Generic Information Collection Request:
Cognitive testing for the 2022 Small Business Lending Survey

Request: 1The Census Bureau plans to conduct additional research under the generic clearance for questionnaire pretesting research (OMB number 0607-0725). The Census Bureau plans to conduct pretesting activities for the 2022 Small Business Lending Survey (SBLS).

The Federal Deposit Insurance Corporation (FDIC) sponsors the SBLS, a nationally-representative survey of banks and their small business lending practices and activities. Small businesses are important to the U.S. economy, and banks are important to small businesses. In 2015, there were 30.2 million small businesses in the United States; these firms comprise 99.9 percent of all U.S. businesses, 47.5 percent of private sector employment, and 40.8 percent of private sector payroll. In turn, small businesses typically name banks as their most common source of external financing. Therefore, through both qualitative and quantitative survey questions, the SBLS seeks to grow our understanding of how banks serve U.S. small businesses. The first SBLS was conducted in 2016 (SBLS 2016). Topics covered include banks' competitive practices and advantages in relation to their small business lending, the loan products they offer and the underwriting practices used, their geographic markets and competitors for small business lending, and their overall volumes of small business loan dollars. See https://www.fdic.gov/bank/historical/sbls/ for additional information.

Purpose: A second round of the SBLS will be in the field in 2022, with substantially revised questions and new survey topics. In addition to the SBLS 2016 topics, SBLS 2022 will also ask questions regarding banks' responses to the coronavirus pandemic, including participation in the Small Business Administration's (SBA) Paycheck Protection Program (PPP); their general SBA participation; their usage and development of financial technology (FinTech); and who the small business loan decision-makers are within banks and where the loan decisions are made.

The results from the cognitive testing will be recorded and a report produced that outlines the findings of the pretest and recommendations for improvement to the questions.

Population of Interest: U.S. banks that are insured, actively make loans, and receive core deposits from retail customers.

Timeline: Testing will be conducted from January 2021 through May 2021.

Language: Testing will be conducted in English only.

Method: We will conduct three rounds of cognitive interviews with up to 70 respondents total in order to evaluate and refine the 2022 SBLS content. Changes to the content may be implemented after each round of testing based on findings. During the interviews, respondents will walk through the proposed survey questions (see Attachment B). We will use probes (see Attachment A) to assess respondents' understanding of the questions and the flow of the questionnaire.

Being sensitive to the current restrictions regarding social distancing throughout the United

States, most of these interviews will be conducted via telephone or via a virtual meeting as allowed (e.g., Skype for Business).

Interviews will be conducted by researchers from the Data Collection Methodology and Research Branch. Special sworn status staff from the Federal Deposit Insurance Corporation (FDIC) will be present to observe.

Sample: We plan to conduct a maximum of 70 interviews in three rounds of testing with approximately 25 interviews for round one, 25 interviews for round two, and 20 interviews for round three. This number of interviews was selected because it is a manageable number of interviews for the time period allotted, it should adequately cover target banks, and should be large enough to provide reactions to the questions in order to identify meaningful findings.

The banks that will be approached to participate in three rounds of cognitive testing are drawn from the universe of U.S. banks that are insured, actively make loans, and receive core deposits from retail customers. In particular, banks are chosen that have relatively high:
- Lending as a percentage of assets
- Lending in the form of commercial and industrial (C&I) loan dollars
- C&I loan dollars in small loans (less than $1 million at origination)

Further, to ensure that participants with experiences relevant to new SBLS 2022 topics are included, banks were selected such that subsets of these banks are:
- PPP lenders
- General SBA lenders
- FinTech users for small business lending

Lastly, for each round, banks are chosen such that there is balance in the distribution of participants by:
- Bank asset size (six asset size buckets)
- Geographic region (six FDIC supervision regions)
- Geographic footprint of branch operations

Recruitment: The researcher will contact potential participants, explain the nature of our research, and ask them to participate in our study. The sample of participants will be those who are able to be contacted and who agree to participate in the study. Participants will be informed that the interview is voluntary and that the information they provide is confidential (See Attachment C).

The SBLS contains a comprehensive set of both qualitative and quantitative questions. While the first round of the SBLS collection (SBLS 2016) had a high overall response rate across bank size (approximately 60 percent for each of our five different bank size groups), large banks—those with assets above $10 billion—often did not answer quantitative questions related to their volume of small business lending. This low question response rate limited FDIC's ability to fully assess the true amount of small business lending conducted by the entire U.S. banking industry. Therefore, we will devote extra recruiting efforts for the largest banks. For approximately three to six of the larger U.S. banks, before the interviews described in this request, we plan to send a

letter (see Appendix D) and conduct "pre-meetings" with bank leadership to first determine the appropriate bank staff to participate in the actual cognitive testing. The purpose of this extra effort is to ensure that we will obtain the highest quality feedback for banks that are organizationally complex.

Protocol: A copy of a draft interview protocol and a draft questionnaires for testing purposes are enclosed. Cognitive interviews will be conducted via phone and screensharing as allowed. We will email the draft questions to respondents before the interview, and we will also share our screens with the same draft questions via Skype when possible. We anticipate all sessions will take 60 minutes to complete, and participant(s) from only one institution will be intereviewed at a time.

Use of incentive: Monetary incentives for participation will not be offered.

Enclosures: All materials have been reviewed and approved for testing. Below is a list of materials to be used in the current study:

> **Attachment A:** Protocol
> **Attachment B:** 2022 SBLS draft questions for evaluation
> **Attachment C:** Consent Form
> **Attachment D:** Recruiting letter for large banks

Length of interview: For cognitive interviews, we expect that each interview will last no more than 60 minutes (70 cases x 60 minutes per case = 70 hours). Additionally, to recruit respondents we expect to make up to 3 contacts per completed case. The recruiting calls are expected to last on average 3 minutes per call (3 attempts per phone call per completed case x 70 cases x 3 minutes per case = 10.5 hours). Additionally, researchers and stakeholders will conduct a one hour pre-meeting with up to six large banks to better foster cooperation (6 meeting x 60 minutes per meeting = 6 hours). Thus, the estimated burden is 86.5 hours (70 hours for interviews + 10.5 hours for recruiting + 6 hours for pre-meetings).

Contact: The contact person for questions regarding data collection and statistical aspects of the design of this research is listed below:

> Aryn Hernandez
> Data Collection Methodology and Research Branch
> U.S. Census Bureau
> Washington, D.C. 20233
> (301) 763-7982
> Aryn.Hernandez@census.gov

cc.:

Nick Orsini	(ADEP) with enclosures
Carol Caldwell	(ESMD) with enclosures
Xi Jian Liu	(ESMD) with enclosures
Diane Willimack	(ESMD) with enclosures
Amy Anderson Riemer	(ESMD) with enclosures
Jennifer Hunter Childs	(ADRM) with enclosures
Jasmine Luck	(ADRM) with enclosures
Mary Susan Bucci	(ERD) with enclosures
Christopher Hilton	(ERD) with enclosures