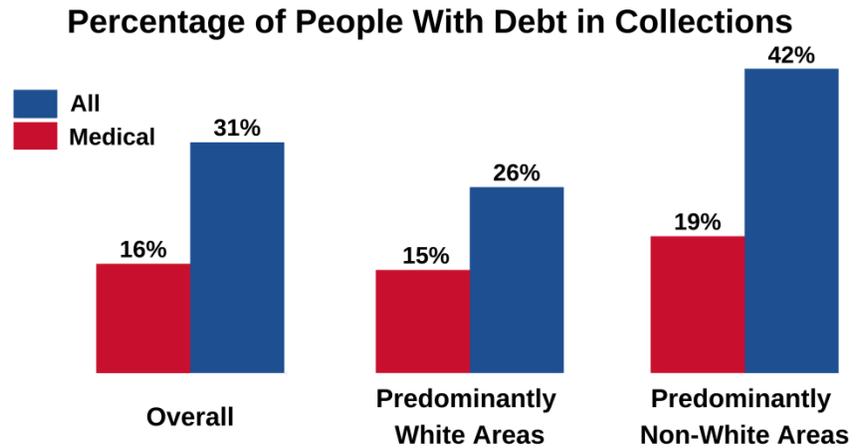


# Racial Disparities in Consumer Debt Collection

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

## Residents of predominantly Black and Latinx communities are more likely to have debt in collections.

The Urban Institute [found](#) that 42% of borrowers in predominantly non-White areas had a debt in collections, compared to just 26% 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.** A FINRA Investor Education Foundation [survey](#) found that **borrowers of color were called nearly twice as often** than White borrowers despite similar rates of default and late payments. **Debt collectors estimate contacting consumers more than a billion times a year.**

**Collection lawsuits, judgments, and wage garnishments are more common in communities of color.** A [ProPublica analysis](#) of collection actions in three major cities found **the risk of judgment is twice as high in majority Black census tracts.** Borrowers in majority Black census tracts in one city were also **20% more likely** to have their wages garnished after a judgement.



**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.**