

# Research Partnerships

Presentation to the Academic Research Council

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The bottom of the slide features a decorative graphic consisting of several overlapping, semi-transparent green shapes. These shapes form a series of peaks and valleys, creating a modern, abstract landscape-like effect. The colors range from a light, pale green to a vibrant, medium green.

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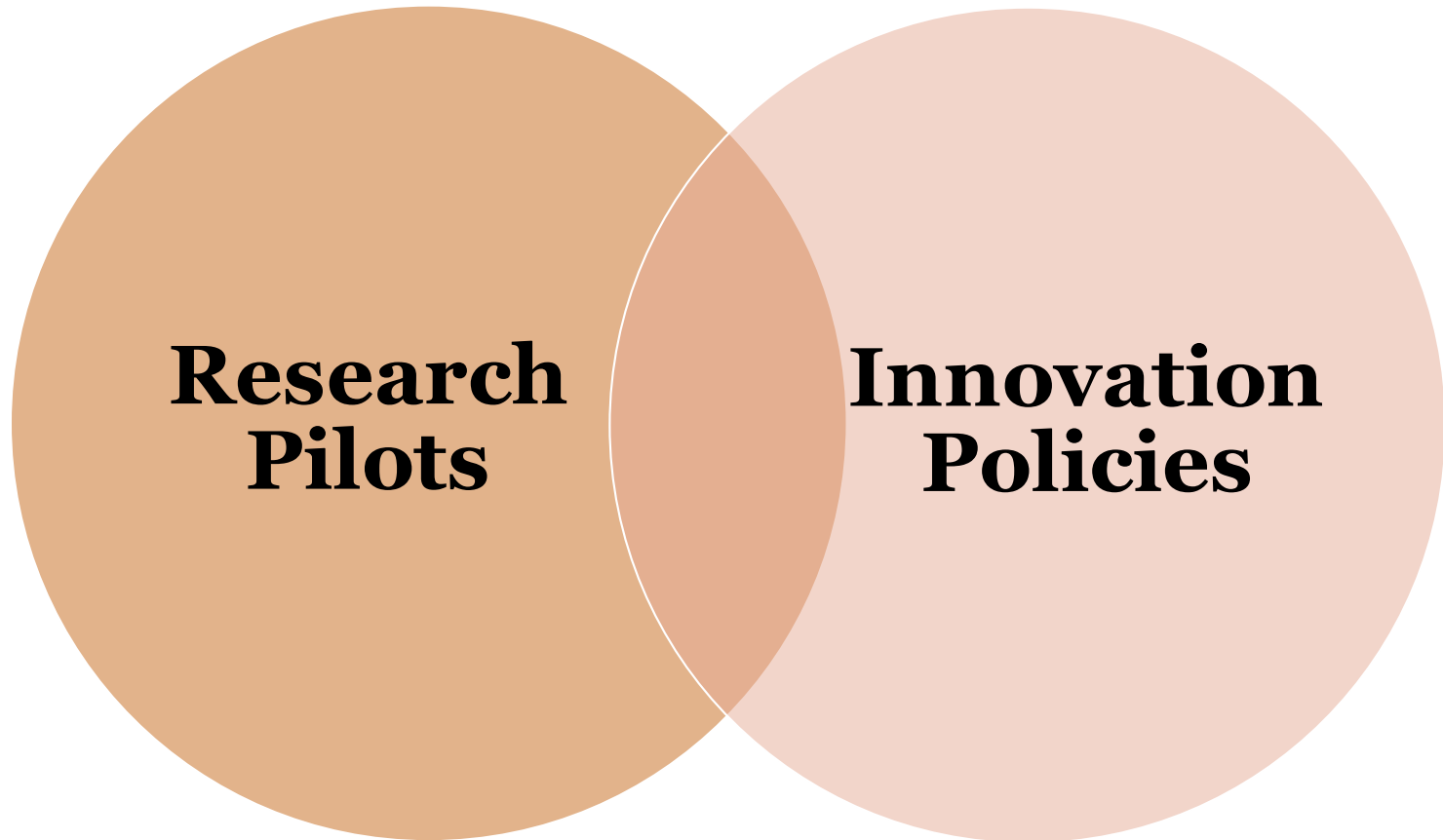
# Disclaimer

This presentation is being made by a Consumer Financial Protection Bureau representative on behalf of the Bureau. It does not constitute legal interpretation, guidance, or advice of the Consumer Financial Protection Bureau. Any opinions or views stated by the presenter are the presenter's own and may not represent the Bureau's views.

# Overview

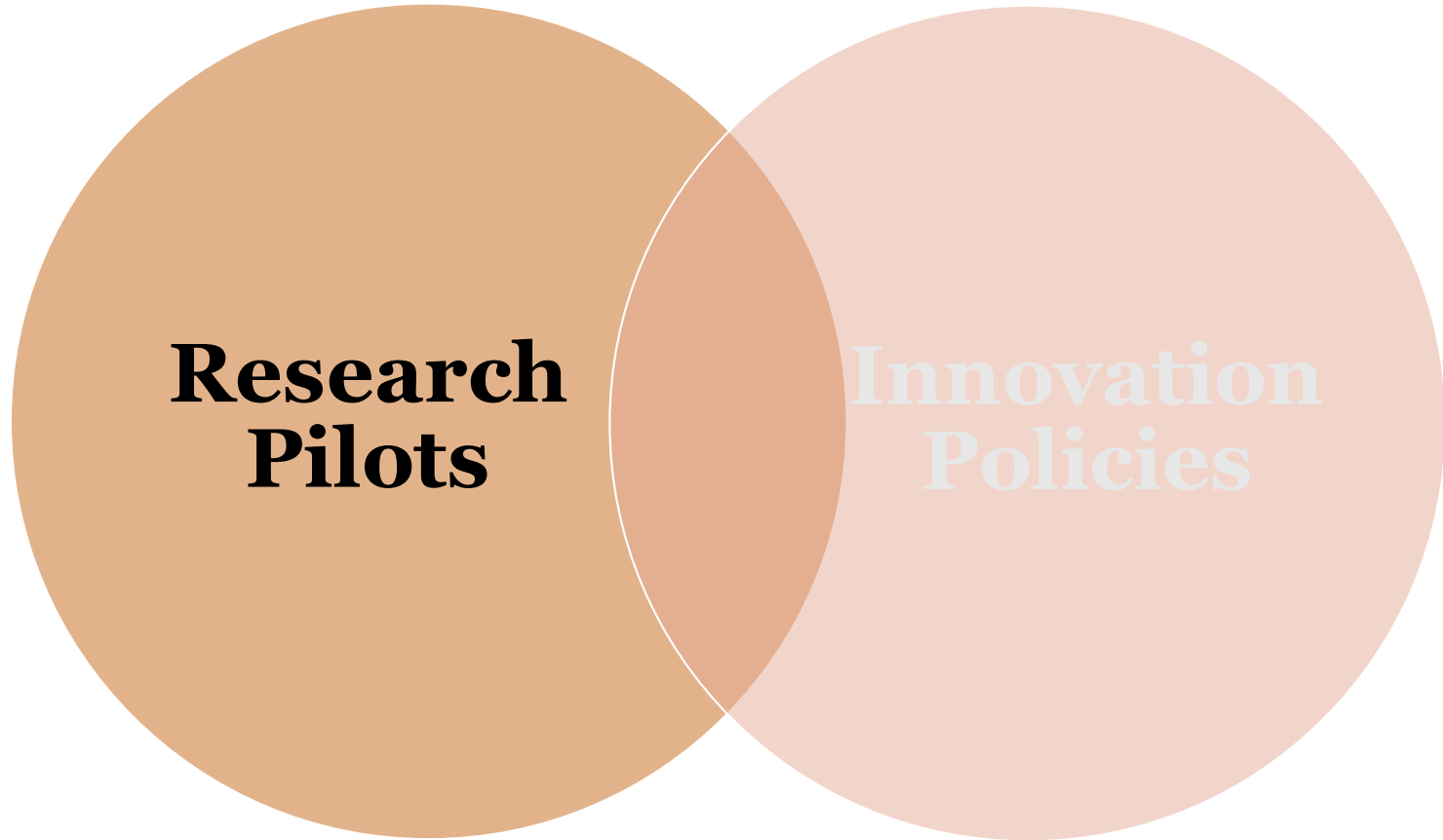
- Types of Research Partnerships
- Research Partnerships: Past and Present
- Getting the Work Done
- Establishing a Research Partnership
- Preliminary results from two new (2021) partners

# Research Pilots - Background



Sensitive and Confidential

# Research Pilots - Background



# Research Partnerships at the Bureau

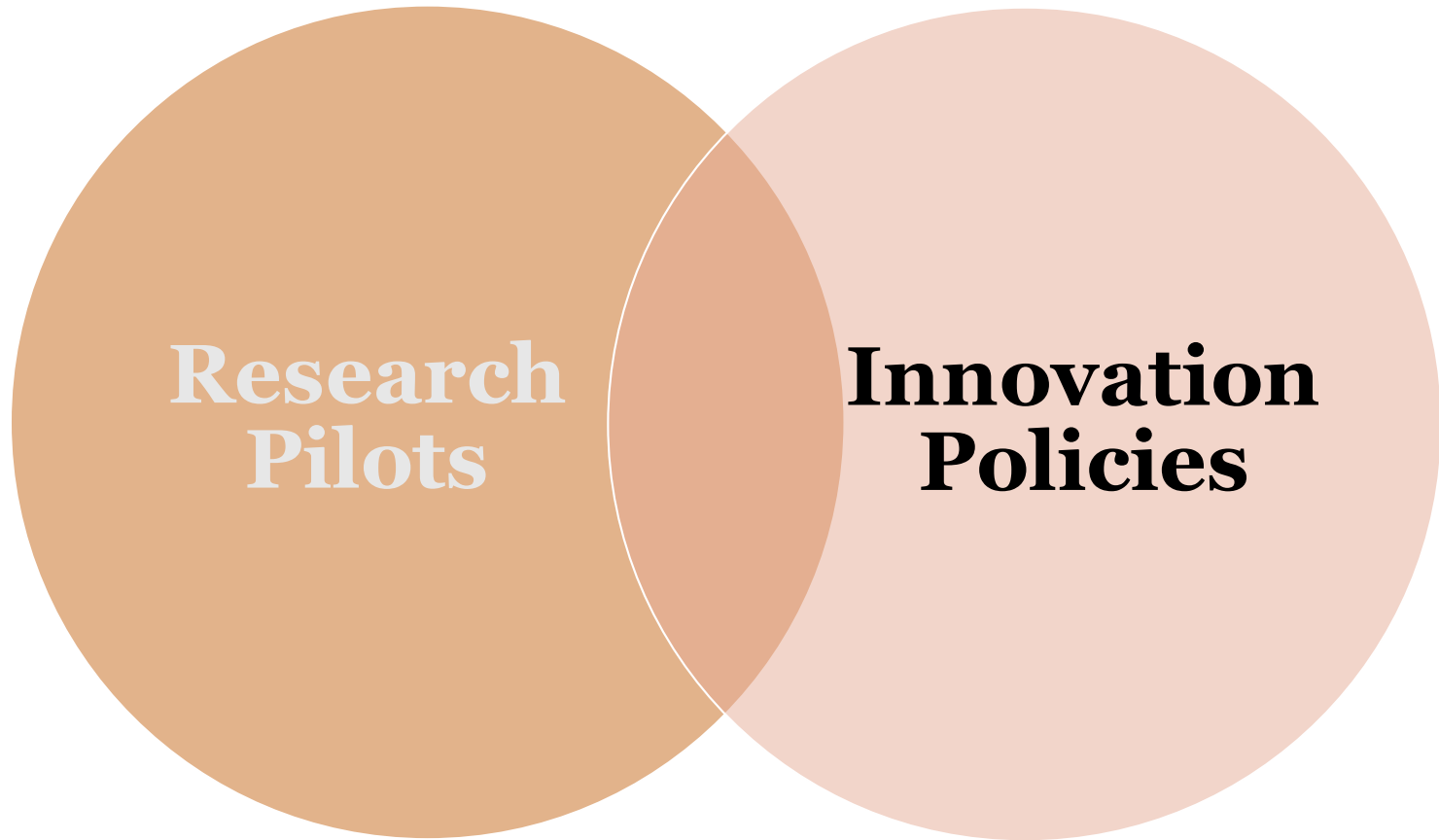
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- Background
  - Collaborate with innovators to research a) the impact of financial products and services on consumers b) what is currently happening in the field
  - Ideal collaboration involves sophisticated research methodologies that will allow us to test hypotheses and obtain statistically meaningful results from real-world behavior
- Goals
  - Understand the impact of products and services on consumer behavior and consumer financial health
  - Further the Bureau's initiatives, such as promoting savings (previous priority), studying the effect of Covid-19, and protecting vulnerable consumers
  - Potential to inform the Bureau's policy work and rulemakings

# Partnership types

- Randomized field studies and experiments
  - American Express
  - H&R Block
  - Financial education software provider
- Consumer engagement with Bureau tools
  - Credit Karma
  - Zillow
- Data partnerships
  - Community development bank
  - Savings app provider

# Research Pilots - Background



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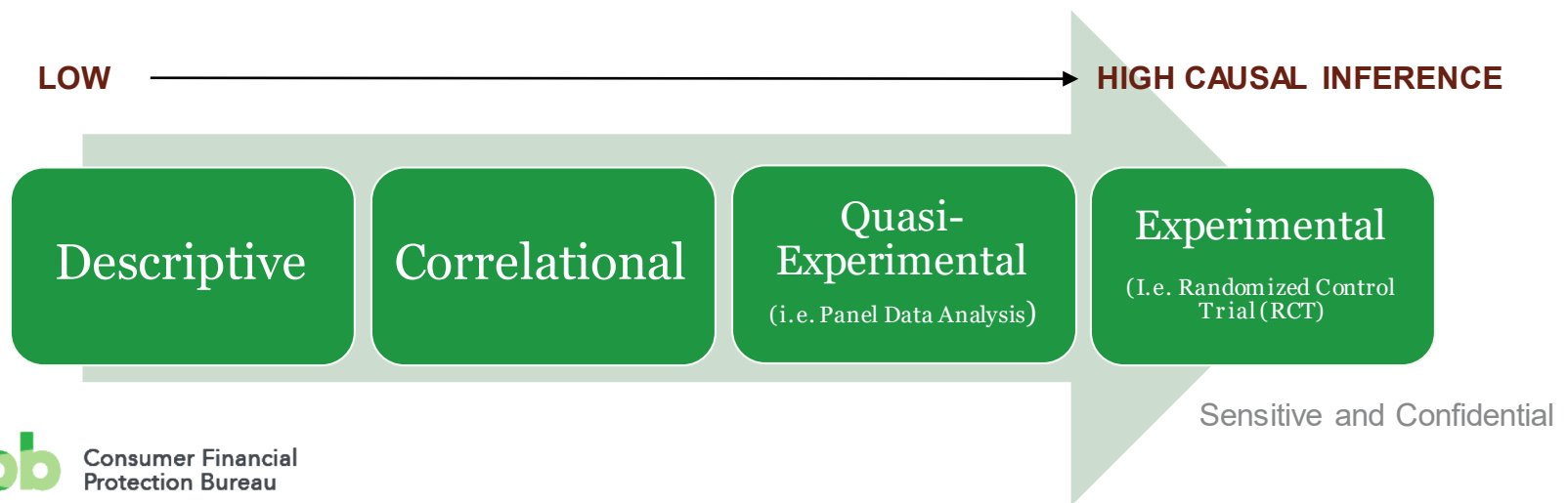
# Other collaboration opportunities: Bureau Innovation Policies

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- **Trial Disclosure Waiver Program**
  - Under 1032(e) of Dodd Frank, Bureau has authority to grant waivers allowing in-market testing of innovative disclosures
  - Work with innovators to test and improve disclosures for consumers and industry
- **Compliance Assistance Sandbox (CAS) Program**
  - Companies can obtain a safe harbor for testing innovative products and services for a limited period while sharing data with the Bureau
- **No-Action Letter Program**
  - No-action letters provide increased regulatory certainty through a statement that the Bureau will not bring a supervisory or enforcement action against a company for providing a product or service under certain facts and circumstances

# Research Partnerships – Evaluation Goals and Types

- Goal #1: understand what is happening in the field
  - How do consumers behave, and what products and services do they use?
- Goal #2: evaluate financial products, services, and education
  - Does product or service use cause improvement or harm on meaningful consumer outcomes?
- Types of partnerships vary, but our goal is to seek and encourage partnerships that can generate causal inference



# Research Partnerships – Purpose & Motivations

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## CFPB

- Study effects of innovative practices on consumer outcomes
- Learn more about key priority areas
- Publication of findings
- Policy changes?

## Company

- Study effects of innovative practices on consumer outcomes
- Halo effect
- Research expertise
- Subject matter expertise
- Policy changes?
- Others?

# Establishing Research Partnerships

- Making Connections
- Explore Partnership Potential
  - Overlap in interests and priorities
  - Generate many potential research questions; narrow in on feasible ones
  - Partner's capabilities (data, resources, expertise)
- Logistics
  - Due diligence
  - Partnership agreements & legal review
  - Data Intake Review
  - Communicating with leadership

# Overview of Research Partnerships

<b>Company</b>	<b>Study</b>	<b>Area</b>
<b>American Express</b>	<b>Tools for saving: Using prepaid accounts to set aside funds</b>	<b>Project Catalyst</b>
<b>H&amp;R Block</b>	<b>Tax refund savings</b>	<b>Project Catalyst</b>
<b>Credit Karma</b>	<b>Financial Well-Being and credit report and engagement</b>	<b>Project Catalyst</b>
<b>Zillow</b>	<b>Homebuying educational tools</b>	<b>CFPB Tool Evaluation</b>
<b>Financial education software provider (prospective)</b>	<b>College costs and students' expectations</b>	<b>Research Agenda</b>
<b>Community development bank</b>	<b>Savings goal product and flows to and out of savings</b>	<b>Bureau Priority Topic Area ↔ Research Agenda</b>
<b>Savings app provider</b>	<b>Savings goals, savings rules (e.g., round up, set amounts), and flows into and out of goal accounts</b>	<b>Bureau Priority Topic Area ↔ Research Agenda</b>

# Data Partnerships

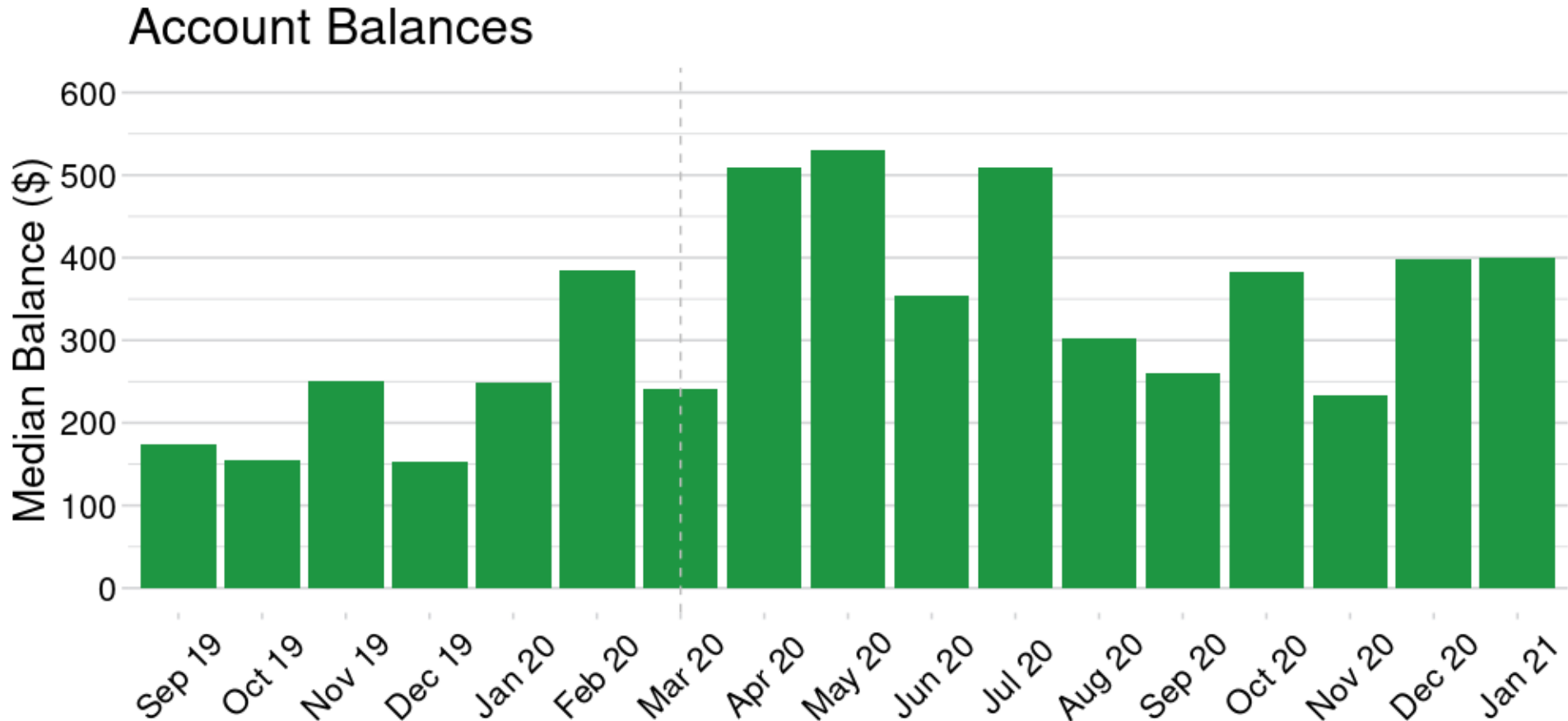
- Two partnerships underway
  - Community development bank and savings app provider
- Goal: Inform a Bureau priority area
- Examining consumers' experiences and interactions with a savings goal product
- Bureau is being provided administrative data to answer questions of mutual interest
  - What are people saving for and how do different goal types affect saving?
  - What rules do people set up to help them save (e.g., round up, daily or weekly automatic transfers)? Do some types of rules lead to greater likelihood of goal completion?
  - How has saving-related behavior changed since the onset of the COVID-19 pandemic?

# Data Partnership #1: Community Development Bank (Southern Bancorp)

- A large community development organization in the southern U.S.
- Over \$1 billion in assets
- Over 60,000 customers in underserved regions (rural and urban)
- Offers savings features including transaction round-up, automatic transfers, and customer-defined goal names and target amounts
- ***Data shared with CFPB:*** account balance, savings goal, and transaction data between 2019 and 2021 for a sample of customers

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# Monthly Account Balances Over Time (Southern Bancorp)

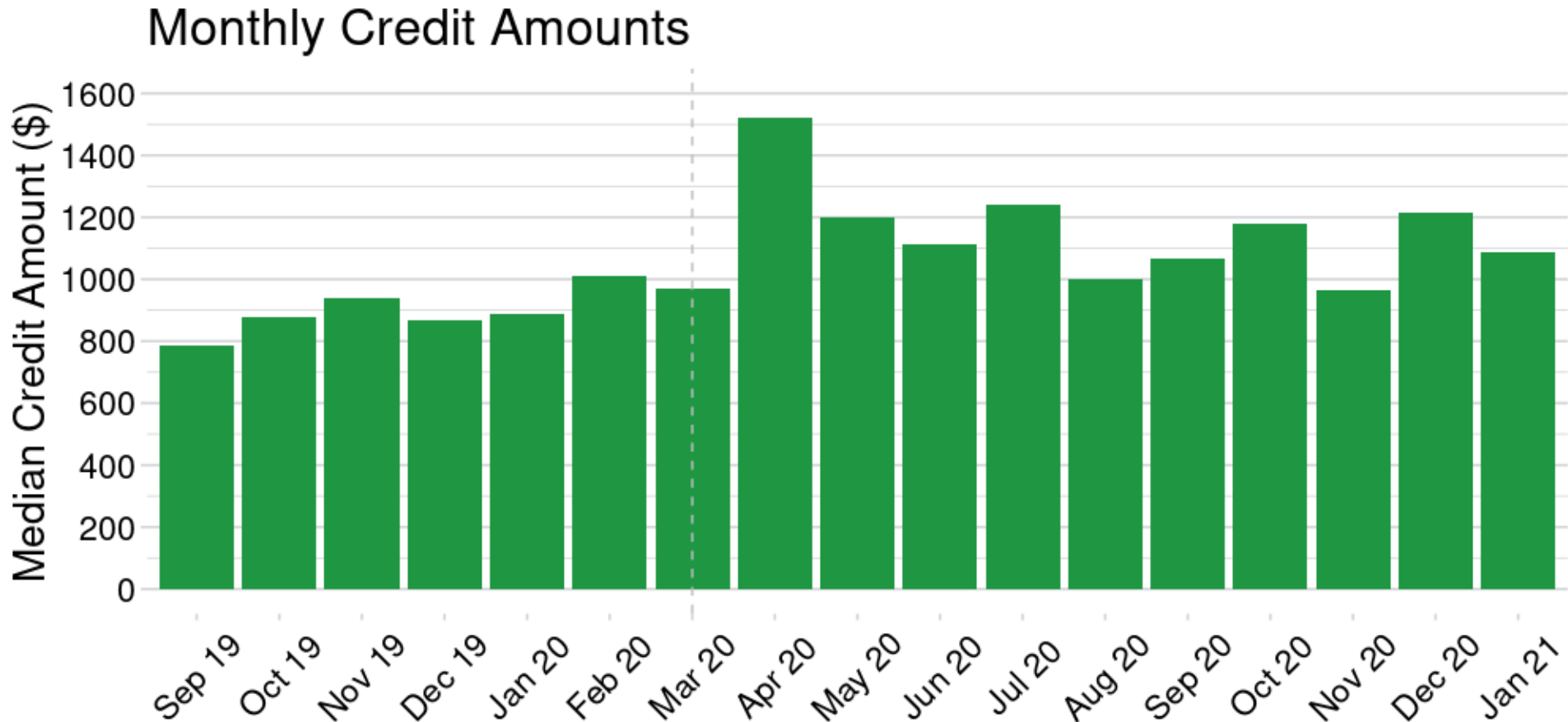


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Note: Each bar displays the median account balance for the end of each month, across 3,365 accounts. Dashed line marks the pandemic declaration of Covid-19



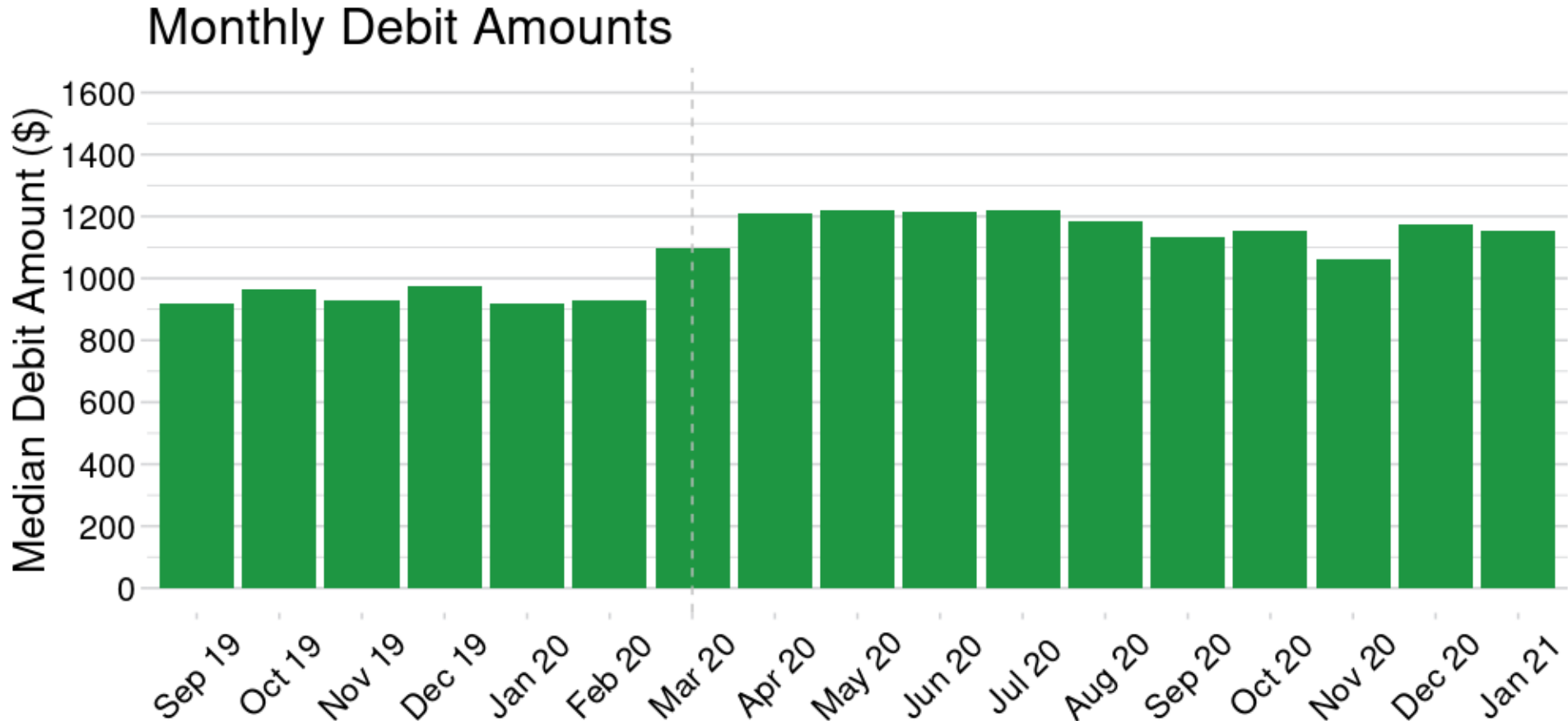
# Monthly Credit Amounts Over Time (Southern Bancorp)



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Note: Each bar displays the median amount of monthly credits. Dashed line marks the pandemic declaration of Covid-19

# Monthly Debit Amounts Over Time (Southern Bancorp)



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Note: Each bar displays the median amount of monthly credits. Dashed line marks the pandemic declaration of Covid-19

# Median Account Balance and Activity during the Six-Month Periods Pre- and Post-Pandemic

<b>All Accounts (N = 3365)</b>	<b>Pre-Pandemic Sep '19 – Feb '20</b>
Account Balance	\$341
Monthly Credit Amount	
Monthly Debit Amount	
# of Monthly Credits	
# of Monthly Debits	

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Note: Values displayed are medians across all 3,365 accounts, taken from average balances and activity within each six-month period

# Median Account Balance and Activity during the Six-Month Periods Pre- and Post-Pandemic

<b>All Accounts (N = 3365)</b>	<b>Pre-Pandemic Sep '19 – Feb '20</b>
Account Balance	\$341
Monthly Credit Amount	\$1,128
Monthly Debit Amount	\$1,109
# of Monthly Credits	3.0
# of Monthly Debits	16.0

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Note: Values displayed are medians across all 3,365 accounts, taken from average balances and activity within each six-month period

# Median Account Balance and Activity during the Six-Month Periods Pre- and Post-Pandemic

<b>All Accounts (N = 3365)</b>	<b>Pre-Pandemic Sep '19 – Feb '20</b>	<b>Post-Pandemic Apr '20 – Sep '20</b>
Account Balance	\$341	\$524
Monthly Credit Amount	\$1,128	\$1,449
Monthly Debit Amount	\$1,109	\$1,414
# of Monthly Credits	3.0	3.3
# of Monthly Debits	16.0	18.7

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Note: Values displayed are medians across all 3,365 accounts, taken from average balances and activity within each six-month period

# Median Account Balance and Activity during the Six-Month Periods Pre- and Post-Pandemic, for Non-Goal and Goal Accounts

<b>Non-Goal Accounts (N = 2915)</b>	<b>Pre-Pandemic Sep '19 – Feb '20</b>	<b>Post-Pandemic Apr '20 – Sep '20</b>
Account Balance	\$336	\$508
Monthly Credit Amount	\$1,082	\$1,358
Monthly Debit Amount	\$1,073	\$1,340
# of Monthly Credits	2.8	3.0
# of Monthly Debits	15.0	17.2
<b>Goal Accounts (N = 450)</b>	<b>Pre-Pandemic Sep '19 - Feb '20</b>	<b>Post-Pandemic Apr '20 – Sep '20</b>
Account Balance	\$364	\$636
Monthly Credit Amount	\$1,770	\$2,243
Monthly Debit Amount	\$1,707	\$2,180
# of Monthly Credits	3.8	4.8
# of Monthly Debits	30.6	34.8

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Note: Values displayed are medians across all accounts, taken from average balances and activity within each six-month period

# Some Remaining Questions: Southern Bancorp

- What trajectories do customers' account balances take over time?
  - Do customers' account balances increase, decrease, or remain consistent?
  - How did Covid-19 affect these trajectories (interrupt vs. accelerate)?
- How do the economic impact payments and the new Child Tax Credit payments affect account balances, savings, and spending?
  - Ongoing discussion with partner about accessing new data

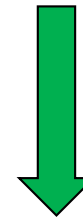
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# Data Partnership #2: Savings App

- A savings app with highly customizable savings goals, rules, and automation options
- ***Data shared with CFPB:*** Savings goal data, including goal labels, amounts, transfer events, savings rules, and more

## **Customizable savings goals**

- Target amount to be saved
- Target date to achieve goal
- Assign name + photo to goals



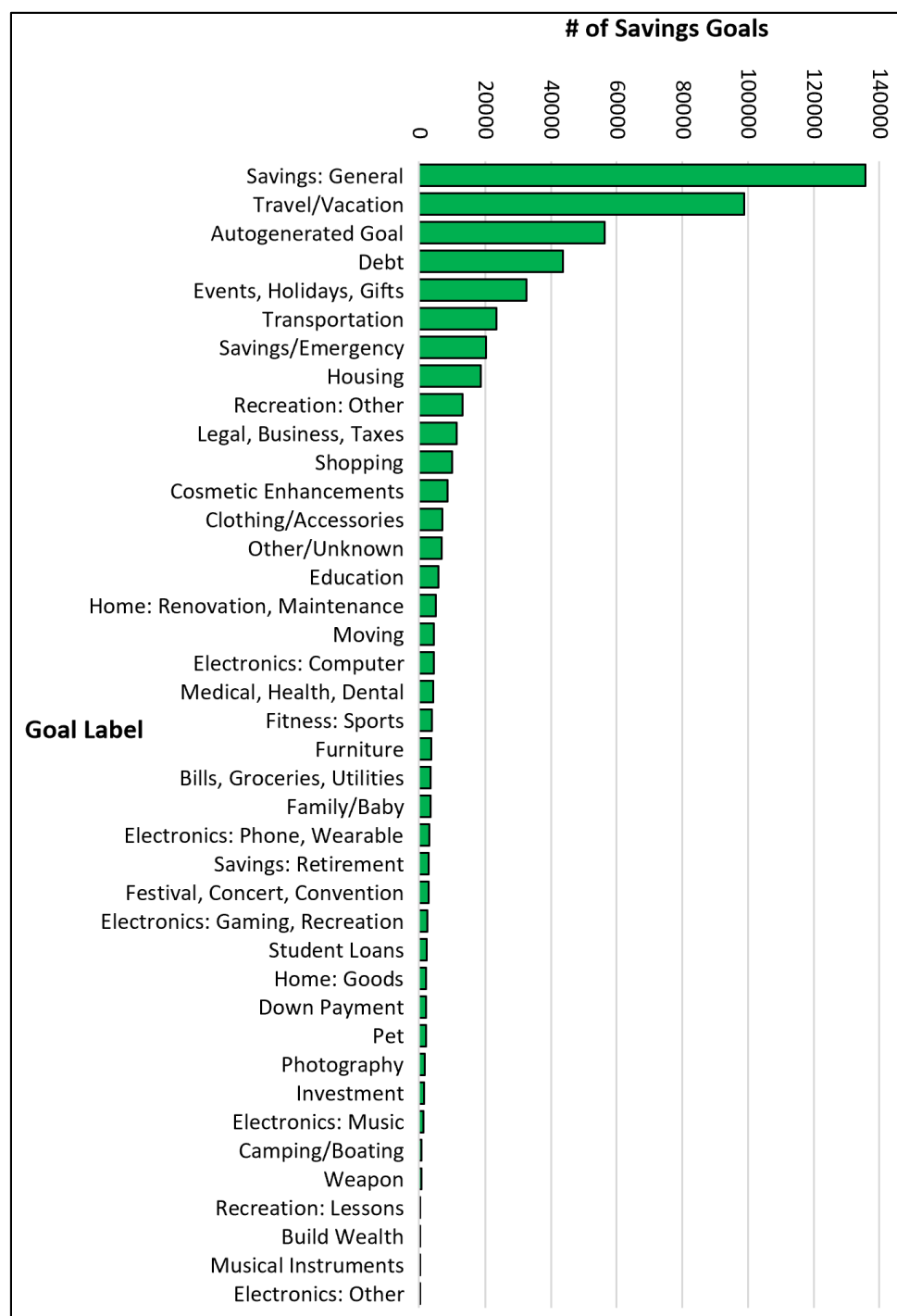
## **Example savings rules**

- Save every payday
- Save with every tweet
- Save if daily steps > 10,000
- Save with every purchase at Ben & Jerry's

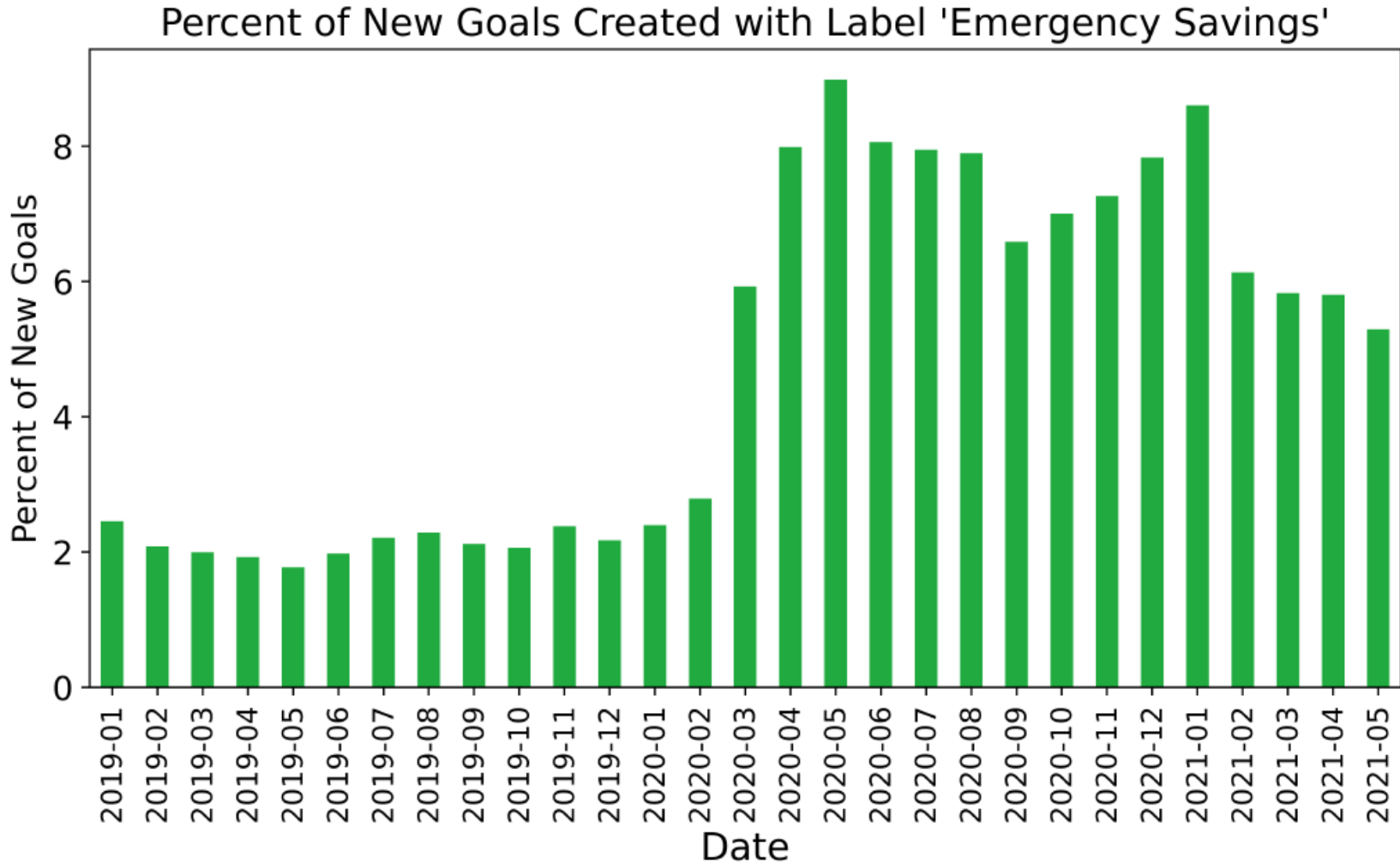


# Savings App: Goal Labels

- Classified by a machine learning algorithm using customers' goal label text
- Able to track inflows and outflows, rule types used, goal target amounts, cancelled or overridden transfers, and more
- Sufficient sample size to look across and within goal types
- Access to up-to-date customer data

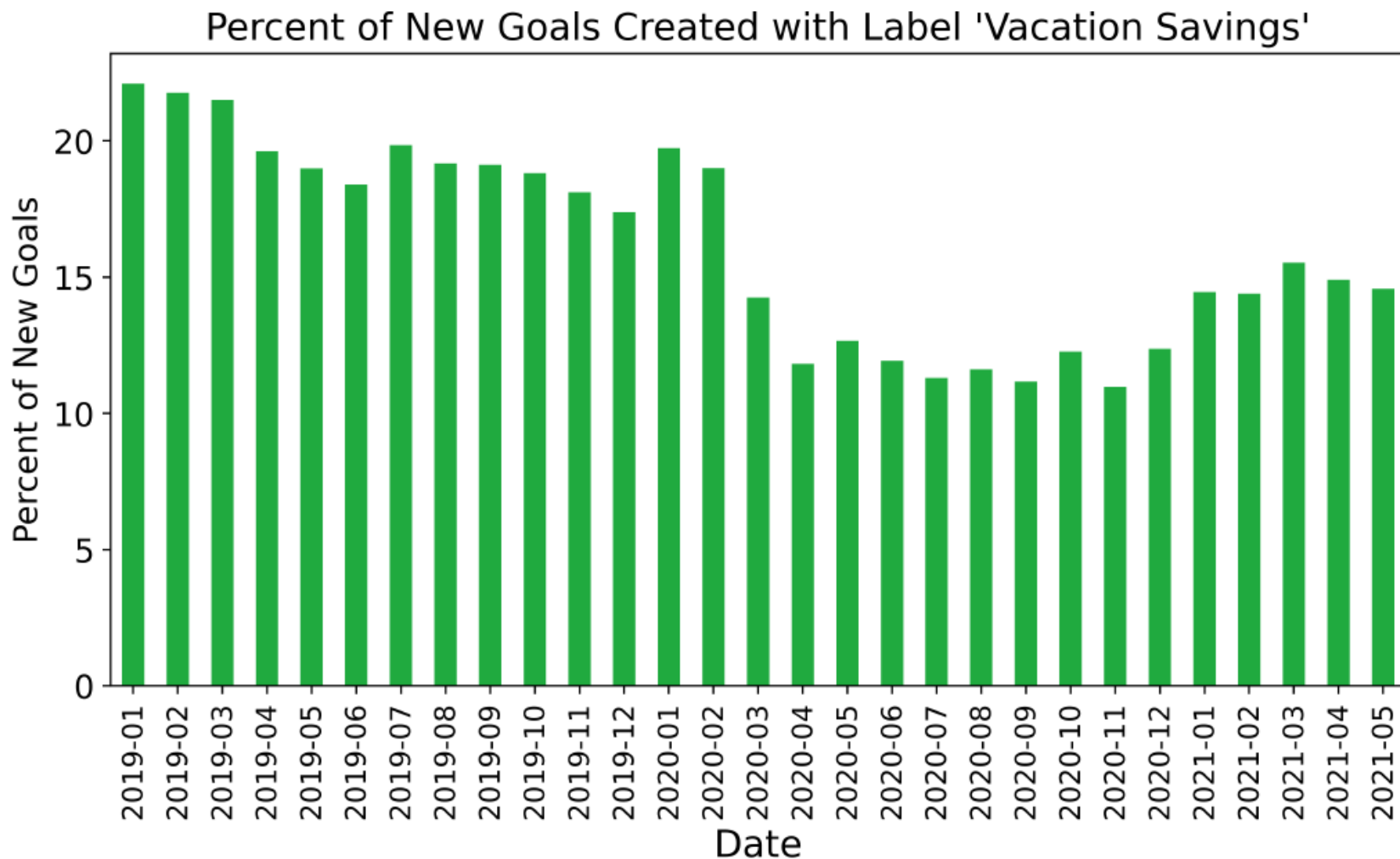


# Changes in emergency savings goals over time



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# Changes in vacation travel savings over time



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# Some Remaining Questions: Savings App

- How to define savings goal “success?”
  - Total \$ amount saved
  - Percentage of goal target amount reached
  - Goal “stickiness:” consistency of savings; not drawing down
  
- Hypothesis-driven approach to goal categories
  - Motivating (“fun”) goals vs. pragmatic goals
    - New car vs. car repairs
    - Vacation vs. emergency fund
    - Saving to pay down debt
  - Goal specificity: round numbers vs. specific amounts

# Partnerships: Takeaways & Themes

- Soon after Covid-19, we see an uptick in account balances, spending, savings, and emergency fund related savings goals
  - This is a preliminary finding to be confirmed in both partners' datasets
- Partnerships require flexibility, and retrospective administrative data rarely fits neatly into specific research questions. Some examples:
  - Can't get transfers between subaccounts; transactions before 2019 are archived
  - Marketing timing around products and specific goals
  - Randomness and representativeness of customer samples
  - Changed business model (paid subscription for some services)
  - Non-random fluctuations in customer base and user counts
- *Data* partnerships are *research* partnerships

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# Discussion + Q&A on Outreach and Strategy

- How do we build on existing partnerships?
  - E.g., moving from retrospective data agreements into prospective evaluations (A/B testing; RCTs)
- What kinds of partnerships should we pursue to inform existing and emerging bureau priority areas?
  - Racial equity; Vulnerable populations
- What specific value does CFPB bring to potential partnerships, and what can CFPB offer to increase this value?
  - Companies (no-action letters & waivers; PhD-level researchers)
  - Policy organizations (regulations & rulemaking; policy evaluations)
  - Academic researchers (?)

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