

**Supporting Statement for the Consumer Satisfaction Questionnaire;
Federal Reserve Consumer Help – Consumer Survey, and
Consumer Online Complaint Form
(FR 1379a,b,c; OMB No. 7100-0135)**

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with minor revision, the voluntary Consumer Satisfaction Questionnaire, the Federal Reserve Consumer Help (FRCH) – Consumer Survey, and the Consumer Online Complaint Form (FR 1379a,b, and c; OMB No. 7100-0135). The FR 1379a questionnaire is sent to consumers who have filed complaints with the Federal Reserve against state member banks. The information is used to assess their satisfaction with the Federal Reserve’s handling and written response to their complaint at the conclusion of an investigation. The FR 1379b questionnaire is sent as needed to consumers who contact the FRCH to file a complaint or inquiry. The information is used to determine whether consumers are satisfied with the way the FRCH handled their complaint. Consumers use the FR 1379c to electronically submit a complaint against a financial institution to the FRCH.

The Federal Reserve proposes to revise the FR 1379c online complaint form by (1) expanding the contact section for complaints submitted on behalf of a consumer by a third-party representative, (2) adding a field to provide the financial institution’s routing number, and (3) deleting the question on how the consumer learned about the FRCH. The Federal Reserve proposes to extend the FR 1379a and FR 1379b without revision.

The total current annual burden for the FR 1379 information collection is estimated to be 1,634 hours. The Federal Reserve believes that the net change to the burden for the FR 1379c would be negligible based on the proposed revisions and, therefore, the average ongoing annual burden for these reports would remain unchanged from current estimates.

Background and Justification

The Federal Trade Commission Improvement Act (15 U.S.C. §57(a)(f)(1)) mandates that the Federal Reserve System receive and investigate consumer complaints involving state member banks. Complaints received by the Federal Reserve System involving state member banks are forwarded for investigation to the Federal Reserve Bank with direct supervisory responsibility for the bank. Complaints against institutions regulated by other agencies are forwarded to the federal or state agencies with direct supervisory responsibility for those institutions.

A 1976 staff report by the Subcommittee on Consumer Affairs of the House Committee on Banking, Currency and Housing recommended the periodic evaluation of the Federal Reserve’s complaint-handling system. In response, the Board developed the Consumer Satisfaction Questionnaire (FR 1379a) in May 1977 to be sent to consumers whose complaints

involve state member banks. Completion of the questionnaire is voluntary. The questionnaire has been revised from time to time, most recently in 2008, to assess consumer attitudes more accurately. As part of the Federal Reserve System's efforts to improve its ability to serve consumers, in November 2007, the System launched a project to centralize and streamline the intake of consumer complaints and inquiries. A new central site was established, the FRCH, which provides consumers with a single point of access to the Federal Reserve for addressing complaints and inquiries. The FRCH is operated by existing call centers and staff at the Kansas City and Minneapolis Reserve Banks. In an effort to ensure that the FRCH is adequately serving consumers, the FRCH – Consumer Survey (FR 1379b) was implemented to allow the Federal Reserve to better assess how FRCH staff is handling consumer complaints and inquiries. In an effort to improve the speed of the process by which complaints are handled, the Consumer Online Complaint Form (FR 1379c) was implemented to provide consumers with an electronic mechanism for filing their complaints. The FR 1379c asks consumers for specific information about the complaint in order to minimize follow up calls to the consumer.

Description of Information Collection

Consumer Satisfaction Questionnaire (FR 1379a)

The purpose of the FR 1379a questionnaire is to assess consumers' satisfaction with Federal Reserve handling of and written response to complaints at the conclusion of the Federal Reserve investigation. The Federal Reserve conducts investigations of all complaints against state member banks. At the conclusion of the investigation, the Federal Reserve sends a closing letter to the consumer explaining the results of the investigation. A satisfaction questionnaire is then mailed as needed to the consumer by the Federal Reserve with a return self-addressed, postage-paid envelope. Although participation is optional, the questionnaire indicates that the responses would help improve the Federal Reserve's service to consumers.

The FR 1379a asks consumers to indicate their level of satisfaction with four aspects of the Federal Reserve's investigation using a five-point scale from very dissatisfied to very satisfied:

1. the amount of time it took to investigate their complaint,
2. their treatment by Federal Reserve staff,
3. whether their concerns were addressed, and
4. clarity of the Federal Reserve response.

The fifth question asks consumers to indicate how they learned about the Federal Reserve's consumer complaint program, and the sixth question asks whether they would contact the Federal Reserve again for assistance. The respondent panel for the questionnaire consists of consumers who file complaints against state member banks.

Federal Reserve Consumer Help (FRCH) - Consumer Survey (FR 1379b)

The FR 1379b assesses the quality of customer service provided by FRCH staff at the beginning of the consumer complaint and inquiry process (when consumers first contact the

FRCH via telephone, mail, or email to submit their complaint or inquiry). The results of the survey are used to gauge consumers' satisfaction with the FRCH's service and responsiveness to the consumer's incoming complaint or inquiry. Consumers are surveyed as needed by e-mail and mail.

The consumer survey asks consumers to indicate how they learned about the FRCH. The next four questions ask consumers to indicate their level of satisfaction regarding the quality and speed of the FRCH representative's service, using a 5-point scale (1 represents poor and 5 represents excellent). The survey also asks consumers to rate the performance of customer service provided by the FRCH representative in three areas:

- 1) knowledge of consumer information,
- 2) ability to provide information efficiently, and
- 3) courtesy and professionalism.

Finally, consumers are able to request follow-up action on a specific problem or concern about the service they received.

Consumer Online Complaint Form (FR 1379c)

The Consumer Online Complaint Form (FR 1379c), an online, fillable complaint form, enhances the consumer's ability to contact the Federal Reserve electronically. It allows consumers to electronically complete and submit the complaint form on the FRCH website thereby increasing the speed with which consumers can transmit their complaint and receive a response from FRCH staff.

Alternatively, consumers may download a PDF version of the complaint form from the FRCH website and e-mail, mail via the US Postal Service, or fax it to the FRCH. The current complaint form asks consumers for their contact information, information about the institution they are filing a complaint against, a description of the complaint, and how it can be satisfactorily addressed.

The fields of information on the current FR 1379c include:

- 1) Your information section: the consumer's contact information (name, address, email address, phone number, and preferred method of contact (mail or e-mail));
- 2) Institutions section: information about the institution the complaint pertains to (name, account or product type, address, email address, and phone number); and
- 3) three open-ended questions: description of the complaint, how the complaint can be satisfactorily addressed, and how the consumer learned about the FRCH.

Proposed Revisions

The Federal Reserve proposes to revise the FR 1379c complaint form by:

- 1) adding a yes/no checkbox for whether a third party (such as an attorney or legal representative) is submitting the complaint on the behalf of the consumer;

- 2) adding the third party contact information, including their name, address, e-mail address, and phone number;
- 3) adding the financial institution's routing number for complaints involving checking or savings accounts; and
- 4) deleting the question regarding how the consumer learned about the FRCH.

The FRCH currently receives complaints submitted by third-parties on behalf of the consumer. Collecting the third party contact information and the consumer pre-authorization would streamline the complaint process by reducing the amount of time spent requesting this information and authorization after the complaint form has been submitted, thereby allowing Federal Reserve staff to process the complaint faster. Adding the routing number (for complaints involving checking or savings accounts) would provide FRCH staff with additional information to identify the correct institution to be contacted. This would help avoid contacting an institution with a similar name. Lastly, the Federal Reserve proposes to delete the question regarding how the consumer learned about the FRCH because the staff is no longer using the data.

Time Schedule for Information Collection and Publication

There are no established time schedules for completing the consumer satisfaction questionnaire, consumer survey, or online form because their use by the consumers is strictly voluntary. Completed FR 1379a and b surveys may be stored with the consumer complaint and inquiry files in the Federal Reserve System's consumer complaint and inquiry database (CAESAR). The FR 1379c consumer complaint data is input into CAESAR and used to acknowledge and respond to consumers.

CAESAR data related to individual consumers or personally identifiable information is not published; however, CAESAR data are aggregated to support congressional testimony or to report trends for use in the Board's Annual Report, System staff presentations, or writing consumer regulations. Examples of data that are typically used in this manner include volume of complaints or inquiries, volume of state member bank complaints or complaints against a particular institution, and specific types of complaints such as those about credit card fees.

Legal Status

The Board's Legal Division has determined that the FR 1379a,b,c is authorized by law pursuant the Federal Trade Commission Improvement Act (15 U.S.C. §57(a)(f)) and is voluntary. The FR 1379a is not considered confidential. The FR 1379b collects the respondent's name and the respondent may provide other personal information and information regarding his or her complaint in response to question five. The FR 1379c collects the respondent's third-party representative if the respondent has such a representative. Thus, some of the information collected on the FR 1379b and c is considered confidential under the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), (b)(7)).

Consultation Outside the Agency

On December 28, 2010, the Federal Reserve published a notice in the *Federal Register* (75 FR 81607) requesting public comment for 60 days on the extension, with revision, of the FR 1379a,b,c questionnaires. The comment period for this notice expires on February 28, 2011.

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimates of Respondent Burden

As shown in the table below, the total annual reporting burden for the FR 1379 is estimated to be 1,634 hours, based upon 11,499 consumer responses. On average, the volume of consumer complaints and inquiries is 44,469 (22,575 complaints and 21,894 inquiries) per year. Federal Reserve estimates that consumers spend approximately five minutes completing the Consumer Satisfaction Questionnaire (FR 1379a) and the FRCH – Consumer Survey (FR 1379b) and ten minutes completing the Consumer Online Complaint Form (FR 1379c).

For the proposed revisions to the FR 1379c, the Federal Reserve estimates that there would be a slight increase in burden for approximately 4 percent of consumer complaints submitted by a third-party representative. The Federal Reserve also estimates that there would be a slight increase in burden for approximately 12 percent of consumer complaints that would request the financial institution's routing number. Finally, the Federal Reserve estimates that the burden for all respondents would decrease due to the deletion of one question (on how the consumer learned about the FRCH). Overall the Federal Reserve believes that the net change to the burden for the FR 1379c would be negligible based on the proposed revisions and, therefore, the average ongoing annual burden for these reports would remain unchanged.

FR 1379a respondents are surveyed as needed. The panel for the FR 1379a consists of respondents who file complaints against state member banks. Of the 22,575 complaints, an average of 6,321 (28 percent) are about state member banks. When the complaint form is used, historical data shows 1,391 of consumers (22 percent) will complete and return the questionnaire.

The FR 1379b respondents are surveyed as needed. When the form is used, historical data shows that FRCH staff surveys 13,341 consumers (30 percent) who contact the FRCH. Based on historical response rates, 2,001 of consumers (15 percent) respond to the survey.

Based on historical data, approximately 8,107 (36 percent) of total complaints received are submitted to the FRCH using the online complaint form (FR 1379c). Use of the online form, however, is voluntary and consumers may choose to contact the FRCH via other means. There is no burden associated with the complaints or inquiries received via phone or free-form e-mails because the consumer is not responding to specific questions. If staff need to contact consumers

subsequent to receiving a complaint in order to obtain additional information necessary to respond to or investigate the complaint, those discussions would be considered follow-up conversations, which are exempt from the Paperwork Reduction Act. The total burden for the proposed information collection represents less than 1 percent of total Federal Reserve System paperwork burden.

	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
FR 1379a	1,391	1	5 minutes	116
FR 1379b	2,001	1	5 minutes	167
FR 1379c	<u>8,107</u>	1	10 minutes	<u>1,351</u>
<i>Total</i>	11,499			1,634

Based on an hourly rate of \$21 the estimated annual reporting cost to the public is \$34,314.¹

Estimate of Cost to the Federal Reserve System

The total annual cost to the Federal Reserve System is minimal for the printing, distributing, and processing. Only the Consumer Satisfaction Survey is administered by mail; the FRCH – Consumer Survey and the Consumer Online Complaint Form are administered electronically.

¹ The average consumer cost of \$21 is estimated using data from the BLS Economic News Release (USDLE-10-0393).