The earlier study found that when the number of attributes of a product increased (keeping product quality and features constant), consumers selected the more expensive product ten times more often, and market prices increased by over 30%. This study builds on that work by examining whether and how the findings change with increased competition in the market.

**3. Type of Collection:**

- a. Will there be an informed consent?** [ ] Yes [X] No [ ] N/A

**Explain why or why not an informed consent is being used.**

An informed consent will be given to participants as part of standard internal recruiting procedures as required by the contracting institution’s Institutional Review Board (IRB).

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

[ ] Field Study [X] Laboratory Trials

[ ] Other, Explain \_\_\_\_\_

- c. Will interviewers or facilitators be used?** [ ] Yes [X] 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.**

We will ask participants for their gender, age, and whether English is their first language. No other PII will be collected. Participants will not be required to answer these questions. Direct identifying PII will not be collected by the Bureau.

- 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  Not Applicable

**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:**

**Name:** Consumer Experience Research

**Link:** [http://files.consumerfinance.gov/f/201406\\_cfpb\\_consumer-experience-research\\_pia.pdf](http://files.consumerfinance.gov/f/201406_cfpb_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.”

Many of the products the Bureau regulates are complex, and understanding how consumers and providers respond to that complexity in competitive markets is important for the Bureau’s mission. This study will help the Bureau to anticipate impacts of disclosure on consumers and companies based on a product’s complexity and market characteristics.

Uncovering the effects of information disclosure is a research goal well suited to laboratory methods. In the laboratory, researchers can hold constant the costs and benefits of a product while altering the ways in which a product or its price are disclosed. As a result, comparing participant choices and market outcomes between treatments can identify causal effects of disclosure design, separate from the impacts of product complexity or its costs and benefits.

This study builds on previous Bureau research, which found that when the number of attributes of a product increases, market prices increased by over 30%. This study builds on that work by examining whether and how the findings change with increased competition in the market. Theoretically, increased competition among more numerous providers can make markets more efficient. Alternatively, it is possible that more providers in the market could lead to increasing market prices if, as in the preceding study, the volume of information in the market negatively influences consumers’ ability to understand the cost of the products. The lessons learned in this study will inform the Bureau’s approach to effective disclosure.

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.

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

Participants will be paid based on the choices that they make to encourage attention to the laboratory tasks. The practice of paying participants based on their choices is standard in the academic literature (e.g., Kalayci, 2015). Given that different participants are likely to make different choices, payments will vary on

an individual basis. We anticipate that, on average, participants will be compensated approximately \$35 for their participation.

During recruitment, participants will be told that they will make a minimum of \$7 for participating in this research, but that additional compensation will depend on the choices that they make and the choices of others. This incentive structure is standard in academic studies and is in line with the norms of the research pool we are using.

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

There are no sensitive questions asked in this study. Nevertheless, participants will be given Institutional Review Board (IRB) forms from the contracted institution that describe the study, including privacy information. Additionally, participants will also receive a Privacy Notice from the CPF B.

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

Information Collection	No. of Respondents	Frequency	Total Annual Responses	Average Response Time (hours)	Total Burden Hours
Laboratory research	240	1	240	2	480
<b>Totals:</b>	//////////	//////////	<b>240</b>	//////////	<b>480</b>

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

\$20,677.60

The contract to complete this work is a one-time contract that has a cost cap at \$20,677.60. Since the contract involves fixed unit pricing the actual costs to the government may be lower.

**PART C. STATISTICAL METHODS**

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

The potential respondent universe is the students of this college who have not unsubscribed from their recruitment system. All students are automatically enrolled in the college’s participant database, but may unsubscribe from solicitations at any time. The potential universe is therefore approximately 2,600 individuals.

In previous studies conducted at this same institution, the Bureau experienced between a 15 percent and 25 percent response rate.

For this study, the Bureau intends to run 20 sessions of 12 respondents per session, for a total of 240 respondents.

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:**

This project examines the effects of different disclosure regulations on market outcomes. In order to estimate these effects, we will invite respondents to participate in laboratory research in which they will make choices in a marketplace environment that we construct. Specifically, respondents will be assigned to one of two roles (“seller” or “buyer”). In the role of a seller, participants will set prices for a hypothetical good. In the role of a buyer, they will make hypothetical purchase decisions based on those prices.

Respondents who are interested in the study will come to the institution's laboratory to participate. All pricing and purchasing decisions will be made via a computer program, which will record these choices.

This is a market study and therefore participants' responses may impact other participants' experiences. In addition, participants will be randomly matched into markets, and randomly assigned roles (buyers or sellers). Markets will be randomly assigned to differ in the number of participants who are assigned to the seller role, and in the number of "sub-prices" that are used to describe a product's price. In this study, a product's total price is the sum of its sub-prices. There will be between two and four sellers in a round, and between one and 16 sub-prices.

Each participant will first be shown a set of comprehensive instructions that will explain the experiment to the participant. The instructions will walk the participant through each element of the experiment, one-by-one. After a handful of elements have been explained, the instructions will pause to administer one or two comprehension questions to the participant. Participants are informed that these questions are not meant to test the participant but to ensure understanding of the elements of the experiment.

After the instructions, participants will be assigned to one of two roles: buyer or seller. Sellers will first set prices, and buyers will then select from which seller they wish to purchase a product. Sellers will earn money when they sell a product, and the higher the price they sell a product for, the more money they earn. Buyers will earn money whenever they buy a product, and the lower the price they buy the product for, the more money they earn. This process constitutes a single "round." After a single round, participants will all receive new roles (determined randomly), and a new round will be completed. Participants will repeat this process for several rounds.

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

We will conduct internal testing of the software to ensure that the software is coded correctly and performs as expected. In addition, we will conduct at least two trial sessions at the contract institution before beginning formal data collection. The internal testing and trial sessions will also be timed so that we can make adjustments to ensure the average response time is no longer than two hours.

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

Dustin Beckett, Economist  
Consumer Financial Protection Bureau  
[Dustin.Beckett@cfpb.gov](mailto:Dustin.Beckett@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.