

**BUREAU OF CONSUMER FINANCIAL PROTECTION  
PAPERWORK REDUCTION ACT SUBMISSION  
INFORMATION COLLECTION REQUEST**

**SUPPORTING STATEMENT PART A  
Generic Information Collection Plan to Conduct Cognitive Research and Pilot Testing  
(OMB CONTROL NUMBER: 3170-XXXX)**

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**OMB TERMS OF CLEARANCE:** None

**ABSTRACT:** Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Consumer Financial Protection Bureau is charged with researching, analyzing, and reporting on topics relating to the Bureau’s mission, including developments in markets for consumer financial products and services, consumer awareness, and consumer behavior. In order to improve its understanding of how consumers engage with financial markets, the CFPB seeks to obtain approval for a generic information collection plan to conduct research to improve the quality of data collection by examining the effectiveness of data-collection procedures and processes, including potential psychological and cognitive issues.

**A. JUSTIFICATION**

**1. Circumstances Necessitating the Data Collection**

The Consumer Financial Protection Bureau (CFPB, Bureau)’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.<sup>1</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act (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.<sup>2</sup> Section 1013(b)(1) of the Dodd-Frank Act

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

<sup>2</sup> 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)

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 Act also established the Office of Financial Education (OFE) within the CFPB, which is responsible for developing and implementing initiatives intended to educate and empower consumers to make better-informed financial decisions, and, together with the CFPB's Office of Research, for conducting research related to financial education and counseling. Using empirical evidence and rigorous research, the Bureau improves its understanding of consumer financial markets and is able to provide accurate and comprehensive information to consumers, firms, researchers, and policymakers.

The CFPB supports this mission by building an understanding of the markets that it regulates and the nature of consumer behavior within these markets. For this reason, the Office of Research plans to obtain several generic clearances for "research" functions (outside of rulemaking), to improve our scientific understanding.

The purpose of this generic clearance is to improve and- refine data collection procedures by testing specific aspects of methods and procedures such as questionnaire design. For research projects like surveys and controlled trials in field and economic laboratory settings, it is generally best practice in the social sciences to rigorously pretest instruments or interventions prior to the full data collection. Pretesting methods will allow the CFPB to develop, test, and improve its survey and data collection instruments and methodologies, for example: evaluating questionnaires/assessments and various data collection procedures; developing survey scales; identifying questionnaire/assessment and procedural problems; suggesting solutions; and measuring the relative effectiveness of alternative solutions.

Common pretesting methods include: pilot testing, behavior coding, interviewer debriefing, exploratory interviews, respondent debriefing questionnaire, follow-up interviews or re-interviews, split sample experiments, cognitive and usability interviews, and focus groups.

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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."

Below are detailed explanations of each method, which may be used in combination for a single research project.

Pilot testing. For the purposes of this clearance, we are defining pilot tests as data collection efforts to evaluate, for example, data collection-instruments, materials, and procedures on a reduced scale before conducting a full-scale data collection. Pilot tests are an essential component of this clearance package because they serve as the vehicle for investigating basic item properties for new or redesigned data collection efforts, such as reliability, validity, and difficulty, as well as feasibility of methods for standardized administration of forms. If the methodology appears sound, pilot data may be used to augment data collected during the full research project.

Behavior coding. This method involves applying a standardized coding scheme to the completion of an interview or questionnaire, either by a coder using a tape-recording of the interview or by an in-person observer at the time of the interview. The coding scheme is designed to identify situations that occur during the interview that reflect problems with the questionnaire. For example, if respondents frequently interrupt the interviewer before the question is completed, the question may be too long. If respondents frequently give inadequate answers, this suggests the question is unclear. Quantitative data derived from this type of standardized coding scheme can provide valuable information to identify problem areas in a questionnaire, and can be used as a substitute for or as a complement to the traditional interviewer debriefing.

Interviewer debriefing. This method employs the knowledge of the employees who have the closest contact with the potential respondents. In conjunction with other methods, we plan to use this method to collect information about how interviewers react to the survey instruments and laboratory or field experimental procedures; to understand problems and pitfalls encountered by interviewers during the interview; and to learn from interviewers about respondents' reactions in the field.

Exploratory interviews. These may be conducted with individuals who are experts to understand a topical area and may be used in the very early stages of developing a new procedure. For example, experts may be from relevant industries or leading researchers who study the issues at hand. It may cover discussions related to administrative records (e.g. what types of records, where, and in what format), subject matter, definitions, etc. Exploratory interviews may also be used to investigate whether sufficient issues are present related to an existing data collection to consider a redesign.

Respondent debriefing questionnaire. In this method, standardized debriefing questionnaires are administered to respondents who have participated in a field test, laboratory study, or completed a survey that is being tested. The debriefing form is administered at the end of the questionnaire being tested, and contains questions that probe to determine how respondents interpret the questions and whether they have problems completing the questionnaire or procedure. For example, this structured approach to debriefing enables quantitative analysis of data from a sample of respondents in order to learn whether respondents can answer the survey questions, and whether they interpret them in the manner intended by the questionnaire designers.

Follow-up interviews or re-interviews. This involves re-interviewing or re-assessing a sample of respondents after the completion of a survey or assessment. Responses given in the re-interview are compared with the respondents' initial responses to gauge consistency between responses. In this way, re-interviews provide data for studies of test-retest reliability and other measures of data quality. In turn, this information aids in the development of more reliable measures.

Split sample experiments. This involves testing alternative versions of questionnaires, and other collection methods. The alternatives may be designed to address problems identified in draft questionnaires or questionnaires from previous studies or to investigate methodological research questions. In the case of surveys, multiple questionnaires are developed and then randomly assigned to potential respondents, to permit statistical comparisons; data collection can include mail, telephone, Internet, or in-person

interviews or group sessions at which self-administered questionnaires are completed. Comparison of revised questionnaires against a control version or against each other facilitates statistical evaluation of the performance of alternative versions of the questionnaire. Split sample tests that incorporate questionnaire design experiments are likely to have a larger maximum sample size than field tests using other methodologies. Larger sample sizes will enable the detection of statistically significant differences and facilitate methodological experiments that can extend questionnaire design knowledge more generally for use in a variety of CFPB data collection instruments.

Cognitive and usability interviews. This method involves intensive, one-on-one interviews in which the respondent is typically asked to "think aloud" as he or she answers survey questions or participates in the experimental procedure and to answer follow-up questions about the survey or experimental procedure. A number of different techniques may be involved, including asking respondents to paraphrase questions or instructions, asking probing questions to determine how respondents came up with their answers or interpreted directions, and so on. The objective is to identify problems of ambiguity or misunderstanding, or other difficulties respondents have. This is frequently one of the early stages of revising study materials.

Focus groups. This method involves group sessions guided by a moderator, who follows a topical outline containing questions or topics focused on a particular issue, rather than adhering to a standardized questionnaire. Focus groups are useful for surfacing and exploring issues (e.g., confidentiality concerns).

This clearance is similar in intent and scope to the testing clearances held by the Census Bureau, the Bureau of Labor Statistics, the National Center for Education Statistics, and the National Science Foundation, that allowing these agencies to develop, redesign, and test data collection instruments and procedures in a timely manner.

## **2. Use of the Information**

The CFPB requests approval from the Office of Management and Budget (OMB) for a generic information collection plan which would allow the Bureau to collect data through pretesting, for example, by testing various instruments or methodologies prior to the full collection. The aim of these pretests is to improve the Bureau's data collection processes and improve the quality of the data in the studies that are ultimately conducted.

The CFPB generally plans to test survey instruments, laboratory methods, and field trials on a small scale prior to their use in full-scale studies, e.g. through cognitive pretesting or by conducting a subset of the surveys initially and reviewing the responses for evidence of problems before fielding the survey more widely. These methods can provide tools to improve questionnaires and other research instruments, for example, by testing comprehension of survey and lab questions. Through this testing, questions can be tailored to increase the accuracy of the collected information and to reduce respondent burden by ensuring that large-scale information collection is optimized.

Research under this generic clearance is important in order to 1) improve the data collection instruments employed by the Bureau, 2) increase the accuracy of the data and, in turn, of the research studies produced by the CFPB, including studies that may be factored into some policy decisions, 3) reduce the burden of completing or administering survey instruments for respondents and interviewers, 4) increase response rates in surveys, 5) increase the ease of use of the CFPB programs and products, and 6) enhance the CFPB's reputation resulting in greater confidence and respect in study methods used by CFPB.

The information collected in this generic clearance will be used by the CFPB to evaluate and improve the quality of instruments or interventions before full-scale research projects are conducted. In general, data collected under this clearance will not alone be used as official federal agency statistics. Data may be made public, when appropriate, in research reports, presentations related to study methodology, at professional meetings, in publications on the CFPB website, and in professional journals.

### **3. Use of Information Technology**

The CFPB will employ information technology as appropriate to reduce the burden of respondents who agree to participate in its research. Computer-assisted participation will be used when feasible and appropriate, including online studies. In general, the Bureau intends to incorporate electronic data-collection techniques whenever possible, particularly since in many instances they are likely to impose the lowest burden on respondents and may be the most cost-effective. However, the extent to which the Bureau will use electronic data collection for a given project will be determined by weighing several factors, including response rates and costs. For example, evidence to date suggests that web-only data collections tend to have lower response rates than surveys conducted by mail or phone.<sup>3</sup> The Bureau expects that the most effective mode, including mixed-mode combinations, may also vary with the complexity and sensitivity of the information to be collected.

### **4. Efforts to Identify Duplication**

The Bureau will explore methodological, psychological and cognitive methods-related issues in order to answer questions that are not satisfactorily addressed in the relevant research literature. A review of the existing relevant literature will be undertaken before proceeding with projects. To the extent possible, the CFPB will make use of existing information, including information from previous studies. However, this information often is not sufficient to refine our study questionnaires and assessments without conducting additional research.

### **5. Efforts to Minimize Burdens on Small Entities**

All of our research projects will be limited to individual consumers, not businesses, so there will be no impact on small businesses or other small entities.

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<sup>3</sup> Roger Tourangeau, Fredrick Conrad, and Mick Couper (2013), “The Science of Web Surveys.” USA: Oxford University Press.

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

The planned collection of data under this generic clearance will allow the CFPB to improve larger scaled data collections before they are administered, reducing burden by increasing the effectiveness of the larger information collection. Failing to scientifically investigate the data collection process can lead to significant costs in terms of data quality and burden to respondents, interviewers, and data users alike during the final data collection and analysis of results. For example, poorly or confusing question that is not written clearly could unintentionally engender an incorrect response the lead to biased responses or to high rates of item nonresponse.

## **7. Circumstances Requiring Special Information Collection**

There are no special circumstances anticipated for the information collections under this generic clearance, they will be consistent with the applicable guidelines contained in 5 CFR 1320.5(d)(2).

## **8. Consultation Outside the Agency**

In accordance with 5 CFR §1320.8(d)(1), the Bureau has published a notice *Federal Register* allowing the public 60 days to comment on this proposed new generic information collection plan. Any comments received in response to this notice will be summarized, including the Bureau's response to those comments, in the submission to OMB. Further and in accordance with 5 CFR §1320.5(a)(1)(iv), the Bureau will also publish 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.

## **9. Payment or Gifts to Respondents**

Respondents for activities conducted in the laboratory (for example, cognitive interviews and focus groups) under this clearance will receive a small stipend. This practice has proven necessary and effective in recruiting subjects to participate in this small-scale research, and is



also employed by the other Federal cognitive laboratories. The incentive for participation in a cognitive interview is \$40, and for participation in a focus group is \$50-\$75. The CFPB may provide smaller incentives than these amounts at its discretion; however, any requests for non-standard amounts must be justified in writing to OMB.

#### **10. Assurances of Confidentiality**

CFPB shall treat the information collected 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. When required and when practicable, the CFPB provides notice to individuals that explain how their information will be used through appropriate vehicles, such as Privacy Notices, Privacy Act Statements or Informed Consent forms. Such notice is typically made available prior to the collection of information and explains whether the information is mandatory or voluntary; whether there are any opportunities to consent to sharing and submission of information; how the information will be secured and when a System of Records is created under the Privacy Act. In some instances, research may be based on observations or on information collected directly from a third party, and notice and consent may not be applicable.

When the CFPB collects information from third parties, commercial sources, and public databases, individuals to whom information may pertain do not have the opportunity to consent to uses, decline to provide information, or opt out directly to the Bureau. In such cases, it is those third parties' responsibility to provide any opportunity that may be required to consent, decline, or opt out of how their information may be used. As part of the due diligence process, the CFPB reviews the privacy policies or other public disclosures from the third-parties regarding their use of the information to verify that there are no

contradictions with the research, and the CFPB encourages the development of notice and consent opportunities. In these instances, the Bureau will ensure that appropriate privacy provisions are included in contract language, Memorandum of Understanding (MOUs) and Statements of Work (SOW), as applicable. 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.

The information collected under this generic clearance may include direct identifying personally identifiable information (PII), depending on the type of project. Typically direct identifying PII consists of contact information used to facilitate administration of research, and is separated from response data generated from the research. When the CFPB does use direct identifying PII in analyses, it does so in order to a) match across datasets; b) update data sets; c) weight datasets in order to make generalizations regarding a given population; and d) contact potential recipients of our studies to solicit information on consumer experiences with consumer financial products and services.

Conducting these research studies implicates privacy concerns because a breach of confidentiality, or re-identification, could result in an individual 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 used 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.

To reduce the risk of misuse, the CFPB minimizes access to PII based on need-to-know and stipulates, 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. In general, the CFPB will only keep response data

stripped of direct identifying PII. Any contractor staff assigned to the project also sign confidentiality agreements. 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 personally identifiable 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. Pretesting research will be conducted 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 SORNs and PIAs will so be updated to reflect any changes. The CFPB has two SORNs that will cover pretesting research: CFPB.021 Consumer Education and Engagement Records, 77 FR 60382; and CFPB.022 Market and Consumer Research Records, 77 FR 67802. Specific details regarding information handling will be specified in individual submissions under this generic clearance, but will conform to these broad guidelines.

## **11. Justification for Sensitive Questions**

Questions about an individual's finances, for example, what their income is or how much their mortgage costs each month, are commonly considered sensitive. Nonetheless, the CFPB often must ask these questions in order to understand consumer behavior and to recognize financial trends and emergent risks relevant to consumers. The Bureau believes that these questions are justified by their central importance to the Bureau's mission.

In addition, some people may consider questions about race and other demographic information to be sensitive. The CFPB is, however, mandated to enforce fair lending laws and to identify risks to vulnerable populations, including service members, older Americans, and lower-income consumers. For this reason, the Bureau often needs to ask these types of questions. For information collections involving questions of race or ethnicity, the CFPB will follow the OMB standards for Classification of Federal Data on Race and Ethnicity (Federal Register, October 30, 1997, Volume 62, Number 210, pages 58781-59790).

Respondent participation will be voluntary for each survey, economic lab experiment, or other information collection distributed under this generic clearance, and participants 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. When possible, administrative data for the respondents and nonrespondents will be used to analyze nonresponse bias for information collections.

The CFPB will ensure that a citation is made to any applicable SORN and PIAs are published as appropriate.

## **12. Estimated Burden of Information Collection**

For research projects like surveys and controlled trials in field and economic laboratory settings, the CFPB plans to rigorously pretest instruments or interventions prior to the full data collection. Currently the Bureau plans to conduct up to four surveys, three controlled trials in the field, and four controlled trials in the lab each year, and in many cases the Bureau will want to pretest components of each of these before conducting the full data collection. On average, pretesting of surveys will require 600 participants each year for 60 minutes each, while studies in field and lab contexts will require 50 and 20 participants, respectively, for an hour and a half each. Therefore, estimated total burden hours under this generic clearance total 8,325.

**Burden Hour Estimate for All Data Collections, 3-yr period**

Types of Projects	Subtotal
Pretesting for Surveys	7,200
Pretesting for Field Studies	360
Pretesting for Lab Studies	675
	<b>8,235</b>

**Burden Hour Estimate for Pretesting of Surveys, 3-yr period**

Number of Projects	Number of Participants in a Project	Hours per Participant	Subtotal
12	600	1	7,200
			<b>7,200</b>

**Burden Hour Estimate for Pretesting of Economic Studies in the Field, 3-yr period**

Number of Projects	Number of Participants in a Project	Hours per Participant	Subtotal
9	50	1.5	675
			<b>675</b>

**Burden Hour Estimate for Pretesting of Economic Studies in the Lab, 3-yr period**

Number of Projects	Number of Participants in a Project	Hours per Participant	Subtotal
12	20	1.5	360
			<b>360</b>

There will be no financial burden on the respondents. For each specific collection request submitted under this generic plan, a detailed estimate of the burdens of that particular request will be submitted.

**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. If there are postage costs to return a survey questionnaire, it will be pre-paid by the contractor. For other methods of participation, including phone, online, or in-person,

respondents should not bear costs. In tests of instruments or procedures of controlled trials in laboratory or field settings, the CFPB does not anticipate any cost burden to respondents.

#### **14. Estimated Cost to the Federal Government**

The costs of pretesting and cognitive testing research projects under this generic clearance will vary based on the number of individuals in the study, the method of pretesting used, and the size of any payments to incentivize participation. We expect the cost of each project to range from \$15,000 to \$75,000

#### **15. Program Changes or Adjustments**

This is a new information collection request; therefore, all the burden (see item 12) is considered a program change.

#### **16. Plans for Tabulation, Statistical Analysis, and Publication**

This generic clearance will be used to pretest instruments or interventions prior to the full data collection for surveys and controlled trials in field and laboratory settings. The purpose of data collected under this generic clearance is to improve the quality of data collection by examining the psychological and cognitive aspects of collection methods and procedures. For this reason, results from data collected under this generic clearance may or may not be published, depending on the project. When results are published, the data will be used for research and development reports or be included as a methodological appendix or footnote in a report containing data from a larger data collection effort. In addition, the methodological results of this research may be prepared for presentation at professional meetings or for publication in professional journals.

The Bureau's research projects are intended to expand scientific understanding of consumer decision making in financial domains. Research findings of full research projects generally will be published as technical articles that are publicly disseminated as working papers, peer-reviewed journal articles, CFPB white papers, or CFPB research briefs. Due to the nature of this clearance, there currently is no definitive or tentative schedule. We expect work to be

conducted more or less continuously throughout the duration of the clearance. The Office of Research plans to conduct an ongoing program of research and therefore plans to apply for an extension to the anticipated generic clearance when it expires.

**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](http://www.reginfo.gov) and on all instruments associated with information collections approved under this collection plan.

**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.