A Credit Economy:
The Responsibility of Debt and Collection

Consumer spending makes up over 70 percent of the U.S. economy's gross domestic product[1] and to a large degree is driven by the availability of credit. The outstanding consumer credit associated with revolving debt, primarily credit cards, averaged $787 billion[2] for the first three quarters of 2011. The average charge-off rate was 5.97%[3], for an approximate annualized charge-off total of $47 billion,[4] representing the amount of consumer credit obligations considered a loss due to non-payment.

Consumers have a responsibility to repay their credit debt, and this responsibility impacts both creditors and other consumers. Businesses that extend credit do so on the belief they will be repaid. When enough credit customers fail to repay their debts, it is fiscally sensible that businesses become "less willing to lend money to consumers, or may increase the cost of borrowing money."[5] This affects all consumers, including the vast majority that timely pay their bills, and restricts consumers' "ability to purchase goods and services for which they are unable or unwilling to pay the entire cost at the time of purchase."[6]

Collection attorneys have a responsibility to advocate on behalf of their clients by seeking satisfaction of legal obligations. This basic tenet exists in concurrence with the requirements that attorneys, as officers of the court, adhere to federal and state laws, rules of professional conduct, and rules of civil procedure. Attorneys view this additional regulation and oversight not as a hindrance but, rather, as a framework of accountability that guarantees the right of litigants to submit their controversies before the courts for orderly and equitable disposition and determination.

Accountability provided by the courts, debt collectors and attorneys return billions of dollars into the economy, providing businesses the confidence and financial ability needed to extend credit at reasonable rates, ultimately enhancing the purchasing power of consumers.

> *Debt collection plays a vitally important role in the consumer credit system. Debt collection benefits individual creditors, of course, who are repaid money they are owed. More importantly, however, by providing compensation to creditors when consumers do not repay their debts, the debt collection system helps keep credit prices low and helps ensure that consumer credit remains widely available.---* FTC[7]

[SCBA NAME] respects the roles consumers, businesses, debt collectors, courts and attorneys play in maintaining a strong economy. [SCBA NAME] is committed to the fair and ethical treatment of all participants in the collection process.

[1] Bureau of Economic Analysis, U.S. Dept. of Commerce, *Gross Domestic Product, 3rd Quarter 2011*, Dec. 22, 2011.
[2] Federal Reserve System, *Consumer Credit, G.19 Statistical Release*, Dec. 7, 2011.
[3] Federal Reserve System, *Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks*, Nov. 22, 2011.
[4] Average revolving consumer credit outstanding multiplied by the average charge-off rate.
[5] Federal Trade Commission Report, *Repairing a Broken System*, p. i, July 2010.
[6] Id.
[7] id.