

# **U.S. Collection Agencies: An Industry Analysis** (February 2022)

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* Discussion of major findings, status of the industry, industry structure, nature of the profession, major trends affecting collections agencies, industry receipts: (2002-2017 actual, 2019-2021 estimated, 2022 & 2025 forecast)— major competitors’ mkt. share, consolidation, collection methods, recovery rates, debt buying, effects of the pandemic, mkt. segments, new technologies, latest Census ratios, consumer debt trends/other demand indicators – <b>highlights of ALL study chapters.</b>	
<b><u>Nature &amp; Status Report of the Industry</u></b>	21-34
* Definition & characteristics of the business: history & development, Census NAICS codes, how services operate, no. of services nationwide/recent consolidation/mergers	
* Status Report: declining no. of agencies in U.S., effects of the pandemic	
* Demand factors	
* Industry trends: profit margins, offshoring, consolidation, adaptive learning systems:	
* <u>Collection Techniques</u> : discussion of “traditional” collection techniques & how agencies operate (letters, phone calls, legal action, skip tracing, use of operatives), what methods work best, current recovery rates, contingency fees, customer specializations.	
<b><u>Consumer Complaints, Industry Regulation</u></b>	35-45
* Discussion of major complaints about collection harassment and unethical/illegal practices, privacy issues.	
* 2020 findings of Consumer Financial Protection Bureau: No. and type of complaints, compared to 2018	
* Industry regulation, by: 1977 Fair Debt Collection Practices Act, Telephone Consumer Protection Act (1991), Fair Credit Reporting Act (1970), Health Insurance Portability and Accountability Act (1996).	
* Regulatory bodies: FTC, FCC, CFPB	
* CFPB Annual Report 2021: Debt Collection Highlights, new rules explained.	
<b><u>Table:</u></b> 2020 no. of consumer complaints by type	

- \* Summary: major factors affecting demand for the industry
- \* Industry status in 2021: consolidation – declining no. of firms, decline in profits, challenges for various aspects of the business (TransUnion survey data)
- \* Summary: Types of consumer debt held by type (\$ amount: student loans, medical, credit card, mortgages, auto loans)
- \* 2019 major debt collection trends: compliance, technology, worker skills, company cultures, top 9 collection agency trends for 2019
- \* Discussion of: industry & client consolidation, emergence of artificial intelligence,
- \* The Covid-19 pandemic’s impact on debt, by population segment (Millennials, Baby Boomers, Gen X, etc.)
- \* **Bankruptcy trends:** personal vs. business, discussion of Chapter 7, 11, 13 types, peak levels and reasons, regional differences
- \* **Growth of the debt buying market.**
- \* 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: 1998-2021
- \* U.S. non-commercial bankruptcies (Chap. 7, 11, 13): 1991-2020.

## Industry Size, Growth, Segments & Forecasts

- \* **Demand indicators:** growth in “placements” value (Amer. Collectors Assn.), limitations of data, opinions, how recession-proof is the business?
- \* Sources of data on industry receipts estimates by: U.S. Census Bureau, Kaulkin Ginsberg, ACA, PriceWaterhouseCoopers, IRS, Marketdata
- \* The role of the IRS and use of PCAs (private collection agencies), 2020 \$ amount placed
- \* Historical industry receipts growth – analysis since early 2000s, Great Recession, aftermath
- \* Pandemic’s effect on growth: analysis of 2019-2020
- \* 2021 industry performance – analysis, opinions of Marketdata, Kaulkin Ginsberg
- \* 2025 forecasts – analysis, opinions of Marketdata, Kaulkin Ginsberg
- \* Analysis of commercial vs. consumer accts., 2020 \$ estimates
- \* Estimated value of consumer, medical, government, commercial markets - 2020

### Tables:

- \* **Industry receipts** (2002-2017 Census), Marketdata estimates/projections for 2019, 2020, 2021 and 2025 forecasts (\$ value, % changes)
- \* Industry receipts by: consumer, healthcare, gov’t., retail/commercial other accts. (2017)

- \* Summary, discussion of: Census survey data - no. of services, annual receipts, 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 - 2002-2017, key ratios.

**Tables:**

- \* **Snapshot of the industry:** 2002, 2007, 2012, 2017 – Estab., receipts, top 50 mkt. share, etc.
- \* **Payroll as % receipts** – 2007, 2012, 2017
- \* **Sales / payroll employee productivity ratios** – 2007, 2012, 2017
- \* **Average receipts per estab., no. of employees** – 2007, 2012, 2017
- \* **Top 10 states by receipts** – 2007 vs. 2019
- \* **Legal format** - corporations, partnerships, proprietorships (no. of estab., receipts, payroll as % receipts, avg. receipts (2017, 2012, 2007))
- \* **Concentration ratios:** largest 4, 8, 20, 50 firms (no. of estab., revenues, as % total industry, payroll, no. of workers (2017, 2012, 2007))
- \* **Single vs. multi-unit firms** (1, 2, 3-4, 5-9, 10+ facilities) no. of firms, estab., receipts, avg. receipts, payroll costs (2017, 2012, 2007)
- \* Annual **receipts size of FIRMS**, measures as above, 11 sales size classes from \$100 mill. to under \$10,000 (2017, 2012, 2007)
- \* Annual receipts size of individual **ESTABLISHMENTS**, ratios as above, 11 classes: \$10+ mill. to under \$10,000 (2017, 2012)
- \* **State analysis:** No. of total adjustment & collection services, receipts, avg. receipts per estab., % of national receipts for 50 states (2019)
- \* **State analysis:** No. of total adjustment & collection services, receipts, avg. receipts per estab., ranked by no. of estab. (2019)
- \* Estab. & receipts, **by major city** (2017)

**Collection Agency Competitor Profiles**

(company overview & business description, products, strategies, acquisitions, operations, recent developments, financial summary)

- **Transworld Systems** p. 117  
(incl. NCO Group, Altisource)
- **The Kaplan Group** p. 123
- **Encore Capital Group** p. 126  
(incl. Midland Credit Management)
- **Portfolio Recovery Associates** p. 129
- **Alorica Global Solutions** p. 134  
(incl. Expert Global Solutions)

**Tables:**

- \* Largest collection firms, ranked by revenues: 2007, 2008, 2009, 2010, 2011
- \* Top debt buyer companies, ranked by 2008 & 2007 revenues
- \* 50 largest firms, by collection agency placements: 2005 (First Detroit ranking)
- \* 50 largest collection agencies, by revenues: 2005 (First Detroit ranking)

**Reference Directory of Industry Information Sources**

141-145

\* Name/address/phone/key contacts of credit and collections trade groups, journals, magazines, directories, federal and state agencies, etc.