

U.S. Collections Agencies: An Industry Analysis (April 2012)

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* Status Report: Number of agencies in U.S., profitability, growth, no. of workers, effect of the recession, etc.	
* Findings/opinion of Kaulkin Ginsberg, ACA trade group, Faulkner & Gray (recent surveys, discussion of major trends)	
* <u>Collection Techniques</u> : discussion of “traditional” collection techniques & how agencies operate (letters, phone calls, legal action, use of operatives), what methods work best, current recovery rates, contingency fees, customer specializations.	
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* Summary: The growth of consumer debt/trends through 2011: (Federal Reserve, BEA, consulting firms data), delinquencies & charge-off rates, foreclosures	

continued:

- * **Bankruptcy trends:** personal vs. business, discussion of Chapter 7, 11, 13 types, peak levels and reasons, regional differences
- * **Major trends affecting the business** - discussion of consolidation, increased consumer debt, emergence of the “debt buying mkt.” (\$ size, no. of competitors, trade group), outsourcing of collections to India, Web-based applications, call center advances, international expansion, IRS outsourcing, client consolidation, status of **debt buying market**.
- * **Foreclosure trends: foreclosure rates, delinquencies, states with highest rates**
- * Findings of latest Kaulkin Ginsberg research/reports
- * Emerging collection technologies - integration of computer/telecommun. systems, pre-authorized draft printing (leading firms, how service works, software vs. service bureau approaches), skip tracing, predictive dialing, check verification & computer databases.

Tables:

- * Consumer credit outstanding and finance rates: 1992-2011
- * Ratios of debt payments to family income: 1998 to 2007
- * U.S. non-commercial bankruptcies, by type: 1991-2011

Industry Size, Growth, Segments & Forecasts (\$200)

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- * **Demand indicators:** growth in “placements” value (Amer. Collectors Assn.), limitations of data, opinions, how recession-proof is the business?
- * Comparison of industry receipts estimates by: U.S. Census Bureau, Kaulkin Ginsberg, PriceWaterhouseCoopers, Ernst & Young, Marketdata
- * Effects of the recession on collectability and revenues
- * Growth of leading companies, 2011 vs. 2010
- * Estimated value of consumer, medical, government, communication markets.
- * 2010-2011 performance/growth/rationale, 2016 forecasts: discussion of growth/reasons and contributing factors, opinions of Kaulkin Report, industry competitors, analysts, short and long-term factors affecting demand and growth, weighted sales increase of top competitors.
- * **Market segments** & niches: consumer vs. commercial accounts, estd. share of industry volume

Tables:

- * **Industry receipts** (1987-2010 Census), Marketdata estimates/projections for 2011 & 2012, 2016 forecasts (\$ value, % changes)
- * Industry receipts by: consumer, healthcare, gov’t., telecommun., other (2011)
- * Debt recovered by collection agencies, by state: \$, 2010

Government Tax Debt: A Status Report (\$100)

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- * Findings of PriceWaterhouseCoopers study: amounts referred and collected.
- * In-depth discussion of government tax debt, possible huge new market represented by IRS outsourcing of collections to outside agencies: tax debt, non-tax debt, child support, Treasury Dept. & other programs status as of FY 2010, actual collections
- * Explanation of Treasury Offset Program – FY 2010 results, amounts, child support, cross servicing
- * Objections to outsourcing

Industry Economic Structure & Operating Ratios (\$250)

112-141

- * Findings of past ACA Benchmarking Survey: expenses as % gross revenues, liquidation percentages, cost per acct., acct. size, collections per employee
- * Summary, discussions of: no. of services, annual receipts (2007 vs. 2002), payroll costs, avg. receipts per firm/establishment, legal form of firms, concentration levels for 50 largest firms, single vs. multi-unit operations, services by receipts size of firms & individual estab., top 10 states (mkt. potential, \$ value of receipts), avg. receipts per service, by state
- * 15-year snapshot of the industry - 1992-2007, key ratios.

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- * **Concentration ratios:** largest 4, 8, 20, 50 firms (no. of estab., revenues, as % total industry, payroll, no. of workers (2007, 2002, 1997))
- * **Single vs. multi-unit firms** (1, 2, 3-4, 5-9, 10+ facilities) no. of firms, estab., receipts, avg. receipts, payroll costs (2007, 2002, 1997)
- * Annual **receipts size of FIRMS**, measures as above, 11 sales size classes from \$100 mill. to under \$10,000 (2007, 2002, 1997)
- * Annual receipts size of individual **ESTABLISHMENTS**, ratios as above, 11 classes: \$10+ mill. to under \$10,000 (2007, 2002, 1997)
- * **State analysis:** No. of total adjustment & collection services, receipts, avg. receipts per estab., % of national receipts for 50 states (2007, 2002)
- * Estab. & receipts, **by major city** (2007, 1997)

Collection Agency Competitor Profiles (\$300)

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(company overview & business description, products, strategies, recent acquisitions, operations, recent developments, financial summary – 2009-2001 and prior years)

- **NCO Financial Systems** p. 146
(and Outsourcing Solutions Inc.)
- **Encore Capital Group** p. 161
- **Asset Acceptance Capital** p. 167
- **iQor** (Intellirisk Management) p. 171
- **Convergent Resources** p. 173

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Reference Directory of Industry Information Sources

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- * Name/address/phone/key contacts of credit and collections trade groups, journals,

magazines, directories, federal and state agencies, etc.