



Tougher Standards Will Improve Perception of ARM Industry

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In a keynote address at a recent ACA International meeting, the head of one of the largest ARM companies in the country laid out a strategy to move the collection and call center industry into greater compliance with existing laws and improve the industry's public perception.

Vikas Kapoor, CEO of iQor, Inc., proffered a five-point plan for collection agencies, calling for the industry to adopt new contracting standards, strict documentation rules, limits on use of dialers, constraints on use of messaging technology, and an industry initiative to identify and discipline individuals with a history of non-compliant behavior towards consumers.

Kapoor told insideARM.com today that the speech was prompted as he watched collectors take a lot of heat in local and national media. "We can continue to see ourselves on TV and in newspapers in a negative light, or we can do something about it," Kapoor said.

Kapoor said that with rising delinquencies across most credit types, he sees a potential boom-time coming for the ARM industry, and non-compliance and public perception could be a spoiler for the boom. But he doesn't place all the blame at the feet of collection agencies.

"We could solve a lot of issues by getting buy-in upstream," said Kapoor, referring to creditor clients. "I think we've been a bit of a whipping boy for the creditors."

Kapoor specifically called for standardization in collection contracts with creditors to alleviate some of the pressure agencies feel from their clients, a pressure that he believes can lead to non-compliance. Also, debt purchasers should not be willing to buy accounts that don't have proper and full documentation, a situation that leads to a lot of consumer complaints and lawsuits.

The speech drew a positive response for the ACA, which laid out this summer its plan for compliance and ethics across the industry (["ACA Adopts New Code of Ethics for Collection Industry,"](#) July 26). "[The speech] reflects the ACA position over the past few years," Rozanne Anderson, ACA's executive vice president and general counsel, told insideARM.com.

As for his suggestion that the industry construct a mechanism to punish individual collectors who are repeatedly non-compliant, Kapoor concedes that he does not have a strong idea on how to proceed. "This is merely addressing a problem I see," he said. "If a collector is fired for non-compliance, he can turn around and get another collection job the next day. There should be penalties for repeat offenders."

Anderson noted that this suggestion would be the hardest to pursue. But she did allow that collection agencies should take a serious look at staffing and ask themselves "have we done an adequate background check?" on an individual collector candidate.

Kapoor said that putting any standards in place would be a good start, and that the main purpose of his speech was to get the industry talking. "We can look at the cost to implement some of these things and do things to make it easier for smaller agencies," he said. "We just need to start talking about it."