

FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY:

Background

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act, as per 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the OMB 83-Is and supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before May 15, 2006.

ADDRESSES: You may submit comments, identified by *FR 1380*, by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for

submitting comments.

- E-mail: regs.comments@federalreserve.gov. Include docket number in the subject line of the message.
- FAX: 202/452-3819 or 202/452-3102.
- Mail: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551.

All public comments are available from the Board's web site at

www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, N.W.) between 9:00 a.m. and 5:00 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT: A copy of the Paperwork Reduction Act Submission (OMB 83-I), supporting statement, and other documents that will be placed into OMB's public docket files once approved may be requested from the agency clearance officer, whose name appears below.

Michelle Long, Federal Reserve Board Clearance Officer (202-452-3829), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may contact (202-263-4869), Board of Governors of the Federal Reserve System, Washington, DC 20551.

Request for comment on information collection proposal

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along

with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

a. Whether the proposed collections of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;

b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collections, including the validity of the methodology and assumptions used;

c. Ways to enhance the quality, utility, and clarity of the information to be collected; and

d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

Proposal to approve under OMB delegated authority the implementation of the following collection of information:

Report title: Studies to Develop and Test Consumer Regulatory Disclosures

Agency form number: FR 1380

OMB control number: 7100-to be assigned

Frequency: Consumer surveys: qualitative testing, 4; quantitative testing, 4; Institution surveys: quantitative testing, 5.

Reporters: Consumers and financial institutions that engage in consumer lending and provide other financial products

Estimated annual reporting hours: 25,434 hours

Estimated average hours per response: Consumer surveys: qualitative testing, 1.5 hours; quantitative testing, .33 hours; Institution surveys: quantitative testing, 15 hours.

Estimated number of respondents: Consumer surveys: qualitative testing, 225; quantitative testing, 1,200; Institution surveys: quantitative testing, 300.

General description of report: This information collection is authorized pursuant to the: Home Mortgage Section 806 (12U.S.C. § 2804(a)); Community Reinvestment Act, Section 806 (12 U.S.C. § 2905); Competitive Equality Banking Act, Section 1204 (12 U.S.C. § 3806) (adjustable rate mortgage caps); Expedited Funds Availability Act, Section 609 (12 U.S.C. § 4008); Truth in Saving Act, Section 269 (12 U.S.C. § 4308); Federal Trade Commission Act, Section 18(f) (15 U.S.C. § 57a(f)); Truth in Lending Act, Section 105 (15 U.S.C. § 1604); Fair Credit Reporting Act, Section 621 (15 U.S.C. § 1681s(e)); Equal Credit Opportunity Act, Section 703 (15 U.S.C. § 1691b(a)); Electronic Funds Transfer Act, Section 904 (15 U.S.C. § 1693b) and Gramm-Leach-Bliley Act, Section 504 (15 U.S.C. § 6804). Respondent participation in the survey is voluntary. If the Federal Reserve contracts with an outside firm, no issue of confidentiality would arise because names and any other characteristics that would permit personal identification of respondents would not be reported to the Federal Reserve Board. However, if there is no contractual agreement between the Federal Reserve and the outside firm regarding the reporting of respondent identifying data, or if the Federal Reserve conducts the survey itself, then the information would likely be considered an agency record subject to the Freedom of Information Act (FOIA). Nevertheless, confidential treatment for consumer identifying data would be warranted under subsection (b)(6) of the FOIA. The confidentiality of the information obtained from financial institutions will be determined on a case-by-case basis when the specific questions to be asked on each particular survey

are formulated, but before respondents are contacted. Depending upon the survey questions, confidential treatment could be warranted under subsection (b)(4) of the FOIA. 5 U.S.C. § 552(b)(4) and (6).

Abstract: Congress has assigned the Federal Reserve Board the duty of implementing a number of federal laws intended to protect consumers in credit and other financial transactions and to ensure that consumers receive comprehensive information and fair treatment. The Federal Reserve is responsible for drafting regulations and interpretations to carry out the purposes of these consumer protection laws.

The Federal Reserve seeks to develop and implement regulatory policies based on information garnered from both consumers and industry entities that would enable consumers to make better financial decisions based on sound information and a clear understanding of how to use that information to meet their personal needs. Accordingly, the Federal Reserve periodically surveys consumers and financial institutions to identify key issues and review and evaluate consumer disclosures for effectiveness. Direct information about consumer knowledge and use of disclosure statements would best be obtained through studies of individuals and financial institutions that engage in consumer lending and provide other financial products.

In order to better understand consumer attitudes and knowledge of the Federal Reserve's consumer regulations and to make disclosure statements more comprehensible and usable, the Federal Reserve proposes to conduct studies of consumers and financial institutions. These studies could take the format of focus group discussions, face-to-face interviews, telephone interviews, mall intercept testing, written questionnaires (paper or web based), or controlled experiments. The size of consumer focus groups would vary depending on the topics being discussed and the format of the sessions. Experience has

shown that focused discussions of not more than twelve to fifteen participants are most productive.

Written surveys or questionnaires could include categorical questions, yes-no questions, ordinal scale (such as Likert scale) or ranking scale questions (which ascertain respondent's views on the degree to which something fits a particular criterion; for example, on a scale of 1, "strongly agree" to 5, "strongly disagree"), and open-ended questions.

The studies could be conducted through a private firm, which would be chosen in a competitive bidding process.¹ The research instruments could be developed by the Federal Reserve alone or jointly with the firm selected by the Federal Reserve. The firm would be responsible for following the sampling protocol established by the Federal Reserve, conducting the study, preparing a data file containing the responses, computing analysis weights, and documenting all study procedures. Data editing and analysis of survey results would be conducted solely by the Federal Reserve or jointly with the firm.

In the subject areas covered by the studies, much of the information needs to be obtained via surveys of consumers, either because (1) personal attitudes, opinions or evidence of understanding are sought, or (2) the desired information is not compiled by financial institutions, or the information is compiled and is proprietary. In addition, the

¹ Some survey firms used by the Federal Reserve to conduct past surveys include the University of Michigan's Survey Research Center (SRC), NORC (a social science and survey research organization at the University of Chicago), and the Research Triangle Institute in Charlotte, NC.

studies could survey financial institutions to obtain information about their consumer product offerings and disclosure and marketing practices with respect to those products.

Board of Governors of the Federal Reserve System, March 10, 2006.

Jennifer J. Johnson,
Secretary of the Board.