

September 26, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

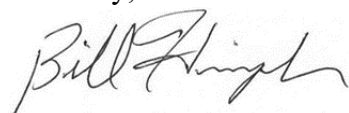
The American Financial Services Association (AFSA)¹ thanks the House Financial Services Committee for holding today's hearing entitled "Examining Legislation to Protect Consumers and Small Business Owners from Abusive Debt Collection Practices." We take this opportunity to ask Congress to recognize, as it did when it passed the Fair Debt Collection Practices Act (FDCPA), that there are important distinctions between third-party debt collectors and creditors working with their own customers. The two have completely different business models with very different incentives. These differences are outlined in the [comment letter](#) AFSA filed with the Consumer Financial Protection Bureau.

As the Government Accountability Office found in its October 2009 report, *Fair Debt Collection Practices Act Could Better Reflect the Evolving Debt Collection Marketplace and Use of Technology*, "Because first-party collectors use the issuers' name and are collecting from current customers, there is an emphasis on preserving the relationship with the consumer and mitigating the negative perception that consumers can have about their accounts being forwarded to collection."

Most AFSA members originate their own accounts or acquire accounts shortly after origination. They service these accounts, accept agreed-upon payments, and provide customer service throughout the life of the loan. Once a customer relationship is formed, creditors are motivated to maintain that relationship rather than lose it to an eager competitor. Creditors can often provide workable alternative solutions to defaulting consumers and are motivated to use those solutions to preserve the relationship with the consumer. These solutions may not be present for debt collectors, who are collecting debt in the later stages of collections.

Congress must ensure that the debt collection market works for consumers, debt collectors, and creditors. Failing to do so would lead to a number of adverse consequences for consumers. We appreciate the committee's time and attention in this matter.

Sincerely,



Bill Himpler
President & CEO
American Financial Services Association

¹ Founded in 1916, the American Financial Services Association (AFSA) is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.