



## **Privacy Impact Assessment of Studies to Develop and Test Consumer Regulatory Disclosures**

### **Program or application name.**

Studies to Develop and Test Consumer Regulatory Disclosures (“Consumer Studies Program”)

### **System Owner.**

Board of Governors of the Federal Reserve System’s (“Board”) Division of Consumer and Community Affairs

### **Contact information.**

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### **Description of the Program**

The Consumer Studies Program is an ongoing research effort of the Board that involves the collection of data from consumers for use in rulemaking, policy development, and the production of information resources for the public. The Consumer Studies Program involves both qualitative and quantitative research methods.

Qualitative testing methods such as focus groups and in-depth interviews are used with relatively small numbers of consumers to collect information on consumers’ financial decision-making, shopping patterns, and information needs related to financial products and services. Such qualitative techniques

are also used to develop and test new materials and resources for consumers, such as disclosure documents, brochures, and web resources.

Quantitative testing methods may include surveys conducted by mail, telephone, web, or mall intercept methods. These methods involve larger numbers of consumers, and are generally used to test and validate results and products developed using qualitative research methods described above.

### **1. Information concerning individuals that is being collected and/or maintained.**

The Consumer Studies Program is not designed to capture personally identifiable information; however, the use of such information is an important component of the initial step in implementing the research program: locating and contacting consumers with relevant experience to participate in the research study.

During the initial recruiting process, databases used to recruit individuals to participate in a Consumer Testing Program may contain personally identifiable information such as name, home address, email address, and telephone number. This information may be connected with other information about the individual that may be used for pre-screening the list to select individuals who meet certain criteria for testing. For example, to identify potential respondents for a study of mortgage shopping behavior, a recruiting list may be developed by a market research firm by combining personally identifiable information with gender, race/ethnicity, age, information on a homeowner's mortgage obtained from deed records, and other information maintained by the market research firm.

Once a consumer is contacted and agrees to participate in a study, additional information is collected through a recruiting screener in order to ensure the participants as a group reflect the types of persons and experiences the Board is seeking to learn about. For example, a recruiting screener for a mortgage shopping study may ask potential respondents whether the mortgage they recently took out was an adjustable-rate mortgage, what the initial interest rate was on the loan, and whether they were turned down for credit or discouraged from applying in the past year. The information collected on the screening questionnaire will be linked with personally identifiable information such as name and phone number from the time the person is contacted to participate until the focus group or interview occurs.

During the interview or survey, participants may voluntarily disclose additional unspecified personal information when responding to questions or discussing their past experience making financial decisions.

## **2. Source(s) of each category of information listed in item 1.**

In order to recruit participants for consumer testing, the Board utilizes lists of consumer information that may include personally identifiable information. The Board may purchase such lists from vendors who compile and sell consumer information for marketing purposes, or it may utilize lists of potential participants maintained by firms that are involved in consumer testing. For example, firms that recruit for qualitative market research may maintain lists of consumers who are interested in participating in focus groups and interviews; other firms maintain internet panels of consumers who can be contacted for participation in an internet panel survey on the web.

In cases where the Board is seeking to recruit participants from a group that has a low incidence in the general population, lists of consumer contact information which are generally used for market research as described above may be insufficient for locating potential participants for a study. In such cases, the Board may seek the assistance of an intermediary, such as a community organization, to help identify potential participants. In this type of situation, the intermediary would contact people who may be a part of the group from which the Board wishes to solicit input and inform them that they could volunteer to participate in the Board's study. Participants would be provided with contact information for the Board's contractor. The contractor would collect personally identifiable information from those who volunteered in order to contact them for participation in the study.

In addition, during the interview or survey itself, participants may voluntarily disclose additional unspecified personal information when responding to questions or discussing their past experience making financial decisions.

## **3. Purposes for which the information is being collected.**

The information is collected to enable the Board to perform its responsibilities under the Federal Reserve Act and consumer protection laws

such as the Truth in Lending Act. For example, the Board is utilizing consumer testing research as a part of its review of Regulation Z, which implements the Truth in Lending Act, to test and redesign the disclosures consumers receive for credit cards, mortgage loans, and other financial products and services.

#### **4. Who will have access to the information.**

For the most part, access to personally identifiable information used in the Consumer Testing Program is limited to authorized Board employees and contractors who have a need for the information for official business purposes, such as Board attorneys, economists, and analysts and their supervisors and managers. Board contractors may access personally identifiable information in the course of conducting consumer testing on behalf of the Board.

#### **5. Whether the individuals to whom the information pertains will have an opportunity to decline to provide the information or consent to particular uses of the information (other than required or authorized uses).**

Individuals for whom publicly available information is collected for the purpose of determining their eligibility to participate in a consumer testing study do not have an opportunity to decline to provide the information or consent to particular uses of the information. However, individuals who are contacted may elect to not participate in the interview or survey and may decline to provide additional information.

Individuals who participate in testing under the Consumer Studies Program do so voluntarily and give consent to the use of the information they provide for the purposes of the study.

#### **6. Procedure(s) for ensuring that the information maintained is accurate, complete and up-to-date.**

Personally identifiable information in databases used for recruiting in the Consumer Studies Program is used by the Board on an “as is” basis. Board staff does not attempt to verify or correct personally identifiable information on these lists or for recruited participants. Personally identifiable information used in recruiting is not retained and therefore is not updated.

Board staff and contractors endeavor to ensure that the information provided by participants in interviews and surveys is recorded accurately and completely. Information is collected at a point in time and is not updated.

**7. The length of time the identifiable information will be retained and how it will be purged.**

Personally identifiable information collected and maintained by the Board in connection with the Consumer Studies Program is managed and retained in accordance with approved records disposition instructions (N1-82-01-01, Item 7) and policy. Personally identifiable information used in recruiting is typically maintained until recruitment of participants is complete and study data have been collected. Study data collected through interviews, focus groups, surveys, etc. in the Consumer Studies Program is retained for a minimum of six (6) months and destroyed when no longer needed for administrative or reference purposes. Paper documents are destroyed by shredding and electronic information is destroyed by deleting information from the appropriate database(s).

**8. The administrative and technological procedures used to secure the information against unauthorized access.**

Personally identifiable information that is stored online is kept on a password-protected network to which only key project personnel have access. Personally identifiable information that exists in hard copy or on removable media is kept in a locked cabinet to which only key project personnel have access.

**9. Whether a new system of records under the Privacy Act will be created. (If the data is retrieved by name, unique number, or other identifier assigned to an individual, then a Privacy Act system of records may be created).**

No new system of records will be created because any personally identifiable information maintained in connection with the Consumer Studies Program is not retrieved by reference to an individual's name or other personal identifier.

**Reviewed:**

Charles S. Sturckmeyer */signed/*

03/27/2008

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Chief Privacy Officer

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Date

Maureen Hannan */signed/*

04/03/2009

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Chief Information Officer

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Date