



February 3, 2021

Chairwoman Nydia M. Velázquez
Committee on Small Business
Washington, D.C. 20510

Ranking Member Blaine Luetkemeyer
Committee on Small Business
Washington, D.C. 20510

Dear Chairwoman Velázquez and Ranking Member Luetkemeyer:

On behalf of ACA International, the Association of Credit and Collection Professionals (ACA), I am writing regarding tomorrow's hearing titled, "State of the Small Business Economy in the Era of COVID-19." ACA represents approximately 2,500 members, including credit grantors, third-party collection agencies, asset buyers, attorneys, and vendor affiliates in an industry that employs nearly 125,000 people worldwide. Most ACA member debt collection companies, however, are small businesses. Women make up 70 percent of the total debt collection workforce and it is ethnically diverse. Additionally, 32 percent of businesses are women-owned.

As businesses, community lenders, hospitals, and other providers throughout the country continue to face unprecedented challenges as a result of COVID-19, the work of ACA members is more important than ever. As part of the process of attempting to recover outstanding payments, ACA members are an extension of every community's businesses. ACA members work with these businesses, large and small, to obtain payment for the goods and services already received by consumers.

Proposed policy solutions to halt accounts receivable management (ARM) industry activities, as well as actions taken by certain states, pose threats to consumers' ability to access credit and services and information about financial assistance and other affordable payment options. Consumer welfare depends on open communication, and it is important to engage in policymaking during this critical time for the country that provides consumers with more options and information. When consumers work with the ARM industry, it is also a benefit for small businesses, medical providers, and community financial institutions across the country relying on ACA members to stay afloat.

For consumers directly impacted financially by COVID-19, open communications with the ARM industry helps them understand options to pause payments and other means of controlling their own financial future. ACA members have hardship programs in place and can work with consumers to find a resolution to legally owed outstanding debt that works for their unique financial situation. The ARM industry is committed to exhibiting compassion during this challenging time for the country and being part of the solution for consumers, not the problem.

Significant research has confirmed the basic economic reality that losses from uncollected debts result in higher prices and restricted access to credit. The collections process plays a critical role in a healthy credit ecosystem. Lenders rely on the ability to collect to be able to lend to consumers of all means with diverse financial backgrounds. In a world without a collections process, consumers' ability to obtain credit cards or other extensions of unsecured credit would be greatly limited, and in many instances, consumers would only have the option to pay cash. This would be a disadvantage to many consumers, particularly to those that are low-income, and significantly limit options for credit and services. The work of ACA members allows lenders to continue to lend while keeping the cost of credit down, particularly for the riskiest borrowers.

In short, consumer harm can result in several ways when unpaid debt is not addressed. ACA members are committed to fair, reasonable, and respectful practices and take their compliance obligations with consumer protection laws when collecting debt very seriously. As legitimate credit and collection professionals, ACA members play a key role in helping consumers fulfill their financial goals and responsibilities while facilitating broad access to the credit market.

As Congress takes on no shortage of challenges, not the least of which are those resulting from the global pandemic, ACA stands ready to work with you on behalf of our members. Thank you for your leadership and we look forward to continuing our engagement with you this Congress.

Sincerely,



Mark Neeb
Chief Executive Officer

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