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Office of the Comptroller of the Currency
400 7th Street, S.W.
Washington, DC 20219

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Bureau of Consumer Financial Protection
1700 G Street, N.W.
Washington, DC 20552

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Request for Information and Comment on Financial Institutions' Use of Artificial Intelligence, including Machine Learning

Docket ID OCC-2020-0049 (OCC); Docket No. OP-1743 (Board); RIN 3064-ZA24 (FDIC); Docket No. CFPB-2021-0004 (CFPB); Docket No. NCUA 2021-0023 (NCUA)

To the Agencies:

ACA International (“ACA”) is pleased to submit these comments in response to the Request for Information and Comment on Financial Institutions’ Use of Artificial Intelligence, including Machine Learning from the Board of Governors of the Federal Reserve System,

Bureau of Consumer Financial Protection, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency (the “Agencies”).¹

As described in more detail below, ACA appreciates the Agencies’ recognition that AI technologies, including voice recognition and natural language processing, can enhance consumer experiences and provide other benefits. They can also help financial institutions provide products and services that are more customized for consumers and reveal patterns in consumer preferences. In fact, some ACA members are already using AI in innovative ways to benefit consumers, including to support consumers faced with increased economic pressures or other hardship as a result of the COVID-19 crisis. The agencies should recognize these and other the benefits of AI-driven technologies and continue to support AI innovation in the financial sector.

About ACA

ACA International is the leading trade association for credit and collection professionals representing approximately 2,100 members, including credit grantors, third-party collection agencies, asset buyers, attorneys and vendor affiliates in an industry that employs nearly 125,000 employees worldwide.

Most ACA member debt collection companies are small businesses. Women make up nearly 70 percent of the total debt collection workforce, which is itself ethnically diverse. Racial and ethnic minorities account for 31 percent of the total U.S. workforce, but nearly 42 percent of

¹ Request for Information and Comment on Financial Institutions’ Use of Artificial Intelligence, including Machine Learning, 86 FR 16837, 16837-16842 (2021) (RFI).

debt collection employees. This is something the industry feels strengthens our ability to connect with, and serve, consumers of all backgrounds.

As businesses, community lenders, hospitals, and other providers throughout the country continue to face unprecedented challenges because of COVID-19, the work of ACA's 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 business. ACA members work with these businesses, large and small, to obtain payment for the goods and services already received by consumers.

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 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 who 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.

***Question 17:** To the extent not already discussed, please identify any benefits or risks to financial institutions' customers or prospective customers from the use of AI by those financial institutions. Please provide any suggestions on how to maximize benefits or address any identified risks.*

Using AI to Improve the Consumer Experience

ACA members seek to provide a positive, supportive collection experience for consumers, and AI-driven tools can help ACA members and other financial services providers better understand their consumers' preferences and adapt their communications approaches accordingly. For example, using AI-based technologies, ACA members and other financial service providers can better identify when and how customers prefer to receive outreach (e.g., via phone, letters, or email).

ACA members may also use AI to analyze information such as written complaints, dispute documentation, or call recordings to identify methods to appropriately address customer feedback in conjunction with a human-based review and response process.

Additional Opportunities to use AI to Support Consumers

ACA supports the use of AI tools that result in fair and inclusive outcomes for all consumers. AI-driven technologies allow ACA members to pause or adjust outreach in geographic areas when disasters or other disruptive events arise, formulate flexible repayment plans that are adjusted to consumers' needs, and identify individuals where continued contact is unlikely to result in repayment and could increase the burden on a consumer.

AI tools help ACA members target outreach to avoid regions suffering an emergency. During the COVID-19 crisis, many Americans encountered significant hardships, including not only health risks and impact but also employment and income loss. During this period, some ACA members began using AI-based technologies to identify geographic regions that were

hardest hit by the pandemic and pause collection-related communications to individuals in those areas. With infection rates spiking in different places each day, AI-driven tools were critical to help our members react quickly and exercise compassion where it was needed most. Many of our members plan to integrate this strategy for crisis situations into their operations going forward, including for example to identify customers in the zone of a natural disaster or other catastrophe. These expedited determinations would not be possible without reliable AI-based tools.

ACA members also recognize that not every individual may currently be in a financial position that allows them to contribute to a debt repayment plan in the same way. ACA members work with consumers to set up flexible payment plans, provide access to emergency hardship programs, and offer choices that best fit a consumer's unique financial situation. Some ACA members may use AI-based tools to assess an individual's ability to contribute to loan repayments. That information helps assess what the right repayment plan might look like for an individual.

AI also helps ACA members identify those who may not currently be in a position to engage with debt repayment at all and focus their efforts on other customers who may be more able to pay. This helps members avoid repeated contact with individuals who may find themselves unable to contribute repayments.

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It is our mission to find solutions that serve consumers and help keep small businesses afloat. ACA members are committed to using all available tools, especially cost-effective and time-efficient AI-driven technologies, to help consumers and creditors in this endeavor. ACA

International appreciates the Agencies' efforts to gather information on the challenges and benefits of using AI effectively in the financial sector and encourages the Agencies to continue to support innovative AI efforts in the financial sector.

Respectfully submitted,

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