

BUREAU OF CONSUMER FINANCIAL PROTECTION

**PAPERWORK REDUCTION ACT SUBMISSION
INFORMATION COLLECTION REQUEST**

SUPPORTING STATEMENT PART A

**GENERIC INFORMATION COLLECTION PLAN FOR SURVEYS USING THE
CONSUMER CREDIT PANEL**

(OMB CONTROL NUMBER: 3170-0066)

TERMS OF CLEARANCE: When OMB last approved this request on 10/20/2016 they added the following Term of Clearance: “The agency is required to display the OMB Control Number and inform respondents of its legal significance in accordance with 5 C.F.R. 1320.5(b).” The Bureau ensures that all collection instruments submitted under this plan have the appropriate information displayed.

ABSTRACT: Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Consumer Financial Protection Bureau (CFPB or Bureau) is charged with researching, analyzing, and reporting on topics relating to the Bureau’s mission, including consumer behavior, consumer awareness, and developments in markets for consumer financial products and services. In order to improve its understanding of how consumers engage with financial markets, the CFPB has used the Consumer Credit Panel (CCP), a proprietary sample dataset from one of the national credit reporting agencies, as a frame to survey people about their experiences in consumer credit markets. The Bureau seeks to obtain approval for a generic information collection plan for these types of surveys. Surveys conducted under this generic information collection plan will support the Bureau’s mission to conduct research in areas related to consumer finance including research to monitor developments in consumers’ financial situations, related changes in their use of financial products, and the impacts that these decisions have on their balance sheets. All research under this plan will be for general, formative, and informational research on consumer financial markets and consumers’ use of financial products and will not directly provide the basis for specific policymaking at the Bureau. The CFPB requests approval from the Office of Management and Budget (OMB) for a generic information

collection plan which will allow the Bureau to collect data by administering surveys which use the CCP as a survey frame.

JUSTIFICATION

1. Circumstances Necessitating the Data Collection

Much of CFPB's mission focuses on understanding how consumer financial markets work, highlighting avenues for innovation in financial products and services, and identifying and mitigating potential risks to consumers.¹ The Dodd-Frank Act authorizes the CFPB to engage in research and market monitoring activities to assess trends and to identify emerging risks in consumer financial markets.² Section 1013(b)(1) of the Dodd-Frank Act establishes the Office of Research for the purpose of researching, analyzing, and reporting on topics related to the Bureau's mission, including consumer behavior, consumer awareness, and developments in markets for consumer financial products and services. The Office of Research grounds its understanding in these areas in rigorous empirical analyses that can, in turn, be used to benefit consumers, businesses, researchers, etc.

Developing a comprehensive understanding of the evolution of consumers' and households' financial lives is one of the areas the Office of Research has identified as a research priority because of the need for foundational research. This research agenda encompasses basic research about consumer credit markets and household finance, rather than focusing on a particular area of regulatory interest. Research under this information collection will support this and similar foundational research as well as generally informing many other aspects of the Bureau's work. Such research also will allow the Bureau to readily identify issues for future deeper study.

The CFPB seeks to use this generic information collection plan to survey consumers of financial products and services based on credit records sampled from the CCP in support of its

¹ CFPB FY 2013 – FY 2017 Strategic Plan, goal 3, <http://www.consumerfinance.gov/strategic-plan/>

² DFA Section 1013(b)(1) mandates that the Bureau have research staff whose responsibilities include “[r]esearching, analyzing, and reporting on (A) developments in markets for consumer financial products or services, including market areas of alternative consumer financial products or services with high growth rates and areas of risk to consumers; (B) access to fair and affordable credit for traditionally underserved communities; (C) consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services; (D) consumer awareness and understanding of costs, risks, and benefits of consumer financial products or services; (E) consumer behavior with respect to consumer financial products or services, including performance on mortgage loans; and (F) experiences of traditionally underserved consumers, including un-banked and under-banked consumers.”

research. Because the Consumer Credit Panel includes extensive historical credit-record information, surveys based off the Consumer Credit Panel will be especially helpful in understanding how household's use of financial products and services evolve. The size of the CCP and auxiliary information it includes, such as estimated demographic information, will help in identifying specific subpopulations for whom obtaining or using a specific financial product may warrant deeper future research and in generally informing other aspects of the Bureau's work relating to those populations.

When collecting, maintaining, and using information about consumer credit markets, the CFPB recognizes that there are privacy and data security risks. As outlined in this supporting statement, the CFPB plans to mitigate these risks when collecting data pursuant to this generic information collection plan.

2. Use of the Information

The Office of Research envisions a multifaceted set of data collection efforts, and this generic clearance will facilitate and expedite monitoring and research of market developments, by, for instance, conducting surveys of consumers shortly after they faced an economic shock or obtained a new financial product. Further, this generic clearance will allow the Bureau to conduct data collections which will achieve our research goals with the least amount of burden on the public while ensuring strong privacy and data protections throughout these projects.

The specific purpose of this generic clearance is for surveys relating to the Office of Research's research to inform and advance scientific understanding of consumer credit markets and household finance. This research aims to help the Bureau and stakeholders better understand how consumer experiences, perceptions, and decisions affect households' financial situations. These data collections will allow the CFPB to understand how markets are evolving, and to discover problems or concerns, providing opportunity for further study with more targeted research projects.

Surveys that are directly linked to the CCP are incredibly valuable to this research agenda because the CCP provides extensive longitudinal data on households' liabilities and their credit score—a key measure of creditworthiness as perceived by lenders. Surveys linked to the CCP

can provide information about households' balance sheets, perceptions, behaviors, and experiences, such as ownership and values of various assets (homes, savings accounts, etc), income, expenditures, and economic shocks.

We are considering four key research questions as part of its broader research agenda:

1. **Path dependence:** The financial decisions made by households today (or in prior years) may have ramifications that last for years, or indeed for a lifetime. This part of the agenda seeks to develop a better understanding of how specific behaviors affect subsequent outcomes.
2. **Persistence.** External shocks also affect the dynamics of household balance sheets. Because the necessary data have never before been available, very little is known about the persistence of these effects over time. For example, are consumers able to use credit effectively to smooth these types of shocks and recover relatively quickly? Or does the income disruption have ramifications that affect the household's balance sheet for years, or a lifetime? How can financial markets affect these outcomes?
3. **Behavior patterns and consumer types.** Some financial products might be a boon to some consumers and pose difficulties for others. This part of the agenda seeks to identify distinct behaviors or characteristics associated with consumers who are more likely to have financial success or financial problems.
4. **Modeling Optimal and Actual Behavior.** This part of the agenda will combine the mathematical tools of optimal decision-making to rigorously measure how consumers' observed choices deviate from those that the perfectly informed agents of economic theory would make and, similarly, how more-informed consumers' choices differ from those of less-informed consumers.

To answer these research questions, surveys will likely include questions relating to:

- Financial well-being and financial health of the household
- Consumer decision-making, information, and beliefs
- Time preferences and other individual household characteristics
- Financial product use, payments behavior, income (including inter-household transfers), assets (including human capital investment) and other relevant household balance sheet information.

Research conducted under the requested clearance will not be the primary basis for particular regulatory decisions or for the development and evaluation of specific policies. Studies conducted under this generic approval aim to identify opportunities for enhanced or improved attention by the Bureau actions; however, as noted, the Bureau will not initiate any regulatory or policy changes without further, more rigorous study.

The CCP is a 1-in-48 nationally representative random sample of de-identified credit records from one of the three major national credit reporting agencies. Using these data, the CFPB will select survey samples and then inform the credit reporting agency of which credit records are selected. The credit reporting agency (which, unlike the CFPB, has access to direct identifying information related to these records) will mail a copy of the survey instrument to the consumer associated with each sampled credit record. The Bureau expects that for most surveys to be conducted under this clearance, consumers will be able to respond to the survey either online or by mail using a prepaid envelope. All responses will be collected by the credit reporting agency or a subcontractor, who will remove any direct personally identifying information (PII) that respondents may have inadvertently included, convert the responses into an electronic format, and transmit the data to the Bureau. The respondents will remain anonymous to the CFPB, but the survey responses will include a unique key that will allow responses to be matched with the associated de-identified credit record. The Bureau has experience using de-identified credit records as a sampling frame and with conducting mail and web surveys through this type of arrangement with the credit bureau and a survey subcontractor through its work with FHFA on the National Survey of Mortgage Borrowers, Survey of Consumer Views on Debt, and the Making Ends Meet survey which was successfully piloted and full-scale version of which is currently in the field.

The CCP data are the property of the credit reporting agency and the Bureau is prohibited by contract from sharing these data with the public. To allow outside researchers and other interested parties to benefit from research conducted by the Bureau, the CFPB may make a version of the survey data available publicly to the extent that such releases are legally permissible and consistent with protecting consumers' privacy. Any public-release version of the data would be de-identified and exclude any direct identifying information. In addition, the CFPB may, for example, withhold some data elements, aggregate response categories, or take other steps to protect the privacy of respondents in any publicly available version of the data.

3. Use of Information Technology

Surveys will be sent by mail to sampled consumers. The Bureau expects to typically allow respondents to complete the survey either online or by mail using a prepaid envelope. The website to complete the survey online will be hosted on servers owned and operated by the credit reporting agency's subcontractor.

The Bureau generally expects to provide a Spanish language version of the survey instrument at least online for any survey. Returned paper surveys will be electronically scanned by a subcontractor of the credit reporting agency, stripped of any direct identifying information that the respondent may have inadvertently included, and converted to an electronic format. The data will then be transmitted to the CFPB using a secure FTP server.

4. Efforts to Identify Duplication

The CFPB will design surveys to address questions that have not yet been satisfactorily answered in the relevant research literature. For topics on which there exists previous research, the CFPB will detail the relationship between the proposal and existing studies and will describe how the data collection supports the CFPB's mission. A review of the existing relevant literature will be undertaken before proceeding with any project initiated under this generic clearance. Surveys may include questions that are asked on existing surveys to, for example, draw rough conclusions about how characteristics measured in the CFPB survey relate to those measured in other surveys.

5. Efforts to Minimize Burdens on Small Entities

No small businesses will be affected by this study, as survey respondents will be individuals only.

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

We envision a series of one-time data collections, not an on-going collection of the same information. For this reason, less frequent collections are not possible.

The proposed clearance will allow the Bureau to collect information from consumers on the markets we regulate, allowing the Bureau to develop a more complete understanding of these markets and consumers' experiences with them. Without this data collection, the Bureau will not be as well informed and will not be able to achieve its mission as effectively.

Whenever possible and appropriate, the CFPB plans to make the results of any research conducted using these data publicly available. Additionally, where legally permissible and consistent with protecting consumers' privacy, we envision making the collected survey data available to researchers outside of the CFPB and to the public. Therefore, the data to be collected under this proposed clearance will not only improve the CFPB's understanding of consumer financial markets but also increase other researchers' and policymakers' knowledge. If the CFPB shares data collected under this generic clearance, the data are not intended to be an official government statistic or definitive representation of a population of interest, but instead to spur further research in the area.

7. Circumstances Requiring Special Information Collection

Generally, most information collections under this generic clearance will be conducted in a manner consistent with the guidelines in 5 C.F.R. 1320.5(d)(2). Most collections will require a single interaction between the agency and respondents, but some information collections could require multiple interactions. For example, some studies may ask for subjects to be surveyed more than once, and possibly more than once in a quarter. The CFPB will work to limit the burden on respondents and ensure that studies only include repeated interactions when the additional information gained is anticipated to be substantial and valuable to the study.

8. Consultation Outside the Agency

In accordance with 5 C.F.R. 1320.8(d)(1), the Bureau has published a notice in the Federal Register allowing the public 60 days to comment on the renewal of this generic information collection plan. No Comments were received. Further and in accordance with 5 C.F.R. 1320.5(a)(1)(iv), the Bureau also 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.

Additionally, 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. Payment or Gifts to Respondents

Survey recipients will receive a pre-paid cash incentive as an inducement to complete and return the survey questionnaire (ex: five dollars). Recipients who fail to respond to the initial survey solicitation will receive a second cash incentive (ex: another five dollars). This incentive strategy is identical to that used by the National Survey of Mortgage Borrowers and the Survey of Consumer Views on Debt.

Meta-analyses of mail surveys find that incentives given initially with the questionnaire yield significantly higher response rates than do incentives contingent on return of the survey or no incentives; furthermore, monetary incentives produce a stronger effect than non-monetary incentives.^{3,4} Many recurring federally-funded surveys use monetary incentives, including the Survey of Consumer Finances, the Survey of Income and Program Participation, and the National Survey of Drug Use and Health, and self-administered surveys such as the Survey of Doctorate Recipients, the National Survey of Recent College Graduates, and the National Survey of Mortgage Borrowers.⁵ Incentives have consistently been found to improve response rates across a variety of survey topics and modes.^{6,7} Incentives have been found to be cost-effective in

³ Allan H. Church (1993), "Estimating the Effects of Incentives on Mail Survey Response Rates: A Meta-Analysis." *Public Opinion Quarterly*, 57(1): 62-79

⁴ Phil Edwards et al. (2002), "Increasing Response Rates to Postal Questionnaires: Systematic Review." *British Medical Journal*, 324: 1183-1189.

⁵ Fan Zhang (2010), "Incentive Experiments: NSF Experiences." NSF Working Paper.

⁶ Eleanor Singer (2002), "The Use of Incentives to Reduce Nonresponse in Household Surveys." In R.M. Groves, D.A. Dillman, J.L. Eltinge, and R.J.A. Little (eds), *Survey Nonresponse*. New York: Wiley, pp 163-177.

⁷ Eleanor Singer, Cong Ye (2013), "The Use and Effects of Incentives in Surveys." *The Annals of the American Academy of Political and Social Science*, 645

different modes and often reduce the effort required to contact and interview sample persons or the number of follow-up mailings.^{8,9,10}

10. Assurances of Confidentiality

The CFPB shall treat the information in accordance with applicable federal law, including, but not limited to, the Bureau's confidentiality rules, 12 C.F.R. Part 1070, and the federal laws and regulations that apply to federal agencies for the protection of privacy, confidentiality, security and integrity.

The CFPB uses best practices of social science research design to inform the notice and consent vehicles. For research studies under this generic clearance, the CFPB 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.

The information collected under this generic clearance by contractors will include direct identifying PII in order to contact survey participants and match the survey data to administrative records. The CFPB will only receive and keep response data stripped of direct identifying PII.

Conducting these research studies implicates privacy concerns because a breach of confidentiality, or re-identification, could result in individuals suffering harm. To reduce the risk of breaches of confidentiality, the CFPB designs recruitment materials so as not to disclose sensitive information about those it seeks to recruit and uses appropriate security controls to protect information obtained, used, and maintained in research. There is also risk related to 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.

⁸ Martha Berlin et al. (1992), "An Experiment in Monetary Incentives." *Proceedings of Survey Research Methods Section, American Statistical Association*, pp. 393-398.

⁹ Eleanor Singer et al. (2000), "Experiments with Incentives in Telephone Surveys." *Public Opinion Quarterly*, 64(2): 171-188.

¹⁰ Gwen L. Alexander et al. (2008), "Effects of Incentives and Mailing Features on Recruitment for an Online Health Program." *American Journal of Preventative Medicine*, 34(5): 382-388.

To reduce the risk of misuse, the CFPB minimizes access to PII to those who need to know that information and requires, in most instances, that contractors that collect data on behalf of the Bureau remove or redact all direct identifying PII, as defined by the Bureau's privacy office, before transmitting data to the Bureau. Any contractor staff assigned to the project also sign confidentiality agreements. If 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 C.F.R. 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 an approved purpose related to the statutory authority of the Bureau and vets research proposals to ensure that they serve an approved purpose related to the statutory authority of the Bureau. Research conducted under this generic 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; the technical, administrative, and physical controls used to minimize privacy risks. The CFPB.022 Market and Consumer Research Records, 83 FR 23435 System of Records Notice (SORN), and the Market Analysis of Administrative Data under Research Authorities Privacy Impact Assessment (PIA) cover the use of administrative data and the matching required to contact potential survey respondents. The Consumer Experience Research PIA covers the collection of survey responses. The SORNs and PIAs will be updated as appropriate, and details regarding information handling will be specified in individual submissions under this generic clearance.

11. Justification for Sensitive Questions

Questions about an individual’s finances, such as monthly income or mortgage payments, are commonly considered sensitive. Nonetheless, the CFPB must ask these questions to understand consumers’ financial situations and behavior and to recognize financial trends and emerging risks relevant to consumers. The Bureau believes that these questions are justified because responses to these questions provide information that is of central importance to the Bureau’s mission.

In addition, some people may consider questions about race and other socioeconomic factors to be sensitive. The CFPB is mandated to enforce fair lending laws and focus on the risks to vulnerable populations, including service members and older Americans. For this reason, the Bureau often needs to ask these types of sensitive questions. For information collections involving questions of race/ethnicity, the CFPB will ensure that the OMB standards for Classification of Federal Data on Race and Ethnicity, 62 FR 210, are followed.

Respondent participation will be voluntary for each survey distributed under this generic clearance; subjects will be made aware of this fact. All respondents shall be free to opt out of a data collection at any time and for any reason. Administrative data for the respondents and non-respondents will be used to analyze nonresponse bias.

The CFPB will ensure that a citation is made to any applicable SORNs for the collection of direct identifying information, and that a PIA is published.

12. Estimated Burden of Information Collection

Exhibit 1: Burden Hour Summary

Information Collection	No. of Respondents	Frequency	Annual Responses	Average Response Time	Annual Burden Hours
Surveys	6,000	1	6,000	.5 hours	3,000
3 Year Total:	18,000	//////////	18,000	//////////	9,000

The CFPB plans to mail surveys to up to 20,000 consumers per year under this generic clearance and estimates an average response rate of 30 percent. For the estimated 6,000 respondents per year who fill out the survey, we estimate that completing a survey will take 30 minutes on average, for a total burden of 3,000 hours per year.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

There are no capital/start-up or ongoing operation/maintenance costs associated with this information collection. Postage costs to return the survey questionnaire will be pre-paid by the survey contractor.

14. Estimated Cost to the Federal Government

The costs of each individual survey distributed under this generic clearance will vary based on the number individuals surveyed and the size of any payments made to incentivize participation. We expect the cost of each survey to range from \$250,000 to \$600,000.

15. Program Changes or Adjustments**Exhibit 2: Summary of Burden Changes**

	Total Respondents 3-year Period	Responses 3-year Period	Burden Hours-3 year period	Materials Cost
Total Requested	18,000	18,000	9,000	0
Current OMB Inventory	0	0	0	0
Difference	18,000	18,000	9,000	0
Program Change	18,000	18,000	9,000	\$0
Discretionary	0	0	0	\$0
New Statute	0	0	0	\$0
Violation	0	0	0	\$0
Adjustment	0	0	0	\$0

This is a reinstatement of a previously approved collection; therefore, all burden is considered new burden for this submission. However, the Bureau's prior experiences using this collection has led it to revise downward the burden estimates of this collection by 7,500 responses and 3,750 burden hours over the next three-year approval period.

16. Plans for Tabulation, Statistical Analysis, and Publication

All survey responses gathered under this generic clearance will be tabulated and analyzed once received. Generally, data collection will take at least two to three months. Once the data have been received, we expect data tabulation and preliminary data analyses to last another four to five months normally. We expect the analysis will include providing descriptive statistics for those variables of primary interest in a given survey, which may include statistics for which there are currently no reliable estimates. These and any other analysis would incorporate nonresponse-adjusted sample weights. We also expect to produce cross-tabulations of these key measures by, for example, demographic characteristics. The tabulations and analytical results will be published as technical articles that will be publically disseminated as working papers, published in peer-reviewed journals, or published as CFPB white papers. If any survey data are publicly released, the data release will generally follow the publication of documents presenting the results of their analysis.

17. Display of Expiration Date

The Bureau plans to display the expiration date for OMB approval of the information collection on all instruments. Further, the OMB control number and expiration date will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov.

18. Exceptions to the Certification Requirement

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