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Survey: Collection agencies squeezed by recession

Collection agencies are getting more business but aren't collecting as much, according to a new survey released by Kaulkin Ginsberg of Rockville, an adviser to the accounts receivable management industry.

Two-thirds of agencies reported moderate or significant increases in account placements from their clients, according to the survey. Respondents also said that second-quarter collection performance fell from the first quarter.

"With consumers strapped for cash, collection agencies are accepting payment plans rather than getting a payment in full," said Patrick Lunsford, senior editor at insideARM.com. "This impacts the bottom line of many agencies."

Also, layoffs are continuing in the industry, according to Kaulkin Ginsberg, with 32.2 percent of respondents reporting second-quarter layoffs, the highest percentage since the survey began in mid-2008. Also, 41.4 percent of debt buyer participants reported layoffs in the quarter.