



March 18, 2020

The Honorable Donald J. Trump
President of the United States
The White House
Washington, DC 20500

Dear President Trump:

On behalf of ACA International, the Association of Credit and Collection Professionals (ACA), I am writing in support of Administration and Congressional efforts to support consumers in the financial services marketplace during this difficult time for the country as a result of the coronavirus. ACA represents approximately 2,500 members, including credit grantors, third-party collection agencies, asset buyers, attorneys, and vendor affiliates in an industry that employs more than 230,000 employees worldwide. ACA members include the smallest of businesses that operate within a limited geographic range of a single state, and the largest of publicly held, multinational corporations that operate in every state.

Consumer welfare depends on open communication, and it is important to have policies that provide consumers with more options that will allow them to continue to access credit and services. This is critical due to the uncertainty about the length and severity of the economic impact related to the coronavirus. ACA is very concerned that certain lawmakers have suggested that eliminating the work of the ARM Industry is a prudent action that should be taken in response to the coronavirus. We are deeply alarmed that such an action would disrupt the credit ecosystem and cause further harm to consumers, lenders, medical providers, and other businesses throughout the country who rely on the ARM Industry.

During this critical time, ACA members remain committed to consumers. This commitment has been further demonstrated since the outbreak through industry-wide calls to action for compassion and empathy. Additionally, most ACA members already have training and “hardship” programs in place to help consumers make arrangements that best suit their unique financial situation, including implementing temporary suspension of collections for consumers directly impacted by the coronavirus. These trainings include approaches for problem solving to help create accommodations to assuage consumers during difficult times.

Alternatively, unnecessarily stymieing communications at the state level has proven to lead to fewer choices for consumers and take the decision-making out of their hands.¹ This is not the time to abandon consumers and leave them in the dark about how they can address outstanding

¹ Following the enactment of new debt collection regulations in 2015, in New York State, collections lawsuit filings rose 32% in 2018 and 61% in 2017 from pre-2015 levels.

obligations. ACA members also remain committed to all clients, including small businesses, who are facing unprecedented challenges and disruptions to their operations.

Throughout their history, and particularly in times of financial distress, ACA members play a critical role in ensuring that consumers can continue to access credit and services. As an academic study about the impact of debt collection noted,

“In a competitive market, losses from uncollected debts are passed on to other consumers in the form of higher prices and restricted access to credit; thus, excessive forbearance from collecting debts is economically inefficient. Again, as noted, collection activity influences both the supply and the demand of consumer credit. Although lax collection efforts will increase the demand for credit by consumers, the higher losses associated with lax collection efforts will increase the costs of lending and thus raise the price and reduce the supply of lending to all consumers, especially higher-risk borrowers.”²

In short, consumer harm can result in several ways when unpaid debt is not addressed, and ACA members work to help consumers understand, address, and improve their financial situations. As this and other research finds, creditors may stop lending to the riskiest borrowers that may include out-of-work, or low-income consumers, if there is uncertainty about the ability to collect since they must maintain safety and soundness and other liquidity requirements. As such, ACA members have been in close communication with their creditor clients, who we are aware are looking at consumer needs on a case by case basis. We support these efforts to tailor programs to individual consumer needs.

Again, consumers need the information that ACA members provide to maintain their financial health, and open communication can often lead to the most favorable outcome. We look forward to continuing our engagement with the Administration and Congress on behalf of the ARM Industry.

Sincerely,



Mark Neeb
Chief Executive Officer

CC:

The Honorable Kathleen Kraninger, Consumer Financial Protection Bureau
Chairman Michael Crapo, U.S. Senate Committee on Banking and Urban Affairs
Ranking Member Sherrod Brown, U.S. Senate Committee on Banking and Urban Affairs
Chairwoman Maxine Waters, U.S. House Committee on Financial Services
Ranking Member Patrick McHenry, U.S. House Committee on Financial Services

² Zywicki, Todd, “The Law and Economics of Consumer Debt Collection and Its Regulation,” available at <https://www.mercatus.org/system/files/Zywicki-Debt-Collection.pdf>. (Sep. 2015).