# CONSUMER FINANCIAL PROTECTION BUREAU PAPERWORK REDUCTION ACT SUBMISSION

# SUPPORTING STATEMENT PART A

**GENERIC INFORMATION COLLECTION PLAN FOR INFORMATION ON COMPLIANCE COSTS AND OTHER EFFECTS OF REGULATIONS**

**(OMB CONTROL NUMBER: 3170-0032)**

**TERMS OF CLEARANCE:** The Office of Management and Budget (“OMB”) last approved this collection on February 15, 2015 and provided no actionable Terms of Clearance at that time. The Consumer Financial Protection Bureau is modifying this generic information collection plan (“Plan”) to provide for public notice and opportunity to comment to OMB for each request submitted under this plan.

**ABSTRACT:** The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) requires or authorizes the Consumer Financial Protection Bureau (“Bureau”) to implement new consumer protections in the offering or provision of certain consumer financial products and services. The information collected is required in order to effectively incorporate information from providers concerning compliance costs and other effects of regulations as part of the information base for potential rulemakings and prospective and retrospective regulatory burden analyses.

# JUSTIFICATION

1. **Circumstances Necessitating the Data Collection**

Information on compliance costs is generally not available in the business literature or publicly available firm data. Regulatory financial statements and quarterly earnings statements provide data regarding a provider’s expenses; however, they do not generally distinguish costs that are related to compliance with regulatory requirements. Furthermore, any available information on compliance costs and regulatory burden may be outdated, may not reflect current industry business processes, or may not indicate the potential costs or cost savings from specific regulatory changes. By engaging directly with financial institutions and their service providers, the Bureau can better understand a variety of implicit and potentially unexpected costs, as well as potential benefits, that stem from the Bureau’s regulations.[[1]](#footnote-1)

The Dodd-Frank Act accords the Bureau responsibility for implementing, interpreting, and assuring compliance with various Federal consumer financial protection laws by depository and non-depository providers of consumer financial products and services (“covered persons”).[[2]](#footnote-2) In order to fully understand the implications of the Bureau’s regulations, the Research, Markets, and Regulations (“RMR”) division of the Bureau seeks approval to collect information on compliance costs, benefits, and other impacts as part of the information base for potential rulemakings and prospective and retrospective regulatory burden analyses.[[3]](#footnote-3)

As outlined in the Dodd-Frank Act, among the Bureau’s objectives is to identify “outdated, unnecessary, or unduly burdensome” regulations to reduce unwarranted regulatory burden.[[4]](#footnote-4) In order to determine the extent to which the Bureau’s rules present undue burden on covered persons and to identify the causes of such burden, the Bureau will collect qualitative and quantitative information on the costs and impacts of regulations on the businesses and operations of covered persons. The Bureau may also gather information on the effects of regulations on the business processes of third-party service providers (“service providers”) that offer products and services that address compliance and operational needs of covered persons. A robust understanding of the process, systems, and decision-making involved in regulatory compliance along with preliminary estimates of associated costs will help the Bureau develop policy solutions that balance potential regulatory costs to covered persons with the benefits to consumers.

With respect to potential rules, better information about possible compliance costs and other economic implications can promote the public interest. Notices of proposed rulemakings (NPRMs) with qualitative and quantitative information about the nature and scope of compliance costs obtained from the collections can elicit more useful public comments. Gathering information and data prior to a rule proposal would allow the Bureau to develop more robust proposals, as well as afford the public a more nuanced understanding of a particular regulation or policy area.

Improving available information about compliance costs and other economic implications of regulations also enriches the data needed to fulfill statutory responsibilities both for rules that the Bureau is required to promulgate under the Dodd-Frank Act and other potential rulemakings and analyses. In particular, section 1022(b) of the Dodd-Frank Act calls for the Bureau to consider the potential benefits and costs of a regulation to consumers and covered persons, including the potential reduction of consumer access to financial products or services; the impact on depository institutions and credit unions with $10 billion or less in total assets as described in section 1026 of the Act; and the impact on consumers in rural areas.[[5]](#footnote-5)

The Regulatory Flexibility Act requires the Bureau to consider compliance and related impacts of potential regulations on small Providers.[[6]](#footnote-6) The Paperwork Reduction Act requires the Bureau to estimate burdens of disclosure requirements, a common element of financial services laws, and other information collections. The Congressional Review Act requires an analysis of whether a rule is considered to be a “major rule.” That is, whether the rule will have an annual effect on the economy of $100 million or more; or a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

In addition, the Bureau is required to assess effectiveness, among other things, of any significant rules or orders it adopts no later than five years after the effective date of the rule.8 This information could also assist the Bureau in potentially reducing undue burden on covered persons, through these assessments.

The research conducted under this Plan will help inform and spot issues and subjects for public outreach the Bureau conducts as part of proposing new regulations. The Bureau will continue to use standard channels of gathering public feedback on its regulations, such as Federal Register notices, Requests for Information, and Small Business Review Panels. In addition, the information collections under this Plan would offer covered persons and service providers an additional opportunity to provide the Bureau with deeper insight into significant contributors to costs at their respective institutions. The ability to gather qualitative and quantitative information on a structured basis from representative institutions will enhance the information taken into consideration when the Bureau develops and evaluates its rules.

# Use of the Information

The collections will gather qualitative and quantitative information on the costs and impacts of regulations on the businesses and operations of covered persons and on their customers across different sectors of the consumer financial industry. The Bureau seeks to better understand the business processes, business decisions, and other costs and benefits for covered persons and, by extension, their customers, from potential rules and existing regulations. The Bureau will gather information on the direct costs resulting from the implementation and maintenance of different processes and systems for regulatory compliance. Beyond first-order, operational compliance costs, the Bureau may also analyze the effects of a potential or existing regulation on the business decisions of providers (such as what products to offer and how to price them). The Bureau may also review effects of potential or existing regulations on providers’ revenues or profits and any pass-through costs to customers. These analyses may also assist the Bureau in qualitatively and quantitatively assessing how a potential or existing regulation may affect market equilibrium and consumer access to financial products and services. Section 1022 specifically requires the Bureau to consider consumer access to credit effects of Bureau rules.

As indicated in Section 1, information collections under this Plan represent an additional channel for public feedback on the Bureau’s existing rules and any potential rulemakings. Additional input from covered persons and service providers would give the Bureau a more nuanced understanding of costs, which it can use to provide solutions for reducing undue regulatory burden without limiting the benefits of regulation for both consumers and covered persons. To that end, RMR anticipates using the information from these collections to conduct formative research that will:

* + Inform, along with other data and research, the Bureau’s perspective on the appropriate approach to rulemaking and research initiatives specifically required or authorized by the Dodd-Frank Act as announced in the Bureau’s regulatory agenda
  + Supplement available information used for mandated analyses that the Bureau is required to perform for potential new rules, such as cost-benefit analyses required under section 1022 of the Act, the Regulatory Flexibility Act, the Congressional Review Act, and the Paperwork Reduction Act;
  + Review impacts of the rules the Bureau inherited from other agencies;
  + Review significant new rules the Bureau adopts, as the Bureau is generally required to do within five years; and
  + Develop new tools and solutions, such as compliance guides, that can help covered persons and service providers limit the burden of implementation and maintenance of their compliance systems for consumer financial regulations.

RMR will use information collections under this Plan to further develop and conduct studies that are intended to inform the objectives listed above. Through this formative research on compliance systems and processes, the Bureau will be able to better assess if aspects of rules are unduly burdensome or do not have the intended effects. In doing so, it can propose solutions to limit such burden or increase effectiveness.

Participants for each of the collection methods may be solicited through email, an online form that will be made available on the Bureau’s website ([www.consumerfinance.gov](http://www.consumerfinance.gov)), or other methods. The solicitations will seek only what basic information is required to verify the potential participant’s contact information and suitability for the research (e.g., job position with familiarity of compliance functions at a covered financial institution, and size and type of institution).

Collection methods will include structured interviews (either in-person meetings or conference calls), focus groups, and written questionnaires that may be delivered via e-mail or administered through an online survey tool. In some cases, the Bureau may also conduct case studies to gather more in-depth information from a targeted sample of institutions. The information that the Bureau collects may be included in external reports or statutorily mandated analyses published in the Federal Register. The Bureau will aggregate information whenever appropriate. Recognizing that generic collections will likely not be statistically valid; the Bureau will not use any data to make absolute assertions about the costs or benefits of regulatory compliance.

# Use of Information Technology

With regard to collection methods involving structured interviews, focus groups, and case studies, electronic software systems may be used to capture responses. For written questionnaires, instruments may be delivered to respondents and sent back to the Bureau via e- mail or may be administered through a third-party online survey tool. Whenever possible, the Bureau will consider the use of information technology to reduce the burden of submitting responses to collections. All internet forms will be submitted through this Plan for approval by OMB prior to their implementation, including any new or revised instructions resulting from this effort.

# Efforts to Identify Duplication

The purpose of this Plan is not to replicate existing information collections from the Bureau or other government agencies, or any other government survey research studies of which the Bureau is aware. The information collections will not duplicate any government, public or state research efforts of which the Bureau is aware.

The Bureau will monitor related work of researchers and other Federal regulatory agencies to ensure that the Bureau’s research techniques reflect current knowledge and best practices and avoid any unnecessary duplication.

# Efforts to Minimize Burdens on Small Entities

The information collections under this Plan may benefit small entities by improving Bureau understanding of the possible impacts of potential or existing regulations on small entities. The collections are voluntary and are not anticipated to burden small entities significantly. The Bureau will try to accommodate small entities should there be any difficulties in participating in the collection. The Bureau will offer flexible schedules for its collections to accommodate both the participants’ schedules and the Bureau’s project timetables. Furthermore, the Bureau will try to determine the appropriate collection method to limit the burden on small entities and other respondents. For example, the online survey tools are generally a low burden instrument for institutions to provide information to the Bureau should focus groups or structured interviews prove to be too burdensome for the respondent.

# Consequences of Less Frequent Collection and Obstacles to Burden Reduction

If this information is not collected, feedback from covered persons and service providers on existing or potential proposed regulations will be limited to notices for public comment and collections from fewer than ten entities. Less targeted or thorough information collections may limit the Bureau’s understanding of regulatory impacts on the consumer financial marketplace. Related work of outside researchers and other Federal regulatory agencies on the compliance costs and effects of Bureau rules can inform Bureau prioritization and the initial steps in policy making. However, external work may not use strong enough methodologies, focus sufficiently on costs and effects attributable to the rule, or provide current enough information, to be the only basis for prioritization and further investigation.

The information collections also give an additional opportunity for covered persons charged with implementing federal consumer financial protection laws to give input on how the Bureau’s regulations impact their respective institutions. Such input offers the potential to significantly improve upon the Bureau’s assessment of relative costs, benefits and impacts of proposed rules prior to publishing them in the federal register for public comment.

The Bureau is also mindful of the potential burden of gathering information and will seek to keep this burden to a minimum. Wherever possible, the Bureau will seek to avoid imposing additional burden upon individual institutions through multiple instruments. This can likely be accomplished by streamlining and consolidating generic information request instruments whenever practicable.

# Circumstances Requiring Special Information Collection

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

# 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 extension (renewal) of this currently approved collection of information. No Comments were received. Additionally, in accordance with 5 CFR §1320.5(a)(1)(iv) the Bureau has Published a notice in the Federal Register allowing the public 30 days to comment on the submission of this information collection request to OMB.

Finally, 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.

# Payments or Gifts to Respondents

No payments or gifts will be provided to respondents.

# Assurances of Confidentiality

For each participating institution, the Bureau will only collect limited personally identifiable information (PII). This PII will be limited to basic contact information such as the name, title, email, and phone number of the individual(s) representing the institution. The Bureau will not disclose the information collected except to the extent it is required to do so by law and as provided in the Privacy Act Statement on the collection instruments. As applicable, each information collection request made under this generic will name and cite the System of Records Notice (SORN) and Privacy Impact Assessment (PIA) as well as describe how potential respondents are informed of any privacy and/or confidentially expectations. Further, any pledge of confidentiality will be accompanied with the authority for such a pledge.

# Justification for Sensitive Questions

The information collections do not include questions of a sensitive nature.

# Estimated Total Annual Cost Burden to Respondents

In order to estimate the burden of this information collection Plan, the Bureau has provided a table with data on hours and number of solicited respondents from previous approved cost of compliance information collection Plans from 2012 - 2018 (Exhibit 1). The Bureau is using this information to estimate the average burden hours an annual basis (Exhibit 2) and the associated labor costs on an annual basis (Exhibit 3) for potential future collections.

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

# Exhibit 1: Burden Summary Table

| **Process** | **Number of respondents** | **Number of responses per respondent** | **Number of annual responses** | **Average burden per response (hours)** | **Total burden (hours)** |
| --- | --- | --- | --- | --- | --- |
| Online Volunteer Solicitation | 2,800 | 1 | 2,800 | 0.08 | 224 |
| Structured Interviews | 1,200 | 1 | 1,200 | 1.5 | 1,800 |
| Focus Groups | 75 | 1 | 75 | 3 | 225 |
| Travel time to sites for focus groups and in-person interviews | 350 | 1 | 350 | 1 | 350 |
| Written Questionnaires | 8,000 | 1 | 8,000 | 1 | 8,000 |
| Case Studies | 75 | 1 | 75 | 32 | 2,400 |
| **Annual Totals:** | **12,500** | **--** | **12,500** | **--** | **12,999** |
| **Three Year Totals:** | **37,500** |  | **37,500** | **--** | **38,997** |

**Exhibit 2: Associated Labor Costs**

|  |  |  |  |
| --- | --- | --- | --- |
| **Title (BLS Occupation Code)** | **Rate (USD)** | **Weighted rate (Rate x Percent of task, USD)** | **Cost per response (Weighted rate x Average hours per response, USD)** |
| Compliance Officers (13-1041)  75% of tasks | $34.60 | $25.95 | $363.30 |
| Managers, All Other  (11-9199)  25% of tasks | $56.58 | $14.15 | $198.10 |

# Estimated Total Annual Cost Burden to Respondents or Recordkeepers

# There are no material costs incurred by respondents to these information collections.

# Estimated Cost to the Federal Government

The Bureau does not anticipate significant costs to the federal government as a result of implementing these information collections. For some collections, the Bureau may retain a contractor to assist with instrument development, as well as collection and analysis of information. Costs to the Bureau will be provided in each information collection request made under this generic.

# Program Changes or Adjustments

**Exhibit 2: Burden Change Summary**

|  | **Total Respondents** | **Responses** | **Burden Hours** | **Cost Burden (O & M)** |
| --- | --- | --- | --- | --- |
| Total Burden Requested | 37,500 | 37,500 | 38,997 | 0 |
| Current OMB Inventory | 0 | 0 | 0 | 0 |
| Difference (+/-) | 37,500 | 37,500 | 38,997 | 0 |
| Program Change | 37,500 | 37,500 | 38,997 | 0 |
| Discretionary | 0 | 0 | 0 | 0 |
| New Statute | 0 | 0 | 0 | $0 |
| Violation | 0 | 0 | 0 | $0 |
| Adjustment | 0 | 0 | 0 | $0 |

Since this is a reinstatement of a previously discontinued collection all burden for this collection is considered new burden. The previously approved burden was 25,500 respondents and responses, and 27,024 hours, the changes in burden between the previously approved level and this request results from the Bureau revising its burden estimates to reflect future plans to conduct studies under this generic information collection plan. Furthermore, the total annualized burden for this plan is a three-year average, there may be variations in the amount of burden used each year owing to the nature of the Bureau’s regulatory review schedules.

# Plans for Tabulation, Statistical Analysis, and Publication

The Bureau anticipates displaying aggregated information in a Federal Register notice for the purposes of Section 1022, Regulatory Flexibility Act, Congressional Review Act, and the Paperwork Reduction Act analyses.

In addition, the Bureau may publish aggregated information from certain collections in publicly available reports.

# 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.](http://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 wherever and when appropriate.

# 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.

1. See 44 U.S.C. §§ 3506(c)(1)(A)(iv) [↑](#footnote-ref-1)
2. *See* Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021 [↑](#footnote-ref-2)
3. *See* Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1022 [↑](#footnote-ref-3)
4. *See* Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(b)(3) [↑](#footnote-ref-4)
5. *See* Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1022(b)(2), 1026 [↑](#footnote-ref-5)
6. *See* 5 U.S.C.§§ 603 et. Seq. [↑](#footnote-ref-6)