

# Academic Research Council

April 25, 2014 MEETING SUMMARY



Consumer Financial  
Protection Bureau

## ***Fourth Annual Meeting of the Academic Research Council***

On April 25, 2014, CFPB's Office Research convened the Academic Research Council for its fourth annual one-day meeting at 1625 Eye Street N.W., in Washington, D.C.

### **Council members present**

Raphael Bostic

John Campbell

Justine Hastings

Christine Jolls

David Laibson

Antoinette Schoar

Melvin Stephens

### **CFPB staff present**

Chris Carroll

Ron Borzekowski

David Silberman

Dan Sokolov

Office of Research staff

## **Breakfast Session: Ethics and FOIA Training**

***Mark Vugrinovich, Senior Freedom of Information Act (FOIA) Analyst & FOIA Public Liaison; Margaret Plank, Senior Counsel***

Mr. Vugrinovich from the FOIA office gave a presentation on the Freedom of Information Act and standard records management practices for advisory board members. Ms. Plank from the Bureau's Ethics Office reviewed ethics rules Council members are subject to in their advisory role with the Bureau.

## **Welcome and Meeting Overview**

***Chris Carroll, Assistant Director, Office of Research***

Chris Carroll, Chief Economist and Assistant Director for Research called the meeting to order and welcomed the Council members and reviewed the day's agenda. In his welcome, Carroll also updated Council members about the CFPB's Data Points, a new publication created since his arrival. Director Richard Cordray provided introductory remarks via conference call. In his remarks, the Director emphasized the Bureau's goal to become a leading center for scholarly research on consumer finance.

## **Session 1: Methodological Advances Around Disclosure**

***Eric Johnson, Visiting Scholar, Office of Research***

Johnson, a visiting scholar from Columbia University, facilitated a discussion with Council members about future research that is needed on disclosures and providing information to consumers. Council members were asked to review "The Failure of Mandated Disclosure," an article by Omri Ben-Shahar and Carl Schneider, as a frame for the discussion.

The discussion centered on key issues around mandated disclosure: if such disclosures work, examples of where they do not work, and what this means for the disclosure-related work the Bureau is doing. During the discussion, David Laibson suggested four factors that drive the efficacy of disclosures: if the information is motivating and meaningful, if people do not already have the information that is being provided, simplicity, and saliency.

## **Lunch Session**

Academic Research Council members met in informal breakout sessions during a working lunch to continue the morning's discussion with Office of Research staff concerning mandatory disclosure and other self-directed research projects.

### **Session 2: Measuring Costs and Benefits of Consumer Financial Protection Regulation for Consumers**

***Paul Rothstein, Office of Research, Financial Institutions and Regulatory Policy***

The day's second meeting focused on helping the Office of Research advance its understanding of consumer finance regulations and the benefit-cost analysis of such regulations. Council members were encouraged to provide input into a longer-term research agenda in this area focusing on the consumer as the possible beneficiary of these regulations and ways to measure and incorporate heterogeneity among consumers.

During the discussion, Council Members proposed an approach to measuring the welfare impact of regulation. They suggested, given the decision making context, that a researcher should begin by identifying two to three main mechanisms by which a consumer's decisions may deviate from optimizing choices. The researcher should then take rational model of consumer choice and build those biases into that model.

### **Session 3: Using Administrative Frames for Surveys of Borrowers**

***Kenneth Brevoort, Office of Research, Credit Information Policy; Brian Bucks, Economist, Office of Research***

The last session focused on surveys of borrowers which use administrative records as a sampling frame. Kenneth Brevoort gave a presentation on the National Survey of Mortgage Borrowers (NSMB). The survey is focused on understanding how borrowers obtained their mortgage including mortgage shopping behavior and the mortgage application process. Brian Bucks presented a survey on debt and debt collections. Council members proposed revisions and suggested additional questions. They also shared positive feedback on the value of surveys using this methodology.

## **Wrap-up**

In a management session, Academic Research Council members shared their feedback on the day's sessions with senior Office of Research staff. Senior Office of Research staff also discussed the progress and challenges they had encountered in building the Office of Research since the Council's last annual meeting. Council members suggested possible process improvements in annual economist recruitment. Council members also recommended innovative and/or important academic research papers in the field of consumer finance they had come across during the year.