

BUREAU OF CONSUMER FINANCIAL PROTECTION

**REQUEST FOR APPROVAL UNDER THE
“GENERIC INFORMATION COLLECTION PLAN FOR THE DEVELOPMENT AND
TESTING OF DISCLOSURES AND RELATED MATERIALS”**

(OMB Control Number: 3170-0022)

1. TITLE OF INFORMATION COLLECTION:

Debt Collection Validation Notice Qualitative Testing

2. ABSTRACT/STUDY DESCRIPTION:

The CFPB has hired a contractor to conduct cognitive interviews to assess the effectiveness and validate the performance of the Bureau’s model debt collection validation notices. The Bureau will collect information on how consumers locate and use information in the model notice, including:

- (1) Whether the consumer can locate and use important information effectively, such as information about the debt, information about the consumer’s rights, and information about how the consumer may respond if they so choose; and
- (2) How consumers view and respond to paper and electronic versions of the model validation notice.

The contractor will select respondents from a variety of backgrounds, representing various ages, genders, races/ethnicities, education levels, and incomes. Additionally, the contractor will aim to recruit such that one-third of the sample is comprised of consumers without debt collection experience and approximately two-thirds of the sample is comprised of consumers who have had a debt in collection in the past two years. The contractor will also recruit respondents who have had a variety of types of debts (e.g., medical debt, student loan debt, etc.).

The Bureau intends for these interviews to occur in-person but may decide to use videoconferencing to speak with respondents instead, depending on public health guidance at the time of the interviews. The contractor may mail respondents the validation notices to facilitate remote interviews.

3. DESCRIPTION OF RESPONDENTS:

The contractor will conduct at least 40 and at most 60 one-on-one interviews with respondents from a variety of demographic backgrounds and debt collection experiences. The contractor will ensure that respondents represent a variety of ages, genders, races/ethnicities, and incomes. Additionally, at least two-thirds of respondents will have had contact with a debt collector within the past two years. The contractor will ensure that within the population with debt collection experience there are respondents with a diversity of debt types (e.g., medical debt, student loan debt, etc.)

4. FEDERAL REGISTER NOTICE CITATIONS:

- a. **60-day *Federal Register* Notice** 84 FR 27771 **Date:** 06/19/2019

- b. **30-day *Federal Register* Notice** 85 FR 38870 Date: 06/29/2020
- c. **Comments received in response to the 30-day Notice:** Yes No
- d. **If yes, summarize the comments and the Bureau's response to those comments:**

Six responsive comments were received we discuss each one individually below:

ACA

Comments from the Association of Credit and Collection Professionals largely pertained to the inclusion and content of a model notice in the Notice of Proposed Rulemaking rather than the testing of the model validation notice. While comments concerning changes to the model notice are appreciated, they constitute commentary on policy beyond the scope of qualitative testing.

AAHAM

The American Association of Healthcare Administrative Management (AAHAM) discussed the ways in which medical debt collections require special consideration and customizable notice content. AAHAM also asked that the Bureau change the notices to include more content regarding payment and less on disputes. Additionally, AAHAM requested the opportunity to send model notices through electronic means, including via text and e-mail. While the Bureau appreciates these proposed notice changes, they concern policy decisions beyond the scope of qualitative testing.

Americollect

Americollect suggested ways in which the Bureau should change the model validation notice, especially to account for multiple accounts, and requested additional testing. Again, while these proposed changes are appreciated, they are beyond the scope of qualitative testing. The Bureau believes that the current testing, combined with prior model validation notice testing, will provide a sufficient basis to evaluate the form.

Center for Responsible Lending

The Center for Responsible Lending (CRL) suggested that the Bureau both increase the size and ensure the diversity of the sample used to conduct qualitative testing.

In a separate study undertaken during the development of the validation notice, under OMB control number 3170-0070, the Bureau conducted a large demographically diverse testing with more than 8,000 consumers. The quantitative testing showed that the relative performance of the different notices were not substantially different demographic groups.¹ At this stage, the CFPB is not trying to obtain representative sampling of the American population but rather, this qualitative testing seeks to explore and confirm that consumers can successfully interact with the notice and obtain important information from the notice. Nevertheless, the Bureau is requesting that its contractor recruit participants from a variety of education

¹ <https://www.consumerfinance.gov/data-research/research-reports/disclosure-time-barred-debt-and-revival-findings-cfpbs-quantitative-disclosure-testing/>

and income backgrounds to ensure that consumers with varied forms of financial knowledge will participate in qualitative testing.

CRL also suggests the Bureau address the ability of consumers to recognize the debts on the model notices. We agree that it is important for consumers be able to recognize whether a debt is theirs. Such questions are beyond the scope of qualitative testing, which is necessarily about hypothetical debts; however, consumers who understand the content of the notice and can find important information quickly may be in a better position to determine whether a debt is theirs.

The Bureau also appreciates CRL’s discussion of potential further research on electronic delivery and least sophisticated consumers’ experiences of the notice. However, both issues concern policy decisions outside the scope of this qualitative testing.

NCLC

The National Consumer Law Center (NCLC) echoed many of the concerns of CRL, including that the notice be comprehensible to least sophisticated consumers; the Bureau’s responses to those shared concerns are addressed above.

The NCLC also proposed that testing of the model validation notices has not been sufficient, pointing to cognitive and usability testing conducted prior to 2016. However, the CFPB has also conducted a large-scale survey of 8,000 respondents in 2019. Although this quantitative testing primarily focused on time barred debt and revival disclosures, there were some questions related to the usability of the notice, which are discussed in the reported findings.² Additional quantitative testing is outside the scope of this PRA notice.

RMAI

The Receivables Management Association, Inc. (RMAI) requested demographic information for respondents to qualitative testing. At this stage, as mentioned above, the Bureau is not seeking to produce representative samples of the American population but rather to explore the ways in which some consumers may interact with the notice as a complement to the quantitative findings. As such, any insights from the qualitative testing broken down by demographic groups would suggest a level of precision that will be unavailable for a sample of this size and a survey conducted for this purpose.

5. TYPE OF COLLECTION (ADMINISTRATION OF THE COLLECTION INSTRUMENT):

a. How will you collect the information? Check all that apply.

<input checked="" type="checkbox"/> Web-based or other forms of Social Media	<input checked="" type="checkbox"/> Telephone
<input checked="" type="checkbox"/> In-person*	<input checked="" type="checkbox"/> Mail

² See footnote 1

- Small Discussion Group Focus Group
 Other (please explain) _____

*The Bureau intends for these interviews to occur in-person but may decide to use videoconferencing to speak with respondents instead, depending on public health guidance at the time of the interviews. The contractor may mail respondents the validation notices to facilitate remote interviews.

b. Will interviewers or facilitators be used?

Yes No Not Applicable

c. What type of disclosure or model form is being tested?

- | | | |
|---------------------------------------|--|--|
| <input type="checkbox"/> Mortgage | <input type="checkbox"/> Student Loan | <input type="checkbox"/> Electronic Disclosure |
| <input type="checkbox"/> Credit Card | <input type="checkbox"/> Pre-paid Cards | <input type="checkbox"/> Check Cashing |
| <input type="checkbox"/> Remittances | <input checked="" type="checkbox"/> Debt Collection | <input type="checkbox"/> Checking Accounts |
| <input type="checkbox"/> Payday Loans | <input type="checkbox"/> Other (please explain): _____ | |

6. FOCUS GROUP OR SURVEY:

If you plan to conduct a focus group or survey, please provide answers to the following questions:

a. Do you have a customer list or something similar that defines the universe of potential respondents and do you have a sampling plan for selecting from this universe?

Yes No Not Applicable

b. If yes, please provide a description below. If no, please provide a description of how you plan to identify your potential group of respondents and how you will select them.

Respondents will be recruited from existing contractor facility research participation panels. The contractor team will administer a screening questionnaire to panel members to determine eligibility. If eligible to participate, panel members will be scheduled for predetermined interview timeslots. The information collected in the screening questionnaire will contain PII for purposes of scheduling the interview. The PII will not be shared with other members of the contractor team nor CFPB personnel.

7. INFORMATION COLLECTION PROCEDURES:

The contractor interview team will consist of two RIVA-trained moderators who specialize in cognitive and usability testing. To avoid moderator fatigue, they will alternate between interviewing and observing/notetaking. The additional moderator will

also be available to help address any possible technical difficulties that may occur during the interview.

At the beginning of the session, respondents will be provided information about what it means to participate in this study and their rights as a participant. After getting their permission to audio- and video-record the session, respondents will be provided a paper-based or electronic validation notice and asked to complete a series of tasks that the moderator will observe.

Respondents will review both the paper and electronic validation notice, but it will be randomly determined whether they view the paper version first or the electronic version first. Instead of being asked all of the probes about the second notice, respondents will be asked a few questions that encourage the participant to compare the paper and digital notices. During the session, moderators will encourage respondents to think out loud. In addition to the scripted probes, they will also ask spontaneous probes as necessary (e.g., “Can you explain that more?”) to further understand what the participant is thinking; however, they will use care to ensure probes do not interrupt the participant’s natural interaction.

There will be six rounds of testing, where each day is its own round. For each round (i.e., day) of testing, eight respondents will be scheduled. The contractor will interview all who present themselves at the scheduled time, to ensure that the minimum requirement of 40 in-person interviews across six rounds is met.

Interview sessions will take 45 minutes. Respondents will be provided \$75 as the honorarium for their participation. A record of compensation will be provided to the Bureau.

8. PERSONALLY IDENTIFIABLE INFORMATION:

- a. **Is personally identifiable information (PII) collected?** Yes No
- b. **If Yes, describe the PII that will be collected, why it is needed, and uses.**

The Bureau’s contractor will be collecting PII during the screening questionnaire for the purposes of scheduling the interview. As part of the screening questionnaire, the contractor will collect information regarding respondents’ debt collection experience in order to ensure that respondents represent the relevant demographic groups for this disclosure testing.

Questions related to debt collection experience include those that discuss current debts held and types of debt; past debt collection experience; and past or current employment in the debt collection industry. The contractor will also be collecting demographic information including age, sex, race/ethnicity, geographic location, education, and income information to provide context on respondents’ answers to questions regarding debt collection and ensure the recruitment of respondents from a variety of backgrounds. The contractor will also collect contact information in order to arrange the interviews and payments.

While the Bureau’s contractor will be collecting PII during the screening questionnaire for the purposes of scheduling the interview, the Bureau will not receive any PII, and will only view the contractor’s summary report of the findings from the interviews. The contractor will ensure that only personnel responsible for participant recruitment will have access to PII. Bureau research staff involved in the project will view some of the interviews in-person (or live via video streaming).

- c. **If yes, is the information that will be collected included in records that are subject to the Privacy Act of 1974?** [X] Yes [] No [] Not Applicable
- d. **Has a System or Records Notice (SORN) been published?**
 [X] Yes [] No [] Not Applicable
If yes, list the SORN title and the *Federal Register* (FR) citation:
Title: CFPB.022 - Market and Consumer Research Records (83 FR 23435).
- e. **If applicable, please provide a link to the Privacy Impact Assessment.**
 Consumer Experience Research PIA:
http://files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf

9. INCENTIVES:

- a. **Is an incentive provided to respondents ?** [X] Yes [] No
- b. **If yes, provide a statement justifying the use and amount of the incentive *and* the amount or value of the incentive:** \$75.

The Bureau anticipates that compensating respondents \$75 will be sufficient incentive for participation in a 45-minute interview. The Bureau has used similar incentive amounts in the past; in earlier rounds of testing the debt collection notice, the Bureau conducted one-hour cognitive interviews for which it also compensated respondents \$75. The contractor has provided details supporting this \$75 amount for *in-person* sessions below:

- (a) While sessions will last approximately 45 minutes, respondents are asked to arrive 10 minutes early to sign in and to ensure sessions begin as scheduled. Upon completion of the session, respondents are asked to sign out and receive their incentive. Thus, they are in the office for up to 75 minutes. Further, many respondents must travel 30-60 minutes to and from the facility. In our experience, a \$75 incentive for a 45-minute in-person session allows for successful recruitment by reducing the amount of time required to recruit (i.e., it is more difficult and takes longer to recruit respondents when a lower incentive is offered) and simultaneously increasing the attendance rate.
- (b) When considering the potential estimated time and cost of participating in this test, such costs as childcare, transportation, and potential lost wages could result in a high no-show rate. For example, a conservatively estimated childcare cost of \$22.50, transportation cost \$35, and potential lost wages of \$16.50 amounts to an estimated \$74 cost of participation. The basis for our participant cost analysis is outlined below:
- (c) Summary of Estimated Participant Costs
1. Child Care: \$22.50 (\$10 per hour / per child with up to 1 hour commuting + 1.25 hours at test site = 2.25 hours of child care)

- a. Child Care: The contractor has found that nationally the babysitting rate is typically around \$8 - \$12 per hour with an average of \$10 per hour. While some respondents will have multiple children who will require childcare, others will have none. Therefore, we are taking a conservative estimate of only one child
2. Transportation: \$35 (2015 Federal mileage rate of 58 cents per mile at an average of 60 miles).
3. Lost Wages: \$16.50 (Federal minimum wage of \$7.25 per hour x [1 hour commuting + 1.25 hours at test site] = 2.25 hours of potential lost wages)

Total: \$74 (Estimated participant cost)

We will also providing a \$75 incentive for *remote* sessions which we believe is justified by the following factors:

- (a) Respondents are asked to test their access to the remote meeting software in advance of the meeting. If the respondent encounters issues (e.g., downloading and installing specific updates for access, troubleshooting permissions), this process may take as long as one hour to complete.
- (b) Respondents are asked to arrive at least 5 minutes early to the interview to login and setup their web camera to ensure the session begins as scheduled. In our experience, a \$75 incentive for a 45-minute remote session allows for successful recruitment by reducing the amount of time required to recruit (i.e., it is more difficult and takes longer to recruit respondents when a lower incentive is offered) and simultaneously increasing the attendance rate.
- (c) Respondents in remote sessions, have similar costs to participating in the test, such as childcare and potential lost wages. Respondents in remote sessions, may also need to purchase metered high-speed internet access or a web camera to participate. For example, a conservatively estimated childcare cost of \$20, an average equipment/internet access cost across participants of \$30, and potential lost wages of \$16.50 amounts to an estimated \$66.50 cost of participation. The basis for our participant cost analysis is outlined below:
- (d) Summary of Estimated Participant Costs
 1. Child Care: \$20 (\$10 per hour / per child with up to 1 hour for testing and troubleshooting computer issues + 1 hour = 2 hours of child care)
 - a. Child Care: The contractor have found that nationally the babysitting rate is typically around \$8 - \$12 per hour with an average of \$10 per hour. While some respondents will have multiple children who will require childcare, others will have none. Therefore, we are taking a conservative estimate of only one child.
 2. Internet/computer equipment access: \$10 (for metered internet costs) + \$20 (for average equipment costs)
 3. Lost Wages: \$16.50 (Federal minimum wage of \$7.25 per hour x [1 hour commuting + 1.25 hours at test site] = 2.25 hours of potential lost wages)

Total: \$66.50 (Estimated participant cost)

10. ASSURANCES OF CONFIDENTIALITY:

- a. **Will a pledge of confidentiality be made to respondents?** [] Yes [X] No
- b. **If yes, please cite the statute, regulation, or contractual terms supporting the pledge.**

There is no pledge of confidentiality. Although the CFPB does not anticipate disclosing the information provided beyond the study team.

11. JUSTIFICATION OF SENSITIVE QUESTIONS (if applicable):

The Bureau will be soliciting sensitive information regarding respondents’ demographic backgrounds and debt collection experience (as described in Question 8. Personally Identifiable Information) in order to better contextualize responses to questions about the disclosures and to ensure that the contractor recruits respondents from a variety of backgrounds and circumstances. Participant demographic information will be useful in ensuring that the Bureau recruits a diverse group of respondents. Without this information, the data the Bureau collects could be unknowingly skewed towards certain age groups, income levels, races/ethnicities, or gender. For example, if the contractor did not use PII to facilitate diverse recruitment, the sample could be comprised of only those with no debt collection experience, or mostly younger participants, limiting the Bureau’s ability to understand whether the model notice functions equally well for those who have debt collection experience or who are older. If the contractor did not use PII to facilitate diverse recruitment, the usefulness of the findings from this project would be severely undermined to the point where the information could not reasonably be used to inform statements about the quality of the validation notice in the final rule-making.

12. BURDEN HOURS:

Information Collection	Number of Respondents	Frequency	Number of Annual Responses	Average Response Time (hours)	Burden (hours)
Participant Screener	400	1	400	.08	33
Cognitive Interviews*	60	1	60	.75	45
Totals	400	//////////	460	//////////	78

**Those participating in cognitive interviews will be a subset of those selected from the participant screener.*

12. FEDERAL COST: The estimated annual cost to the Federal government is \$105,000.

13. CERTIFICATION:

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.

CERTIFICATION FOR INFORMATION COLLECTIONS SUBMITTED UNDER A GENERIC INFORMATION COLLECTION PLAN

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

- The collection is voluntary.
- The collection is low-burden for respondents.
- The collection is non-controversial and does not raise issues of concern to other Federal agencies.
- Information gathered will not be used for the purpose of substantially informing influential policy decisions.
- The collection is not statistically significant; the results are not intended to be generalizable beyond the survey population.
- The results will not be used to measure regulatory compliance or for program evaluation.