



Friday, Sept. 18, 2009

National Accuracy Study: Paperwork Comment (FTC File P044804)

Comments Submitted Electronically to:

<https://secure.commentworks.com/ftc-FACTA319study>

The Consumer Data Industry Association (CDIA) appreciates the opportunity to comment on the Federal Trade Commission's latest Federal Register notice.

Following are our comments on the four areas requested by the FTC:

- 1) "Whether the proposed collections of information are necessary for the proper performance of the functions of the FTC, including whether the information will have practical utility."

CDIA recognizes that as part of the Fair and Accurate Credit Transactions Act of 2003 the Congress has mandated that the FTC study the accuracy of consumer reports and thus it must gather information in order to comply with this directive. We provide some limited comments on methodology below.

- 2) "The accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and the assumptions used."

CDIA remains concerned with the FTC's methodology of seeking to over sample consumers with lower credit scores. We continue to believe that using a population of consumers whose scores are reflective of the distribution of scores in the databases of nationwide consumer reporting agencies is most appropriate, and urge the FTC to adopt this methodology.

CDIA also suggests that the FTC consider a methodology of reaching out to consumers who do not have internet access – this is an important segment of the population, and we would urge the FTC to consider ways to specifically target that population to provide for their participation in the study.

Finally, CDIA urges the FTC to include a discussion of how their methodology compares with previous studies in this area. Specifically, we believe that the methodology employed by the FTC to explore the accuracy of credit reports using consumer interviews and the dispute process, compares favorably to the flawed methodology employed by consumer groups in their “studies” of credit bureau accuracy. However, these “studies” are cited widely in the press and in policy discussions, so we would urge the FTC to compare their methodology with that employed by others as a way to differentiate the results of this FTC study from those of the consumer groups.

3) “Ways to enhance the quality, utility and clarity of the information to be collected.”

CDIA believes that the benefits of this study could be enhanced with the collection and analysis of some additional data that does not appear to be contemplated in the FTC’s study:

- We also believe that the FTC should measure not just the change in score as a result of the “confirmed material error,” but how that change in score might actually impact a consumer’s interest rate or other credit decision. In other words, simply measuring a change in credit score may under-or overstate the actual impact that it has on a consumer – if the change in score would leave the consumer in the same “band of risk,” as determined by a lender, then while the “confirmed material error” may result in a change in score, in reality the impact of that change would be minimal or zero. On the other hand, if the change in score would shift a consumer into a different interest rate tier, as determined by a lender (i.e. a consumer with a higher credit score as a result of the “confirmed material error” would have received a better interest rate) then it could be classified as a “material” error, because it would have a material effect on a consumer.

4) “Ways to minimize the burden of the collection of information on those who are to respond.”

CDIA would urge the FTC to consider ways that consumers could participate in this study electronically.

Again, we appreciate the opportunity to comment on this important study.

Sincerely,

Stuart K. Pratt