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Press Release

U.S. Debt Collection Agencies Industry Growth Minimal, As Recession Hampers Collectability. Practices Under Fire By Authorities.

Tampa FL, October 13, 2009… Marketdata Enterprises, Inc., a leading independent market research publisher of "off-the-shelf" studies about service industries since 1979, has released a new 160-page report entitled: U.S. Debt Collection Agencies: An Industry Analysis. This **7th edition** best-selling study contains the latest survey highlights, facts, and forecasts from the: US Census Bureau, American Collectors Association, FTC, Federal Reserve, First Detroit Corp., consultants and more.

According to Research Director, John LaRosa:
"It's a myth that collections is recession proof. Yes, more accounts are placed, but they are less collectible. This time it's different, as we have high unemployment, a longer than usual downturn, and less buying of goods on credit – all squeezing the consumer's ability to repay debts."

Major Findings:

- Industry Size … Marketdata estimates that U.S. Collection agency revenues inched up just 1.6% to $12.3 billion in 2008. 2009 will not be better, just 1% gains to $12.4 billion. To 2013, we forecast 3.3% annual growth. Some analysts claim the industry is worth $17.5 billion.
- Average annual receipts per collection agency in 2007 were $2.3 million. There are 140,000+ workers in this sector, each of which collects $245,000 in debts. These people are working harder to collect – making more phone calls, getting partial payments, etc. Some have resorted to illegal or overly aggressive tactics, drawing the attention of State Attorneys General, the FTC, and the public.
- Competition is fierce, based on recovery rates and service fees. Profitability has fallen.
- The bulk of accounts are consumer credit card debt, but this is changing, as more success may lie with medical debt, IRS taxes, utility and cell phone bills.

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- Most collection agencies do most of their work on a contingency basis. Rates obtained for collecting debts vary, but generally average 25-30%. Commercial debts are generally larger and have a higher rate of recovery.
- There is no doubt that some collectors are playing dirty, as the National Association of Attorneys General recently reported that debt collection topped the list of consumer complaints in state offices during 2008. Recent TV undercover investigations have revealed fraud and harassment.
- The recession has increased consumer delinquency levels. As of January 2009, late payments on U.S. credit cards hit record levels, and defaults rose sharply to near all-time highs. Charge-offs on prime, general purpose credit cards reached 7.5% in December 2008, 40% higher than December 2007.
- Debt buying has been a fast growth segment of business that collection agencies have moved into. However, this business is now in transition, with some consolidation expected among the 300 or so debt buyer companies. Categories that are still growing include: medical debt, bankruptcies, and unpaid gas and electric bills. Some debt buyers are venturing into sidelines such as software development.
- NCO Financial Systems has become the leading collections firm by far, with 2008 revenues of $1.49 billion. It is a public company. NCO added about $400 million in revenues by virtue of its February 2008 acquisition of its largest competitor, Outsourcing Solutions, Inc.

Editor's Note: The U.S. Debt Collection Agencies Industry: An Industry Analysis, published in October 2009, is an independently researched study. It contains 47 tables and is 160 pages long. It costs $1,795, but is sold by individual chapters at lower cost. A free brochure is available by mail, Fax, or email: Contact: Marketdata Enterprises, Inc., 8903 Regents Park Dr., Suite 120, Tampa, FL 33647, or www.marketdataenterprises.com. Marketdata studies are available on-line via: **Profound** (Dialog), **Marketresearch.com**, and **Mindbranch** commercial databases.

A 26 pp. Overview of report highlights is available to the general public for $79.
It's suitable for business plans and investors.

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