

**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)**

PART A. GENERAL INFORMATION

1. Title of the Information Collection: Tiered Disclosure Study

2. Study Abstract:

In this laboratory research, we will conduct a project related to financial disclosure. This study will examine the effects of different methods of disclosure simplification, each designed to help consumers make choices. In order to estimate these effects, participants will make choices in a marketplace environment that we construct. These marketplaces will vary in terms of the disclosure form and function. All respondents will be members of an institution’s participant pool who also express interest in taking part in this research study. Participants will come to the institution’s laboratory to participate. The data that results from this project will be analyzed for research purposes only.

3. Type of Collection:

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

A University created Informed consent is required by the policies of the university with which we are partnering, therefore the Bureau will not be offering its own.

- 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?** [X] 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.

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

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

Yes No Not Applicable

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

d. **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_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.”

Policy-makers occasionally attempt to simplify disclosure in order to make the disclosure more accessible or more easily comprehended by consumers. One approach is to present consumers with what the policy-maker considers to be the most important attributes of the disclosed product. However, there are other approaches to disclosure simplification. In particular, we hypothesize that in certain cases, providing consumers with the preferences and consumption-utilities of a small set of example consumers may prove more effective in helping consumers find the choice that they decide best fits that their own preferences. This hypothesis is informed by a large body of experimental literature concluding that presenting individuals with information about others (i.e., social learnings) can greatly affect their decision-making.

In this study, we derive theoretical conditions in which this hypothesis is true, and then test the theory in a laboratory setting with consumers.

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:

In this study, each experimental session will last between one and a half and two hours. The Bureau plans to pay each participant a \$10 fixed payment plus a marginal amount between \$20 and \$40 that will depend on the choices the participant makes during the session. Most participants will earn a marginal amount that is near the center of this range—approximately \$30.

3. Assurances of Confidentiality and Justification for Sensitive Questions:

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.

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

Information Collection	No. of Respondents	Frequency	Total Annual Responses	Average Response Time (hours)	Total Burden Hours
Lab sessions	315*	1	315	2	630
Totals:	315	////////////////	315	////////////////	630

*21 sessions of 15 participants each

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

\$24,450

PART C. STATISTICAL METHODS

1. Respondent Universe and Selection Methods:

The potential respondent universe is the students of a college who have not unsubscribed from the University's 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.

A random subset of between 100 to 250 potential respondents in the participant database will be invited to participate. This process will then be repeated until a sufficient number of participants agree to participate in each of the study's sessions. In previous studies conducted at the same college, the Bureau experienced between a 15 percent and 25 percent response rate.

For this study, the Bureau intends to run 21 sessions of 15 respondents per session, for a total of 315 respondents.

2. Information Collection Procedures:

Individuals who are interested in the study will come to the institution's laboratory to participate. All participants' decisions will be made via a computer program, and we will record these choices, as well as their response times. The data that results from this experiment will be analyzed for research purposes only.

This is an individual decision-making task, and therefore no participant's decisions will affect any other participant's experience in the study.

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 presented with a "preference profile" and a set of

“products,” each with a set of attributes. Participants will be randomly assigned to view different ways of presenting the information. Participants’ payoffs will depend on how well they can choose a single product from the set of products to match the preference profile. This process constitutes a single “round.” After a single round, participants may receive new preference profiles, and will see new products with potentially difference attributes. Participants will repeat this process for several rounds.

3. Testing of Procedures or Methods:

We will conduct practice sessions internally, and we will conduct at least two trial sessions at the contract institution before beginning formal data collection. The latter will use the same facilities and draw from the same respondent pool as will the non-practice sessions. We will use practice sessions to ensure that our computer programs are bug-free, to ensure the data collection does not take longer than planned, and to refine our study procedures.

4. Contact Information for Statistical Aspects of the Design:

Dustin Beckett

Economist

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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