

**Supporting Statement for the  
Generic Clearance for Consumer and Stakeholder Surveys  
(FR 3073abcd; OMB No. 7100-0359)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend, without revision, the voluntary Generic Clearance for Consumer and Stakeholder Surveys (FR 3073; OMB No. 7100-0359). The Board uses this collection to inform consumer-focused research, implement statutory requirements, and facilitate community development. The surveys in this collection inform the Board's work by identifying emerging risks and providing additional data on the issues that affect the well-being of consumers and communities and how the financial services marketplace functions.<sup>1</sup>

The surveys in this collection gather quantitative and qualitative information directly from individual consumers or households (consumer surveys) on consumer finance topics. This collection also gathers quantitative and qualitative information on current and emerging community economic issues from stakeholders (stakeholder surveys). Examples of stakeholders include, for example, such organizations as community groups, community development organizations, nonprofit service providers, faith-based service organizations, public sector agencies, small business owners, health care organizations, food banks, K–12 public and private schools, community colleges, community development financial institutions, credit unions, banks, and other financial institutions and companies offering financial products and services. While these surveys are ongoing, the frequency and content of the questions may change depending on economic conditions, regulatory or legislative developments, as well as changes in technology, business practices, and other factors affecting consumers, stakeholders, and communities.

The Board proposes to conduct the FR 3073 as needed, up to 30 times per year. The annual burden is estimated to be 12,000 hours, based on the maximum of 30 surveys: 6 quantitative and 8 qualitative consumer surveys, and 8 quantitative and 8 qualitative stakeholder surveys.

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<sup>1</sup> Certain criteria apply to information collections conducted via the Board's generic clearance process. Such information collections shall (1) be vetted by the Board's clearance officer as well as the Division director responsible for the information collection, (2) display the OMB control number and respondents shall be informed that the information collection has been approved, (3) be used only in such cases where response is voluntary, (4) not be used to substantially inform regulatory actions or policy decisions, (5) be conducted only and exactly as described in the OMB submission, (6) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies, (7) include information collection instruments that are each conducted only one time, (8) include a detailed justification of the effective and efficient statistical survey methodology (if applicable), and (9) collect personally identifiable information (PII) only to the extent necessary (if collecting PII, the form must display current privacy act notice). In addition, for each information collection instrument, respondent burden will be tracked and submitted to OMB.

## **Background and Justification**

The Board conducts consumer-focused research, as well as implements statutory requirements and facilitates community development. These activities promote a fair and transparent consumer financial services market, including for traditionally underserved households and neighborhoods.

Data from previous consumer and stakeholder survey efforts have provided timely information on developments in consumer financial markets, consumer behaviors, and conditions and emerging risks in communities.

Before initiating a new survey, the Board would determine if the information to be collected is available by other means or sources within the Federal Reserve System to avoid imposing additional burden on stakeholders.

### *Consumer Surveys*

The Board analyzes emerging issues in consumer financial services policies and practices to understand their implications for the economic and supervisory policies that are core to the Board's functions, as well as to gain insight into consumer decision-making. Consumer surveys are an important tool for informing understanding of consumer financial decisions and markets, and the Board has a long history of using surveys to inform its work.<sup>2</sup> To augment and complement existing survey efforts, the Board conducts surveys, such as by utilizing telephone or internet panels, to explore emerging and current issues with implications for the Board's work.<sup>3</sup> Telephone surveys are well-known methods of undertaking surveys, while internet panels are surveyed via the internet using a computer, tablet, mobile phone or other Internet enabled device. Internet panels provide another avenue for obtaining data on consumer financial topics that can be more timely and cost-effective than telephone, mail, or in person surveys for some data collections, in part because baseline information on panel participants (such as age or homeownership) can aid in identifying potential respondents for a particular study.

The Board believes that quantitative surveys like internet panel surveys may be complemented by other methods of data collection, such as qualitative surveys using focus groups and individual interviews (which can provide more in depth information

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<sup>2</sup> The consumer surveys conducted under the FR 3073 augment information available from other regularly occurring surveys, such as the Survey of Consumer Finances (FR 3059; OMB No. 7100-0287), by asking new questions to expand understanding of a topic, and potentially by providing information between waves of these other surveys.

<sup>3</sup> For example, survey findings on mobile banking and payments have been released in reports and publicly available data. See Consumers and Mobile Financial Services 2016, (Washington: Board of Governors, March), [www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201603.pdf](http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201603.pdf) and [www.federalreserve.gov/communitydev/shed\\_data.htm](http://www.federalreserve.gov/communitydev/shed_data.htm). Survey findings on the economic well-being of U.S. households have also been recently released in reports and publicly available data. See Report on the Economic Well-Being of U.S. Households in 2015, (Washington: Board of Governors, May), [www.federalreserve.gov/communitydev/shed\\_publications.htm](http://www.federalreserve.gov/communitydev/shed_publications.htm) and [www.federalreserve.gov/communitydev/shed\\_data.htm](http://www.federalreserve.gov/communitydev/shed_data.htm).

from a smaller group of consumers, e.g., 10 to 12 consumers in a focus group, or 8 to 10 consumers in individual interviews).<sup>4</sup> This type of collection allows for qualitative research methods to be used for exploring consumer responses to documents and disclosures, and also for other purposes, such as for exploring a new topic or an ongoing area of focus in more depth, testing and developing the wording of survey questions, and complementing a quantitative survey in a mixed method research design.

#### *Stakeholder Surveys*

In support of the Federal Reserve System's community development function, the Board has convened stakeholders, conducted and shared research, and identified emerging issues. In an effort to increase knowledge related to economic growth and inclusion at the community level, the Board has surveyed community stakeholders serving low-income consumers and communities across the country. Community stakeholders often play a central role in sustaining community economic development in low-to-moderate income locales.

To monitor local economic conditions, the Board has explored ways to tap stakeholder networks for data. For example, historically the Board has partnered with community-based nonprofits to collect responses from their affiliates and grantees on a voluntary basis. These surveys were short (less than nine community economic recovery questions) and included current and emerging community economic issues ranging from job availability, access to affordable rental housing, access to credit, and nonprofit organizational capacity to meet community demands for services.

As with the consumer surveys described above, the Board believes quantitative stakeholder surveys may be complemented with smaller qualitative surveys, such as focus groups or interviews with stakeholders. These methods may be useful for exploring a new topic or an ongoing area of focus in more depth, testing and developing the wording of survey questions, and complementing a quantitative survey in a mixed method research design. Topics covered in stakeholder surveys may change over time as market conditions evolve and as information is needed to address issues of immediate concern arising from Board and interagency initiatives, economic developments, and requests from Congress. The Board continues to explore ways to systematically gather micro-data from community stakeholders and enhance the Board's ability to use this information to understand regional and macro conditions and trends.

### **Description of Information Collection**

#### *Consumer Surveys*

The consumer surveys gather quantitative and qualitative information directly from individual consumers or households. Topics explored in quantitative and qualitative

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<sup>4</sup> In the past, the Board has made extensive use of focus groups and interviews for the purpose of developing consumer disclosures. A number of the studies conducted to inform regulatory development work are available at [www.federalreserve.gov/econresdata/consumerresearch\\_testing.htm](http://www.federalreserve.gov/econresdata/consumerresearch_testing.htm).

consumer surveys are likely to vary over time, although some topics may be repeated. Surveys relate to various aspects of consumer financial knowledge, attitudes, and behavior, and inform understanding of changes in the markets for consumer financial services, including changes stemming from regulatory or legislative developments as well as from changes in technology and business practices. Some surveys are needed to address issues of immediate concern, and such issues may not be anticipated in advance. Examples of topics for consumer surveys include:

- use of financial products and services;
- use of technology and various service delivery channels;
- ability to notice, comprehend, and use disclosures;
- ability to comprehend terms of credit or account agreements;
- sources and incidence of financial stress, and resources for coping with adverse shocks;
- behaviors related to searching, shopping, and negotiating for credit or asset purchases;
- financial planning, borrowing, investment, and insurance decisions;
- housing and living arrangements;
- financial knowledge, attitudes, and advice-seeking behaviors; and
- human capital investment decisions and labor market outcomes.

For the quantitative consumer surveys, the Board typically contracts with an outside vendor to collect the data. For surveys administered via an outside vendor, the Board would design the survey and draft the survey questions in consultation with the vendor. The questions asked on any given survey are specific to the particular topic of interest. Some questions may be repeated in subsequent surveys, but others may be asked on a single survey. The firm would be responsible for testing the survey procedures, following the sampling protocol and conducting the survey as specified by the Board, preparing data files containing the responses, computing analysis weights, and documenting all survey procedures. Data editing and analysis of the results may be conducted either solely by the Board and any research partner or jointly with the firm, depending on the needs of the project.

The number of respondents to any given survey would vary depending on the purpose of the survey and the sample size needed to obtain statistically valid results. The Board anticipates fielding up to two large surveys each year and four medium (in sample size and survey time length) surveys focused on particular topics for which data needs have arisen.

Qualitative surveys with consumers such as focus groups and interviews, may be conducted on a variety of topics, either as a standalone study or as a complement to a quantitative study as a part of a larger project. Formal or informal qualitative surveys may be conducted by the Board and any outside partners, such as Federal Reserve Banks, collaborating with the Board. They also may be conducted through a private vendor, which would be chosen in a competitive bidding process or other acceptable negotiated

process.<sup>5</sup> The research instruments may be developed by the Board and any research partner or jointly with the vendor working on behalf of the Board. As necessary, the vendor may be responsible for testing the study procedures, following the sampling protocol established by the Board, conducting the study as specified by the Board, collecting and coding responses, and documenting all procedures. Data editing and analysis of the results may be conducted by both the Board and any research partner, by the vendor, or some combination of these depending on the project.

The number of respondents to any given qualitative survey also varies depending on the purpose of the survey and the number of respondents needed to provide a range of viewpoints. The FR 3073 enables the Board to conduct up to eight qualitative surveys each year with about 50 respondents per survey. For example, a qualitative survey could include several focus groups on a particular topic for which data needs have arisen.

For both quantitative and qualitative consumer surveys, the Board may find it beneficial to partner with a Federal Reserve Bank to develop the instrument, plan the data collection methods, and/or report the findings. The Board will partner with a Federal Reserve Bank when a particular Bank is a topic area expert, has contacts in the region they cover that should be included in the data collection efforts, and/or has a complementary skillset needed to analyze and report the data.

#### *Stakeholder Surveys*

The stakeholder surveys are used to gather quantitative and qualitative information directly from stakeholders (stakeholder surveys).

All aspects of quantitative stakeholder surveys are handled in the same manner as consumer quantitative surveys since the only difference between the two is the respondents targeted. As with the consumer surveys described above, formal or informal qualitative surveys with stakeholders are conducted by the Board and any outside partners, such as Federal Reserve Banks, collaborating with the Board. Such surveys may also be conducted through a private vendor. Examples of topics for qualitative surveys include:

- job availability;
- access to affordable rental housing;
- access to credit;
- non-profit organizational capacity to meet community demands for services; and
- new issues of concern for stakeholders or communities.

Such qualitative surveys could also be used for testing and developing the wording of survey questions and complementing a quantitative survey in a mixed method research design.

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<sup>5</sup> Contractors used by the Board in the past to conduct qualitative research include ICF International and Rockbridge Associates, Inc.

The number of respondents to any given qualitative stakeholder survey varies depending on the purpose of the survey and the number of respondents needed to provide a range of viewpoints. The FR 3073 enables the Board to conduct up to eight qualitative surveys each year with about 50 respondents per survey. For example, a qualitative survey could include several focus groups with different types of stakeholders or stakeholders from different areas of the country.

As with the consumer surveys described above, for both quantitative and qualitative stakeholder surveys, the Board may find it beneficial to partner with a Federal Reserve Bank to develop the instrument, plan the data collection methods, and/or report the findings. The Board will partner with a Federal Reserve Bank when a particular Bank is a topic area expert, has contacts in the region they cover that should be included in the data collection efforts, and/or has a complementary skillset needed to analyze and report the data. For stakeholder surveys, Federal Reserve Bank partnerships are especially important to monitor local economic conditions.

### **Time Schedule for Information Collection and Publication**

The time schedules for the distribution of, response to, and collection of data for each study is determined during the planning phase prior to the distribution of the study instrument. Before data collection begins, the voluntary respondents to the data collection would be given an explanation of the survey's purpose and how the collected data would be used and whether their responses could be kept confidential. Such information may be provided on the survey instrument or through communication from the Board or a vendor or partner working with the Board. The Board chooses whether to publish the data that it obtains from respondents. Information from consumer and stakeholder surveys may be cited in published material, such as staff reports or working papers, professional journals, the *Federal Reserve Bulletin*, testimony and reports to the Congress, or other vehicles.

### **Legal Status**

The Board's Legal Division has determined that FR 3073 is generally authorized under sections 2A and 12A of the Federal Reserve Act. Section 2A requires that the Board of Governors of the Federal Reserve System and the Federal Open Market Committee (FOMC) maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates (12 U.S.C 225a). In addition, under section 12A of the Federal Reserve Act, the FOMC is required to implement regulations relating to the open market operations conducted by Federal Reserve Banks with a view to accommodating commerce and business and with regard to the regulations' bearing upon the general credit situation of the country (12 U.S.C part 263). The authority of the Federal Reserve to collect information to carry out the requirements of these provisions is implicit. Accordingly, the Federal Reserve is authorized to collect the information called for by the FR 3073 by sections 2A and 12A of the Federal Reserve Act.

The Board is responsible for implementing and drafting regulations and interpretations for various consumer protection laws. The information obtained from the FR 3073 may be used in support of the Board's development and implementation of regulatory provisions for these laws. Therefore, depending on the survey questions asked, the FR 3073 may be authorized pursuant to the Board's authority under one or more of the following consumer protection statutes:

- Community Reinvestment Act, (12 U.S.C part 2905);
- Competitive Equality Banking Act, (12 U.S.C part 3806);
- Expedited Funds Availability Act, (12 U.S.C part 4008);
- Truth in Lending Act, (15 U.S.C part 1604);<sup>6</sup>
- Fair Credit Reporting Act, (15 U.S.C 1681s(e));<sup>7</sup>
- Equal Credit Opportunity Act, (15 U.S.C 1691b);<sup>8</sup>
- Electronic Funds Transfer Act, (15 U.S.C 1693b and 1693o-2);<sup>9</sup>
- Gramm-Leach-Bliley Act, (15 U.S.C 6801(b));<sup>10</sup> and
- Flood Disaster Protection Act of 1973, section 102 (42 U.S.C 4012a).

Additionally, depending upon the survey respondent, the information collection may be authorized under a more specific statute. Specifically, the Board is authorized to collect information from state member banks under section 9 of the Federal Reserve Act (12 U.S.C part 324); from bank holding companies (and their subsidiaries) under section 5(c) of the Bank Holding Company Act (12 U.S.C 1844(c)); from Edge and agreement corporations under section 25 and 25A of the Federal Reserve Act (12 U.S.C parts 602 and 625); and from U.S. branches and agencies of foreign banks under section 7(c)(2) of the International Banking Act of 1978 (12 U.S.C 3105(c)(2)) and under section 7(a) of the Federal Deposit Insurance Act (12 U.S.C 1817(a)). Participation in the FR 3073 is voluntary.

The ability of the Federal Reserve to maintain the confidentiality of information provided by respondents to the FR 3073 surveys will have to be determined on a case by case basis depending on the type of information provided for a particular survey. Some of

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<sup>6</sup> Although the Dodd-Frank Act (DFA) cut back the Board's authority under the Truth in Lending Act, the Board retains rule writing authority for implementing regulations with respect to auto dealers (DFA section 1100A(7)).

<sup>7</sup> Although the DFA cut back the Board's authority under the Fair Credit Reporting Act, the Board retains rule writing authority for red flags, address changes, and disposal of records (DFA sections 1002(12)(F) and 1088(a)(2)(D)).

<sup>8</sup> Although the DFA cut back the Board's authority under the Equal Credit Opportunity Act, the Board retains rule writing authority for implementing regulations with respect to auto dealers (DFA section 1085(3)).

<sup>9</sup> Although the DFA cut back the Board's authority under the Electronic Fund Transfers Act, the Board retains rule writing authority for interchange fee regulations and authority to implement regulations with respect to auto dealers (DFA sections 1075 and 1084).

<sup>10</sup> Although the DFA cut back the Board's authority under the Gramm-Leach-Bliley Act, the Board maintains the authority to establish appropriate standards for the financial institutions relating to administrative, technical and physical safeguards for certain customer records and information (DFA section 1002(12)).

the information collected on the surveys may be protected from Freedom of Information Act (FOIA) disclosure by FOIA exemptions 4 and 6. Exemption 4 protects from disclosure trade secrets and commercial or financial information, while Exemption 6 protects information “the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.” See 5 U.S.C 552(b)(4) and (6).

### **Consultation Outside of the Agency**

On February 13, 2017, the Board published a notice in the *Federal Register* (82 FR 10480) requesting public comment for 60 days on the proposal to extend without revision the FR 3073.

In developing past surveys, the Board has periodically consulted informally with outside experts, including staff of other agencies and Federal Reserve Banks, to obtain their input on topics or questions to explore. While the Board has been responsible for directing surveys conducted to date, in the future, surveys may be conducted jointly with staff from other agencies or other outside partners.

### **Estimate of Respondent Burden**

The burden for the FR 3073 survey is estimated to be up to 12,000 hours annually, as shown in the following table. It is anticipated that the information collection would involve as many as 30 surveys, although the surveys may not be conducted that frequently. The burden estimates shown in the table below are based on the average number of responses anticipated. This estimate represents less than 1 percent of total Federal Reserve System annual paperwork burden.

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	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
<i>Consumer surveys:</i>				
Quantitative surveys (medium)	3000	4	.25 hours	3,000
Quantitative surveys (large)	6000	2	.40 hours	4,800
Qualitative surveys	50	8	1.5 hours	<u>600</u>
				8,400
<i>Stakeholder surveys:</i>				
Quantitative surveys <sup>11</sup>	1500	8	.25 hours	3,000
Qualitative surveys <sup>12</sup>	50	8	1.5 hours	<u>600</u>
				3,600

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<sup>11</sup> Of these respondents, 500 are small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets).

<sup>12</sup> Of these respondents, 45 are small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets).

<i>Total</i>	12,000
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The estimated cost to consumers for participating in these surveys is \$201,600, while the estimated cost to stakeholders is \$191,340. Accordingly, the total cost to respondents is estimated to be \$392,940.<sup>13</sup>

### **Sensitive Questions**

Household respondents might be asked to identify the age and gender of individual family members; information on race, if needed, would be collected under guidelines issued by the OMB. Such information might be needed in a survey to analyze the demographic aspects of consumer finances or businesses (particularly small businesses).

### **Estimate of Cost to the Federal Reserve System**

The Board would incur costs for consulting services when outside expertise is needed on a project, for contractual services for a firm to implement the data collection portion of the study, and for any payment or gift made to respondents for the sole purpose of increasing response rates. If the surveys were conducted at the maximum frequency, the annual cost to the Board of such expenses for this information collection is estimated to total up to approximately \$1.05 million, based on estimates from other surveys.<sup>14</sup>

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<sup>13</sup> The average consumer cost (for consumer surveys) of \$24 is estimated using data from the BLS Economic News Release (USDL-14-0433) [www.bls.gov/news.release/cewqtr.nr0.htm](http://www.bls.gov/news.release/cewqtr.nr0.htm). Total cost to the public (for stakeholder surveys) is estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$65, 15% Lawyers at \$66, and 10% Chief Executives at \$89). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2015*, published March 30, 2016, [www.bls.gov/news.release/ocwage.t01.htm](http://www.bls.gov/news.release/ocwage.t01.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/).

<sup>14</sup> Cost estimate is based on recent contracting costs associated with internet panel surveys and stakeholder surveys, in addition to previous qualitative consumer testing contracts for disclosure development.