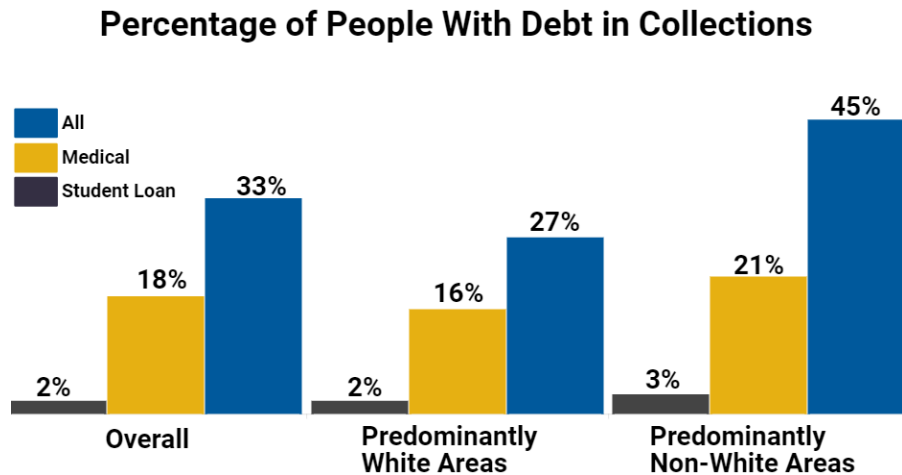


Racial Disparities in Consumer Debt Collection

A strong rule from the Consumer Financial Protection Bureau (CFPB) is needed to stop abusive debt collection tactics that harm consumers, especially people of color, who are disproportionately subject to debt collection.

Residents of predominantly non-White communities are more likely to have debt in collections. The Urban Institute [found](#) that 45% of borrowers in predominantly non-White areas had a debt in collections, compared to just 27% of borrowers in predominantly White areas. (See chart)



Borrowers in majority Black areas are less likely to have debts discharged in bankruptcy. A [study of national bankruptcy data](#) found that, controlling for income and other factors, debtors living in majority Black areas **were twice as likely** to have their bankruptcy case dismissed as debtors living in majority White areas.



Borrowers of color are more likely to be contacted by debt collectors. The [CFPB's survey](#) of consumer experiences with debt collection found that 44% of non-White respondents reported being contacted about a debt compared to 29% of White respondents. The same survey found that 39% of Hispanic respondents reported being contacted about a debt compared to 31% of non-Hispanic respondents.

Collection lawsuits, judgments, and wage garnishments are more common in communities of color. In Chicago, Newark, and St. Louis, [ProPublica](#) found that the risk of judgment was twice as high in majority Black census tracts as it was in majority White census tracts. Data from St. Louis also showed that residents of majority Black census tracts were more likely to have their wages garnished



The CFPB should protect all borrowers from abusive debt collection practices by: stopping telephone harassment, banning collection of time-barred “zombie” debt, and protecting consumer privacy.