

Break Discussion: Disclosure Testing

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What information belongs in a financial disclosure?

“Congress... : Require disclosure of anything that might conceivably be useful to someone, sometime, for some purpose ... a *full disclosure approach* that seeks to achieve a lengthy list of goals that in principle could well be endless.”

- Durkin and Elliehausen. 2011. *Truth in Lending: Theory, History, and a Way Forward*

What information belongs on a disclosure?

Typical Approaches

1. Expert opinion
2. Consumer qualitative testing (focus groups, 1-on-1 interviews)
3. Both

Should consumer understanding be a goal of financial disclosure?

“By itself, TILA is unable to make up for failures of consumers to understand, especially if the failures arise from deficiencies of background or prior education. Simply stated, it is not possible to legislate comprehension of anything.”

- Durkin and Elliehausen, p 195.

Should consumer understanding be a goal of financial disclosure?

Typical Approaches

1. Laboratory testing. Can consumers, on average...
 1. locate information?
 2. compare information?
 3. demonstrate comprehension of information?

Should behavior change be a goal of financial disclosure?

“The design of an effective disclosure system requires clear motivation... If encouraging credit shopping is a key goal, one approach may be best, but if a record of the transaction is most important, then some other approach might be better.”

- Durkin and Elliehausen, p 218.

Should behavior change be a goal of financial disclosure?

Typical Approaches: ?

1. RCT?
2. Trial Disclosure Program?

Thank you!