September 22, 2025

Comment Intake
Legal Division Docket Manager
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Defining Larger Participants of the Consumer Debt Collection Market; RIN 3170–AB51; Docket No. CFPB–2025–0030; 12 CFR Part 1090 (August 8, 2025)

Dear Ladies and Gentlemen:

Better Markets[1] appreciates the opportunity to comment on the advance notice of proposed rulemaking ("ANPR"), which solicits feedback on whether the Consumer Financial Protection Bureau ("CFPB" or "Bureau") should substantially reduce the number of nonbank companies the CFPB supervises in the consumer debt collection market.

We oppose changing the threshold definition for larger participants. It would do nothing to advance the interests of consumers and, in fact, would offer only illusory benefits to market participants. We describe in the following the reasons for opposing these changes, followed by a market-specific discussion of the infirmities of the CFPB's approach to raising the larger participant threshold.

Supervision Is An Important Tool

Supervision by the Bureau is an important tool that allows regulators and market participants to detect problems before they escalate into larger consumer protection issues. While the ANPR asks a series of questions about firms' cost outlays due to supervision, it fails to consider the potential cost *savings* due to supervision. If noncompliance with relevant consumer financial protection laws is caught early through the supervisory process, it can save firms time and costs associated with state supervisory and law enforcement inquiries, consumer complaints, and private litigation. Additionally, Bureau supervision has the benefit of statutorily protected confidentiality. Enforcement actions and private litigation are carried out in the public sphere; such actions can have a negative effect on firm reputations and value, whereas Bureau supervision is private.

[1] Better Markets is a non-profit, non-partisan, and independent organization founded in the wake of the 2008 financial crisis to promote the public interest in the financial markets, support the financial reform of Wall Street, and make our financial system work for all Americans again. Better Markets works with allies—including many in finance—to promote pro-market, pro-business, and pro-growth policies that help build a stronger, safer financial system that protects and promotes Americans' jobs, savings, retirements, and more.

Supervision also has positive competitive effects. By ensuring that a wide range of market participants are following the rules, it guarantees that no single firm has an advantage due to corner-cutting in legal compliance.

Finally, even if the CFPB designates a nonbank firm as a larger participant, it does not follow that the Bureau will necessarily examine that firm at all or on any particular cadence. The CFPB still has discretion about how to deploy supervisory resources using other risk-based metrics of its choice. The notion that raising the thresholds above which nonbank firms are deemed larger participants will spare the Bureau a costly diversion of limited resources is a faulty one. The CFPB can still select which of the larger participants it chooses to supervise, and in fact, maintaining the current thresholds may save Bureau resources. For one, the Bureau is currently devoting precious staff time to proposing to raise the larger participant thresholds through this ANPR. That itself is a drag on resources. Second, any time "saved" by not supervising nonbank larger participants may be spent by other Bureau staff in taking and processing consumer complaints or initiating investigations or enforcement actions that could have been spared if routine compliance were established.

Consumer Debt Collection Market

The Bureau's 2012 rule established a threshold of $10 million in annual receipts above which consumer debt collectors would be deemed "larger participants" in the market and therefore be potentially subject to CFPB supervision.[2] This ANPR proposes to raise the annual receipts threshold to a menu of potential other options, including to $25 million, $50 million, or $100 million. We oppose all the options described to change the larger participant origination threshold trigger.

Harm to Consumers

The changes proposed by the Bureau would almost certainly cause harm to consumers. Shedding a larger participant designation would give comfort to a consumer debt collector that it will undoubtedly escape CFPB supervision. Conversely, while designation as a larger participant does not guarantee supervision, it at least reminds market participants of the possibility of CFPB oversight and makes it easier for the Bureau to identify and rectify noncompliance with relevant laws.

The consumer debt collection market is not an area that warrants retrenchment from Bureau oversight. As the ANPR itself acknowledges, "debt collection directly affects a large number of consumers. Nearly one in five people with a credit report, approximately 20 percent, have had at least one debt in collections identified on their credit report as of the first quarter of 2023." And for those that are contacted by a debt collector, prior Bureau research found frequent incidences of threatening contact, failure to honor requests to cease contact, high rates of incorrect contact, and

2 Bureau of Consumer Financial Protection, Defining Larger Participants in the Consumer Debt Collection Market, 77 Fed. Reg. 65775 (October 31, 2012) (final rule), https://www.govinfo.gov/content/pkg/FR-2012-10-31/pdf/2012-26467.pdf.

contact during times that the debt collector knows is inconvenient.[3] Better Markets' analysis of the CFPB's Consumer Complaint Database found more than 870,000 complaints from Americans related to consumer debt collection.[4]

Consumer debt collection is highly correlated with overall trends in the credit cycle, and observers have reason to be worried about the U.S. heading into a period of increasing consumer vulnerability. Consumer sentiment in September 2025 was down by over 21 percent compared to a year earlier, with Americans worried about their jobs and inflation.[5] Credit card and student loan delinquencies are growing, suggesting that a period of more widespread and more aggressive consumer debt collection may be on the horizon.[6] Other reports corroborate this by evidencing that consumer complaints related to debt collection are surging, with both the economic environment driving the increase and also the increasing prevalence of scams.[7] The growth of artificial intelligence in particular exposes consumers to personalized messages using voice cloning and deepfakes, algorithmic targeting, data privacy concerns and new and invasive ways to track customer patterns and movements.[8] The explosion of this technology suggests that more oversight of this market is needed rather than less.

Bureau Proposals Are Missing Reliable Data

The data provided by the Bureau in the ANPR is missing other key metrics. The original 2012 final rule by the Bureau indicated that the $10 million annual receipts threshold covered 4 percent, or 175 consumer debt collectors out of a total of 4,500.[9] This represented 63 percent of annual receipts in the debt collection market at that time.[10] This updated ANPR offers a new estimate of total firms in the industry, approximating between 2,500 and 3,000 firms. The various proposed thresholds offer the possibility of larger participant status for:

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3 *Consumer Experiences with Debt Collectors,* Consumer Financial Protection Bureau (January 2017), https://files.consumerfinance.gov/f/documents/201701_cfpb_Debt-Collection-Survey-Report.pdf.

4 Better Markets analyzed downloaded consumer complaint database information, available for download at: https://www.consumerfinance.gov/data-research/consumer-complaints/.

5 Ockerman, Emma, *Consumer Sentiment Drops in September as Americans Anticipate Job Market Risks.,* YAHOO FINANCE (September 12, 2025), https://finance.yahoo.com/news/consumer-sentiment-drops-in-september-as-americans-anticipate-job-market-risks-152626218.html.

6 Rowe, Niamh, *Student Loan and Credit Card Delinquencies Are Rising – Here's Why and What It Means*, QUARTZ (July 1, 2025), https://qz.com/household-credit-card-student-loan-debt-delinquency.

7 Hall, Liliana, *Debt Collection Calls Are Skyrocketing in These States and Cities,* MONEY (June 13, 2025), https://money.com/debt-collector-call-complaints-surge/.

8 Kellner, Britta, *Artificial Intelligence and the New Age of Telephone Scams,* UNIVERSITY OF FLORIDA INSTITUTE OF FOOD AND AGRICULTURAL STUDIES BLOG (September 17, 2025), https://blogs.ifas.ufl.edu/brevardco/2025/09/17/artificial-intelligence-and-the-new-age-of-telephone-scams/.

9 Bureau of Consumer Financial Protection , *Supra* note 2.

10 Bureau of Consumer Financial Protection , *Supra* note 2.

- Those with annual receipts above a $25 million threshold, covering 100 to 125 firms or 55 to 70 percent of all revenues;
- Those with annual receipts above a $50 million threshold, covering 60 to 90 firms or 41 to 58 percent of all revenues; or
- Those with annual receipts above a $100 million threshold, covering 11 to 64 firms or 18 to 51 percent of all revenues.

The wide range of estimates for affected firms and especially for covered revenues underscores the lack of consistent public data in this market segment. With the most permissive definition of larger participant (i.e., changing the threshold to $100 million if we assume an estimate of 3,000 total debt collectors in the market), only 0.37 percent of all collectors would be covered and only 18 percent of all sector revenues. Adopting a threshold of $100 million and covering only 18 percent of sector revenues would result in less than a third of current debt collection activities falling within Bureau supervision compared to the current policy.

Debt collection agencies may also specialize in particular types of debt collection (i.e., credit card debt, student loan debt) or may specialize in debt collection in particular regions of the country. While the ANPR considers how the differing proposed thresholds would affect the percentage of nationwide debt collection annual receipts covered, it fails to consider how certain debt collectors may have a comparatively small national presence but an outsized presence in certain markets or among certain demographics (i.e., older Americans, rural consumers, servicemembers, etc.).

Cost of Larger Participant Designation is Minimal

The Bureau's 2012 final rule indicated that the cost of being designated a larger participant in the consumer debt collection market would be less than $12,000 for firms at or near the $10 million annual receipts threshold – and only incurred in years where they are examined.[11] These costs would represent 0.12 percent of annual receipts. By contrast, at the very largest consumer debt collectors in the market, the costs of supervision were estimated to be $68,000, or about 0.07 percent of annual receipts for an entity with $100 million in receipts. In either case, neither figure represents the costs of a larger participant designation; instead, it only reflects the costs of actual supervision. If the Bureau used risk-based metrics (i.e., consumer complaint data, referrals from law enforcement agencies or state regulators, etc.) to only examine higher-risk firms, these costs could be minimized even further.

Special Populations – Servicemember, Veteran and Rural Consumers

The ANPR asks commenters about the potential impact of a change to the larger participant definition in the consumer debt collection market for certain special populations of consumers, including servicemembers, veterans, and individuals living in rural areas.

[11] Bureau of Consumer Financial Protection , *Supra* note 2.

Past data collected by the Bureau demonstrates that servicemembers and veterans are more likely to file complaints about debt collectors than civilians.[12] The same study found that two out of every five complaints filed by servicemembers with the CFPB are about debt collection.[13] Further, confusion about the application of Veterans Administration medical benefits can increase the rate of surprise medical debt for servicemember and veteran populations, resulting in incorrect debt collection attempts.[14]

Given that servicemembers and veterans are more likely to have frequent and complex interactions with consumer debt collectors, and the consequences of having debt are greater for these populations, compliance with relevant consumer financial laws is also of heightened importance. As a CFPB report from earlier this year documents, "debt may affect whether servicemembers receive and maintain a national security clearance."[15] The report adds that "in addition to possible loss of their security clearance, servicemembers who fail to pay their debts also face other unique consequences such as military disciplinary action, delayed career progression, and termination from employment."[16] Research also found that a significant number of servicemember complaints about debt collection involved collectors who contacted or threatened to contact a servicemember's commanding officer — which could jeopardize the servicemember's security clearance.[17] In other words, being hounded by consumer debt collectors out of compliance with relevant law affects the welfare of individual servicemembers and may also impact our nation's overall military readiness.

As for rural consumers, recent Bureau research found that in rural Appalachia, the annual median household income is just 70 percent of the national median.[18] In turn, rural Appalachians' significantly lower household income may lead to more acute debt burdens.[19] The Bureau research goes on to cite higher debt burdens for auto loans and student loans, as two examples.[20] Though the report singles out medical debt collections rather than general consumer debt collections, the

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12 Consumer Financial Protection Bureau, *50 State Snapshot of Servicemember Complaints*(October 2017), https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_monthly-complaint-report_50-state-snapshot-servicemembers_102017.pdf.

13 *Id.*

14 Consumer Financial Protection Bureau, *Servicemembers 2015: A Year in Review* (March 2016), https://files.consumerfinance.gov/f/201603_cfpb_snapshot-of-complaints-received-from-servicemembers-veterans-and-their-families.pdf.

15 Consumer Financial Protection Bureau. "Auto Lending to Servicemembers." January 2025, available at: https://files.consumerfinance.gov/f/documents/cfpb_servicemember-auto-finance-report_2025-01.pdf.

16 *Id*.

17 *Id*.

18 Liu, Matthew, Cooper Luce, Michael Orevba, Shawn Sebastian and Cortnie Shupe, *Consumer Finances in Rural Appalachia*, Consumer Financial Protection Bureau (September 2022), https://files.consumerfinance.gov/f/documents/cfpb_consumer-finances-in-rural-appalachia_report_2022-09.pdf.

19 *Id*.

20 *Id*.

Bureau does find substantially higher rates for rural Appalachians and suggests that these higher medical debt rates may lead to higher rates of delinquency on other types of consumer loans.[21]

Lack of Stakeholder Engagement

The Bureau noted in the 2012 final rule that in developing that final rule it "held a series of roundtable discussions with industry, consumer and civil rights groups, and State regulatory agencies and associations."[22] The CFPB further stated that 70 stakeholders participated in the roundtable and another 40 regulators and regulatory associations participated in a separate conference call. Additionally, the Bureau routinely held similar roundtables and discussions with stakeholders during the tenure of Director Kraninger.[23] In contrast, the Bureau today has gone silent. It appears the agency has abandoned its role as a convenor and facilitator for stakeholders with various points of view to share their perspectives on financial regulation. That is a missed opportunity, and we hope that before moving forward with this or other proposals the Bureau reverts to its previous approach.

Conclusion

Debt collection is ubiquitous in America. One needs only to open a newspaper or talk to a friend to hear stories about incorrect, harassing, or even threatening collection attempts. Creditors deserve to collect on rightfully incurred debt, but with a potential downturn in the economy and a surge in artificial intelligence-enabled scams, now is not the time for the Bureau to retreat from ensuring compliance with the law. The risks to Americans, and especially vulnerable populations like servicemembers, veterans, and rural consumers, are just too great.

Sincerely,

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21 *Id.*

22 Bureau of Consumer Financial Protection , *Supra* note 2.

23 *See, e.g.*, Ballard Spahr CFS Group, *CFPB Holds Roundtable to Solicit Feedback on Serving LEP Consumers* (July 31, 2020), https://www.consumerfinancemonitor.com/2020/07/31/cfpb-holds-roundtable-to-solicit-feedback-on-serving-lep-consumers/; Consumer Financial Protection Bureau*, Director Kathy Kraninger Philadelphia Community Roundtable University of Pennsylvania, Houston Hall* (May 8, 2019); and ABA Banking Journal, *ABA, Trades Discuss Key Issues With CFPB's Kraninger* (January 25, 2019), https://bankingjournal.aba.com/2019/01/aba-discusses-key-issues-with-cfpb/.

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