

**CONSUMER FINANCIAL PROTECTION BUREAU
PAPERWORK REDUCTION ACT SUBMISSION**

SUPPORTING STATEMENT PART A

**GENERIC INFORMATION COLLECTION PLAN FOR THE DEVELOPMENT AND
TESTING OF DISCLOSURES AND RELATED MATERIALS**

(OMB CONTROL NUMBER: 3170-0022)

Terms of Clearance: There were no terms of clearance imposed on this collection when it was last approved by the Office of Management and Budget (OMB) on February 22, 2016

Abstract: This is a request for a generic clearance for the Consumer Financial Protection Bureau (“Bureau”) for the development and testing of consumer financial disclosures and related materials. The research will result in recommendations for the development of and revisions to such disclosures and related materials. The research activities may be conducted by the Bureau or its contractors, and will include cognitive psychological testing methods or rigorous quantitative evaluations. This approach has been demonstrated to be feasible and valuable by the Bureau and other agencies in developing disclosures and related materials. The planned research activities will be conducted with the goal of creating effective disclosures and related materials that will help consumers understand the features of consumer financial products and services. The Consumer Financial Protection Bureau is modifying this generic information collection plan to provide for enhanced public notice and opportunity to comment to OMB for each request submitted under this generic.

JUSTIFICATION

1. Circumstances Necessitating the Data Collection

This is a request for a three-year generic clearance to collect information to allow the Consumer Financial Protection Bureau (“Bureau”) to conduct qualitative and quantitative testing of consumer financial disclosures and related materials. These materials will relate to the features of consumer financial products and services the Bureau is authorized to regulate, such as mortgage origination and servicing, credit cards, checking accounts, private education loans, payday loans, debt collection, money services (such as remittances), and check cashing. Such testing could relate to consumer disclosures, including model forms and sample forms that may be used to inform how information could be disclosed. Related materials may also include electronic disclosure methods (such as web-based forms), educational materials (such as

pamphlets prepared to improve financial literacy), or compliance guides used to inform consumers and industry about consumer financial protection obligations.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) and other federal consumer financial laws, the Bureau is required and/or authorized to develop disclosures and related materials relating to the features of consumer financial products and services. As a general matter, section 1021(b)(1) of the Dodd-Frank Act authorizes the Bureau to exercise its authorities under Federal consumer financial law for the purposes of ensuring that, with respect to consumer financial products and services, consumers are provided with timely and understandable information to make responsible decisions about financial transactions. Further, section 1032(a) of the Dodd-Frank Act authorizes the Bureau to prescribe rules to ensure that the features of any consumer financial product or service, both initially and over the term of the product or service, are fully, accurately, and effectively disclosed to consumers in a manner that permits consumers to understand the costs, benefits, and risks associated with the product or service, in light of the facts and circumstances. Section 1032(b) provides that any rule prescribed under this section requiring disclosures may include a model disclosure form. Section 1032(b)(3) requires consumer testing to validate any model forms issued pursuant to section 1032(b). The Bureau follows standard processes for public notice and comment for any rulemaking, including those that update or require disclosures that will be developed through this clearance.

Consumer research and testing is often useful to enhance the value of consumer financial disclosures to consumers and to support industry compliance with Bureau regulations by improving the quality of the disclosures’ design and content. Consumer financial disclosure materials may help, among other things, to (1) facilitate comparison shopping by consumers with respect to consumer financial products and services, (2) ensure that the features of particular consumer financial products and services are fully, accurately, and effectively disclosed to consumers in a manner that permits them to understand the costs, benefits, and risks associated with the product or service both initially and over the term of the product or service, and (3) assist covered entities in complying with applicable regulations.

This clearance will be used to conduct both qualitative and quantitative testing of disclosures and other materials relating to the features of consumer financial products and services. To illustrate, the Bureau has conducted qualitative testing of disclosures for consumer financial products and services such as mortgage servicing, prepaid card accounts, payday loan payments, and mortgage origination. In each case, the results helped to inform the Bureau in developing a notice of proposed rulemaking. The Bureau anticipates ongoing rulemakings and other initiatives for a range of consumer financial products to include consumer testing of potential disclosure forms. Other projects anticipated by the Bureau could include testing of compliance guides and programs that may be provided to industry participants to determine if such guides assist in compliance with Bureau regulations, as resources permit.

The use of a generic clearance will allow the Bureau to obtain useful data in a timely manner. In

the Bureau's experience, the design and testing of disclosures and related materials require numerous iterations of the materials and of rounds of testing of those iterations. This process is time- and resource-intensive, requiring a thorough analysis of the data collected from each round, revision of the disclosures and related materials based on those data, and a revision of the specific questions that will be asked during qualitative testing sessions to match the changes in the disclosure or related material. A generic clearance for the testing process will allow the Bureau to focus its efforts on design and evaluation, so that the Bureau may conduct these tasks in an as efficient and timely manner as possible.

An internal review of all proposed data collections will be performed to ensure the following:

- Consistency with Bureau mission and strategic objectives;
- Technical adequacy in methods such as identifying the sample frame, participant and sample selection, and recording and analysis;
- Minimized burden on the participants;
- Privacy of participants and internet respondents information to the extent permitted by law, including section 1022(c)(8) of the Dodd-Frank Act and other applicable laws;
- Consistency with this clearance;
- Consistency with applicable law and regulation; and
- All data collections are truly voluntary and individuals may elect to discontinue their participation at any time.

2. Use of the Information

The information collected will be used to inform the Bureau regarding the design, development, or evaluation of consumer financial disclosures and related materials. Data collection tools will include, among other things, consent forms, participant questionnaires, interview guides for cognitive interviews or focus groups, and electronic feedback tools, as appropriate.

The information collected during qualitative testing will inform, among other things, the design and content of disclosures and related materials relating to the features of consumer financial products and services, using an iterative process to improve the draft versions of such disclosures. The data will be analyzed to determine what elements of the disclosures are effective and what elements need revision and will be used to inform Bureau decisions regarding alterations or revisions to the disclosures. The Bureau anticipates conducting iterative testing to improve the disclosures and related materials.

Information collected through qualitative testing approved under this clearance is not meant to be, and will not be treated as, a sample that is statistically generalizable to the overall American population. The testing results are formative in nature and will be clearly portrayed as such in any presentation of the results. The results of qualitative testing conducted under this clearance are expected to result in improved disclosures and related materials.

The information collected during quantitative testing conducted under this clearance will inform the Bureau's evaluation of the performance of a disclosure on relevant outcome measures such as consumer comprehension. The information will provide one input, among others, into decisions about whether to revise an existing disclosure, require new disclosures, or remove disclosure requirements. By quantitatively measuring how a disclosure compares with alternatives, the information gathered under this clearance can provide information for benefit cost analyses and more precise burden estimates under the PRA.

3. Use of Information Technology

The Bureau anticipates collecting data through individual as well as group interviews, which may be conducted with or without computer assistance, as well as through the use of non-electronic tools (such as hand-written notes or responses) and electronic tools (such as audio- and video-recordings or eye tracking software). Quantitative testing will frequently be conducted using online panels of participants, and will be fielded through online surveys.

4. Efforts to Identify Duplication

The research contemplated under this clearance will not duplicate any research efforts external to government, as its purpose differs from those of academic studies. The research is necessary to design, develop, and evaluate disclosures and related materials, including model forms and disclosures contemplated by the Dodd-Frank Act and other federal consumer financial laws. Bureau staff working on the development of disclosures and related materials are cognizant of current research being done in the field of disclosure design and development. The Bureau will continue to monitor research on disclosures and related work of researchers and other Federal regulatory agencies to ensure that the Bureau's research methods reflect current knowledge and best practices.

5. Efforts to Minimize Burdens on Small Entities

Data collections under this clearance are not anticipated to burden small entities significantly. The Bureau anticipates that the majority of information collections will collect information from individuals, not small entities.

In certain circumstances, the Bureau may collect information from small entities. Such research may include, for example, recruiting industry members as participants to access their perspective and knowledge in using the disclosures or tools relating to compliance with Bureau regulations, and in communicating information to consumers regarding consumer financial products or services. The Bureau may conduct usability testing to learn how disclosures and related materials work when integrated into small entities' existing protocols and practices. Further, the Bureau may utilize online tools to obtain feedback, and small entities may choose to participate through the use of those tools. Participation through such online methods should involve an extremely low burden.

All efforts will be made to minimize the burden on small entities in the event that data will be needed pertaining to these entities. The Bureau will provide details regarding such efforts within each collection request.

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

The Bureau anticipates that individuals that participate in information collection projects will only participate once, so frequency of data collection is not an applicable concern. For each data collection project submitted under this clearance, it will not be possible to evaluate the effectiveness of the disclosures and related materials if the information is not collected.

7. Circumstances Requiring Special Information Collection

No special circumstances require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5(d)(2)

8. Consultation Outside the Agency

In accordance with 5 CFR §1320.8(d)(1), the Bureau published a notice in the Federal Register allowing the public 60 days to comment on the proposed reinstatement of this collection of information. One Comment was received. The was supportive of the Bureau's efforts to test disclosure for maximum understanding, and suggested we explore the efficacy of various methods of disclosing the information as well as the content itself. The Bureau intends to explore such topics in its future research. Additionally, in accordance with 5 CFR §1320.5(a)(1)(iv) the Bureau published a notice in the Federal Register allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

In addition, in consultation with OMB, the Bureau will publish a 30-Day Notice in the Federal Register to invite public comment for each individual information collection conducted under this clearance prior to submitting the collection to OMB for review. When the information collection is submitted to OMB for review after the 30-Day Notice concludes, the Bureau will include in the submission to OMB a copy of the 30-Day Federal Register Notice, any comments received and a summary response to them. This approach will enable OMB to gather comments to improve the quality of the information collection.

9. Payments or Gifts to Respondents

Respondents for activities conducted in a setting that are not the respondents' home or over the phone (such as cognitive interviews or focus groups) under this clearance will receive a small

stipend. This practice has proven necessary and effective in recruiting subjects to participate in this research and is also employed by the other Federal agencies. The incentive for participation in an interview or testing session lasting up to one hour will usually be \$40, and for participation in activities lasting longer than 1 hour or where successful recruitment may require higher incentives, such as for extensive travel or to recruit special populations, will generally range from \$50-\$75. The incentive for participation in online quantitative testing will generally be smaller as it will not require travel and participation will generally entail responding to short questionnaires, roughly 15 minutes to half an hour. These amounts will also vary by the length of the questionnaire, the target population, and the compensation policies of any companies the Bureau may contract with to recruit participants; on average, we expect to compensate participants about \$15-\$25 for their time for participating in these types of testing studies. The Bureau may provide smaller incentives than these amounts at its discretion; however, any requests for larger amounts will be justified in writing to OMB. The amount of any reimbursement requested and the justification for the amount will be provided in each collection request.

10. Assurances of Confidentiality

The information collected under this clearance by contractors may include personally identifiable information (PII) for the purpose of contacting participants. This information, however, will not be shared with the Bureau. This PII may include things that fall under the category of basic contact information and include data points such as name, telephone number, address, and email. Information collected under this clearance may also include data elements that if combined with other information may be categorized as PII such as a participant's gender or age, which may be provided to the Bureau to be used in analysis of the data. However, the Bureau will only receive and keep de-identified, aggregated response data. The Bureau may collect, but will never retain, individual-level data that are personally identifiable or could be aggregated to identify individual test subjects.

The Bureau shall treat the information in accordance with applicable federal law, including but not limited to the Bureau's confidentiality rules, 12 CFR Part 1070, and the federal laws and regulations that apply to federal agencies for the protection of privacy, confidentiality, security and integrity. The Bureau anticipates imposing appropriate privacy requirements in connection with any information collection projects to ensure that PII will not be disclosed, to the extent permitted by applicable law. For example, it is the Bureau's practice to require that contractors that assist the Bureau with design and testing projects to comply with contractual requirements regarding information release, non-disclosure of personal information, privacy, and security.

For information collections under this clearance, the Bureau provides notice to individuals that explain how their information will be used through Privacy Act Statements. Privacy Act Statements are made available prior to the collection of information and explain whether the information is mandatory or voluntary; the authority for the information collection; whether there are any opportunities to consent to sharing and submission of information; how the

information will be secured, and what System of Records applies. Notice will be provided at all phases of recruitment and participation if electronic tools (such as audio- and video-recordings or eye tracking software) are used.

To reduce the risk of breaches of confidentiality, the Bureau designs recruitment materials so as not to disclose sensitive information about those it seeks to recruit and uses appropriate privacy and security controls to protect information used in research. The Bureau also takes steps to reduce the risk of misuse of information collected for research. Misuse might involve secondary types of research that are incompatible with the purposes of the initial collection, or a use of the information that individuals do not understand or to which they have not provided consent. To reduce the risk of misuse, the Bureau minimizes access to PII based on need-to-know and stipulates that contractors that collect data on behalf of the Bureau remove or redact all PII, as defined by the Bureau's Privacy Office, before transmitting data to the Bureau. When appropriate, research results will be presented in aggregated form to protect the confidentiality of firms or consumers, and any publicly released version of data will use disclosure protection techniques (e.g., rounding, imputation, exclusion of some variables, aggregation of categorical responses) to minimize the risk of releasing PII or otherwise sensitive information (12 CFR 1070.40 *et seq.*). The Bureau treats the information collected from participating persons and institutions in a manner consistent with our confidentiality regulations, and all data and analyses are subject to legal and privacy review prior to their release.

The Bureau also evaluates the potential privacy risk and harm to individuals of specific research relative to that authorized purpose, and vets research proposals to ensure that they serve an authorized purpose. Research conducted under this clearance will be consistent with the Privacy Act and the E-Government Act. The requisite SORNs and PIAs will document the collection, use, disclosure, and retention of PII and the technical, administrative, and physical controls used to minimize privacy risks. The Bureau has two SORNs that will cover the research conducted under this clearance: CFPB.021 Consumer Education and Engagement Records, 77 FR 60382; and CFPB.022 Market and Consumer Research Records, 77 FR 67802. Details regarding information handling will be specified in individual submissions under this clearance. Each submission under this generic will include justification for any collection of PII and a discussion of privacy controls. The Consumer Experience Research PIA covers the data that will be collected under this clearance.¹

11. Justification for Sensitive Questions

The most sensitive information expected to be collected in connection with the disclosure research activities is demographic data about the respondent, such as age range, race, income,

¹ Consumer Experience Research PIA https://s3.amazonaws.com/files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf; and Market Analysis of Administrative Data Under Research Authorities PIA https://s3.amazonaws.com/files.consumerfinance.gov/f/201312_cfpb_pia_admin-data-research.pdf.

education level and past or present experiences with consumer financial products. This will be collected voluntarily and is necessary to ensure the Bureau includes a diverse range of consumers in its sample. The Bureau will follow OMB guidance with respect to how the information about demographic data is gathered. The Bureau will set forth protocols to ensure that each participant is not identifiable through PII and that none of the demographic or consumer financial experience data will be tied in reporting to any specific individual.

12. Estimated Burden of Information Collection

The following tables present estimates of the total number of respondents and burden hours for proposed collections. The number of respondents and average burden per response for a specific collection will depend on the methodology used for gathering information. These estimates, as well as the mix of collection methods used, may be adjusted. Further details on estimated respondents and burden will be provided in each approval request. The total number of burden hours estimated under this clearance is 25,462.5 hours over three years, or about 8,487.5 hours per year.

<u>Process</u>	<u>Number of respondents</u>	<u>Number of responses per respondent</u>	<u>Number of annual responses</u>	<u>Average burden per response (hours)</u>	<u>Total burden (hours)</u>
Screening	16,400	1	16,400	.25	4,100
One-on-one interviews	150	1	150	2.25	338 ²
Focus Groups	50	1	50	1	50
Quantitative testing	8,000	1	8,000	.5	4,000
Annual Total:	16,400³	24,600	8,488
Three Year Total:	49,200	73,800	25,463

The estimates are based on the Bureau's experience over the previous few years with the number and length of disclosure testing research projects.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

There will be no annualized capital or start-up costs for the respondents to collect and submit this information.

² This includes up to 45 minutes of travel to and from the sites where such interviews take place.

³ The respondents for interviews, focus groups, and quantitative testing are subsets of those who respond to the screener.

14. Estimated Cost to the Federal Government

There will be no annualized capital/start-up costs for the government to receive this information. This testing is funded with non-appropriated funds. Individual project costs will be provided in each collection request.

15. Program Changes or Adjustments

	Total Respondents	Responses	Burden Hours	Cost Burden (O & M)
Total Burden Requested	49,200	73,800	25,463	0
Current OMB Inventory	0	0	0	0
Difference (+/-)	49,200	73,800	25,463	0
Program Change	49,200	73,800	25,463	0
Discretionary	0	0	0	0
New Statute	0	0	0	\$0
Violation	0	0	0	\$0
Adjustment	0	0	0	\$0

The burden change results from reinstating this generic information collection plan. Under the previous approval, the estimated total three year burden was 63,000 responses and 26,775 hours. Based on research the Bureau has conducted over the last several years, and its plans for upcoming research studies, the Bureau has better estimates of what projects it will pursue in the next three years.

16. Plans for Tabulation, Statistical Analysis, and Publication

Projects conducted under this clearance will focus on the design, development, and evaluation of disclosures and other materials relating to consumer financial products and services. To provide transparency and contribute to scientific understanding of consumer financial decisions, the Bureau may publish research findings from the projects conducted under this clearance. Research findings of full research projects generally will be published as technical articles that are publicly disseminated as working papers, peer-reviewed journal articles, Bureau white papers, or Bureau research briefs. Research findings may also be published by Bureau contractors. Findings from the projects conducted under this clearance will generally not be representative or presented as estimates of a population. If the Bureau pursues projects that are intended to include samples representative of a population, it will share information about the methods it intends to use through a Notice in the *Federal Register* requesting input from the public and OMB.

In addition, because the Bureau is using the latest techniques in testing methodology, methodological papers may be written that include some tallies of response problems, recall strategies, or results from other testing procedures used, etc. The methodological results may be included as a methodological appendix or footnote in a report containing data from a larger data collection effort. The methodological results of this research may be prepared for presentation at professional meetings or publication in professional journals.

17. Display of Expiration Date

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov. In addition, all instruments used for collecting data under any collection submitted under this generic information collection plan will display the OMB control number where and whenever appropriate.

18. Exceptions to the Certification Requirement

The Bureau certifies that this collection of information is consistent with the requirements of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3) and is not seeking an exemption to these certification requirements.