

Debt-Sales Markets Soar

The U.S. debt market saw \$110 billion, face value, of consumer debt bought and sold in 2005, according to a new report from consulting firm Kaulkin Ginsberg.

Kaulkin's new *Global Debt Buying Report* also looked at debt selling around the world and found growth in a wide range of countries. "The extent of the market development in countries around the world was my main surprise," says Paul Legrady, director of Kaulkin's research group. "In general, businesses (internationally) are looking at receivables as not necessarily something to be ashamed of but something to deal with in a professional and productive manner."

Spain with \$2.3 billion in debt sales last year and Poland with sales of \$1.7 billion are two countries that have shown dramatic growth in the past three to five years, Legrady notes.

Germany had the largest debt sales market among European countries with \$29 billion, face value sold, the study found. Other European countries with healthy markets include the U.K., \$7.9 billion; Belgium, Luxemburg and the Netherlands (grouped together in the study), \$2.4 billion; Italy, \$1.2 billion; and France, \$240 million.

The \$110 billion U.S. figure includes \$100 billion face value of delinquent credit card debt, \$3 billion in consumer bankruptcy receivables, \$5 billion in telecom debt and \$2 billion in auto loan paper. Healthcare debt is not included in the total reported. Sales include both primary and resales of portfolios occurring last year. Kaulkin interviewed roughly 50 major debt buyers around the world.

Kaulkin's study includes a section looking at the bankruptcy picture in the United States and the impact of the change in federal bankruptcy law last year which "made it more challenging for debt buyers and creditors as well to collect on certain accounts," Legrady says.

Kaulkin is selling the new report for \$1,995, but there is a 50% industry discount for qualified buyers. More information is available at Kaulkin's Web site:

www.kaulkin.com. Legrady will discuss the report in more detail in the May issue of *Collections & Credit Risk* and on the magazine's Web site. ■

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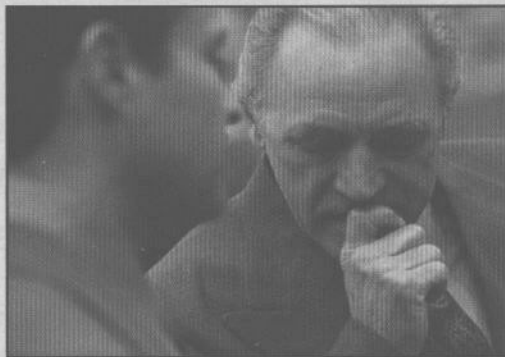
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