

ENCORE CAPITAL GROUP

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# 2021 ECONOMIC FREEDOM STUDY



# Welcome to the Encore Economic Freedom Study

In our first Encore Economic Freedom Study we asked 2,600 people in our two largest markets, the United States and United Kingdom, how they feel about their finances, what causes them the most financial stress and, most importantly, the best ways to address their challenges. We wanted to report on these findings not only to show how they inform our work with consumers but also to provide insights for anyone committed to helping others achieve financial well-being.



Earlier this year we announced our refreshed Mission, Vision and Values. Our mission is to help consumers create pathways to economic freedom, but it's important to understand that Encore's mission extends beyond our doors and the consumers we work with and into our communities. We believe everyone deserves opportunities to achieve financial freedom, and we want to understand how we get there.

While the formal adoption of the mission is new, its spirit has long guided our company. It's why we exist, and it's what inspires our colleagues at Encore to make an impact every day. I'm proud to say we've helped millions of people resolve their financial obligations, giving them the freedom to focus on what's important to them, whether that's making a big purchase like buying a home or car or saving more for their future.

It's clear from the survey results that the pandemic has been a challenging time for many, and there's plenty of uncertainty about what lies ahead. But there's hope, too. I was most inspired to see how people responded when we asked what economic freedom means to them. Across the board, people said economic freedom means less worry and stress, more peace and joy. Economic freedom is not only a worthy goal, it's Encore's mission, and we're more committed than ever to helping people achieve it.

Best regards,

**Ashish Masih**

**President and CEO**

Encore Capital Group

# Methodology

An online survey was commissioned by Encore Capital Group and fielded by Morning Consult from August 26 - 29, 2021, among 1,000 adults each in the U.S. and U.K., with an oversample of 300 low-income respondents in each location. Low-income was defined as those with a household income of less than \$50,000 USD in the U.S. and less than £20,000 GBP in the U.K. The sample is weighted to the demographics of the general population and low-income respondents in each location. The margin of error for this study is approximately 3%.

## ABOUT ENCORE CAPITAL GROUP

Encore Capital Group is an international specialty finance company that provides debt recovery solutions and other related services across a broad range of financial assets. Through our subsidiaries around the globe, Encore purchases or services portfolios of receivables from major banks, credit unions and utility providers.

Through Midland Credit Management and its domestic affiliates (MCM), we're a market leader in portfolio purchasing and recovery in the United States. Through Cabot Credit Management and its subsidiaries and European affiliates (Cabot), we're one of the largest credit management services providers in Europe and a market leader in the United Kingdom and Ireland.



## A NOTE ON DEBT STRESSORS

Respondents who reported having past-due debt were asked what type of debt causes them the greatest stress. In the U.S., Encore, through MCM, works with consumers who have credit card debt, and in the U.K., through Cabot, we work with consumers who have credit card and phone/utility debt. People who find those types of debts most stressful are highlighted throughout the report, as they provide the most insights into the consumers Encore works with every day.

# Executive Summary

Encore's Economic Freedom Study seeks to understand how consumers in the U.S. and U.K. feel about their finances, what causes them the most financial stress and the best ways to address their challenges. It also explores the impacts the COVID-19 pandemic has had on their financial outlooks, and ultimately what economic freedom means to people.

## ATTITUDES ON PERSONAL FINANCES AND THE ECONOMY

- The majority of respondents in the U.S. (57%) and U.K. (55%) still feel positive about their personal financial future, although they've grown more pessimistic since the beginning of the pandemic. People in both locations are less certain about the future of the broader economy, with 43% of U.S. adults and 37% of U.K. adults feeling positive. Overall economic sentiment has dropped significantly from pre-pandemic levels in both locations.
- U.S. adults (44%) report having more past-due debt than U.K. adults (29%), and while the number of people in the U.S. reporting a past-due debt rose slightly during the pandemic, that number stayed roughly the same in the U.K.
- In both the U.S. (33%) and the U.K. (50%), most people rank credit card debt as their biggest source of stress. However, for low-income U.S. adults, medical debt is ranked as the most stressful (32%).

## SOLUTIONS FOR ACHIEVING ECONOMIC FREEDOM

- Overall, adults in the U.S. (64%) and U.K. (64%) believe that having an emergency fund is their top financial goal, but for respondents in both locations who said credit card and phone/utility debt was their top stressor, paying down or eliminating debt was a clear priority.
- More adults in the U.S. (61%) than U.K. (52%) are confident in their ability to pay down debt in the coming year, but they're aligned on how to tackle their debt – pay it down in small increments over time.
- For both locations, the two biggest ways to help people reduce or eliminate their debt would be the ability to pause repayment if they had a hardship and being given more time to pay off the debt.

## WHAT IT MEANS TO ACHIEVE ECONOMIC FREEDOM

- For the survey respondents, having economic freedom means less worry and stress.
- The majority say developing a financial plan would be most valuable in helping them achieve economic freedom, but for people ranking credit card and phone/utility bills as their main stress, improving their credit score takes the top spot.
- Encore is committed not only to helping create pathways to economic freedom for the consumers we work with but also for our employees and people in our communities.



# Attitudes on Personal Finances and the Economy

## SECTION SUMMARY

- The majority of respondents in the U.S. and U.K. feel positive about their personal financial future, although they've grown more pessimistic over the course of the pandemic. U.S. adults are roughly evenly divided about the future of the economy, while only about one-third of people in the U.K. feel positive. Overall economic sentiment has dropped significantly from pre-pandemic levels in both locations.
- When specifically asked about their current financial situation vs. August 2020, a large majority of adults in the U.S. and U.K. feel better off or about the same, with more U.S. adults feeling better off.
- In both locations, people are generally more positive about their personal financial futures than the future of the broader economy.
- U.S. adults report having more past-due debt than people in the U.K., and while the number of people in the U.S. reporting a past-due debt rose slightly during the pandemic, that number stayed roughly the same in the U.K.
- In both the U.S. and the U.K., people report credit card debt as their biggest source of stress. However, for low-income U.S. adults, medical debt is the most stressful.



## PERSONAL FINANCES – PRESENT AND FUTURE

COVID-19 has had a significant negative impact on how people in the U.S. and U.K. feel about the future for both their personal finances and the broader economy. However, they generally have a more positive outlook for their personal finances than the economy as a whole, and their concerns about the future don't necessarily align with how they see their current financial position.

On the bright side, the majority of respondents in the U.S. (57%) and U.K. (55%) feel positive about their personal financial future, although they've grown more pessimistic since the beginning of the pandemic. Sentiment fell 12% in the U.S. and 9% in the U.K. since the start of COVID-19.

A similar pattern can be seen among low-income people. Slightly more than half of low-income U.S. adults are still positive about their personal financial future, but that's down 11% from pre-pandemic levels.

# 35%

**of U.S. adults are negative about their financial future compared to 43% of low-income U.S. adults.**

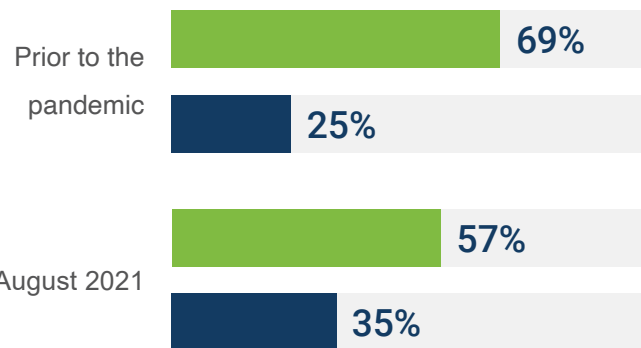
# 43%

**of low-income U.S. adults now have a negative outlook on their personal financial future.**

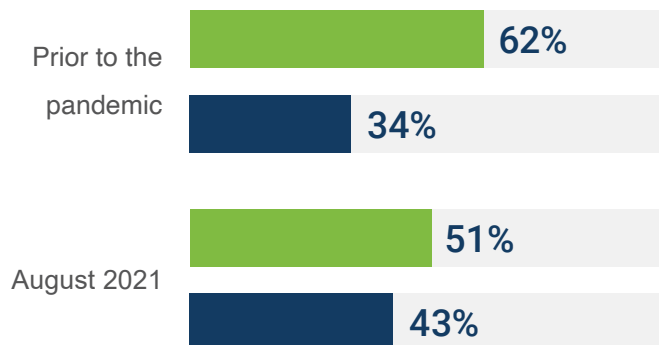
### SENTIMENTS TOWARD THEIR PERSONAL FINANCIAL FUTURES (U.S.)

■ Positive ■ Negative

#### U.S. Adults



#### U.S. Low-Income

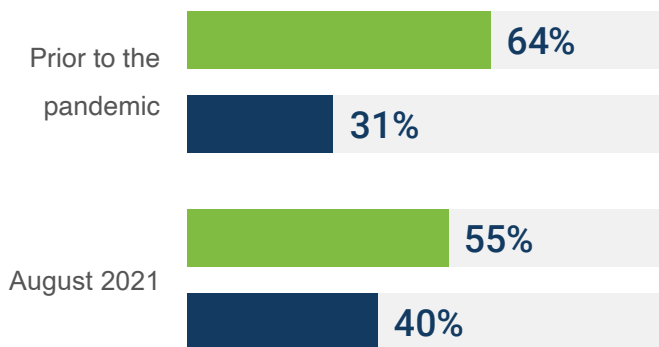


In the U.K., the drop was more pronounced, with a little more than one-third of low-income people feeling positive about their personal financial future, which is a decline of 14% from pre-pandemic levels.

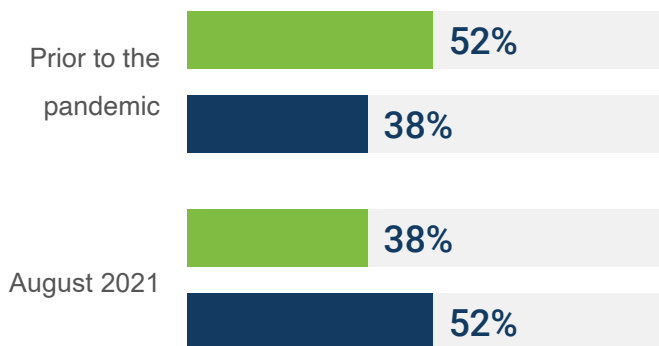
## SENTIMENTS TOWARD THEIR PERSONAL FINANCIAL FUTURES (U.K.)

■ Positive ■ Negative

### U.K. Adults



### U.K. Low-Income



# 40%

of U.K. adults have a negative outlook on their personal financial futures compared to 52% of low-income U.K. adults.

When people were asked how they feel about their current financial situation compared to August 2020, there is some divergence between adults in the U.S. and U.K. About a third of U.S. adults – and half of those who said credit card debt was their top stressor – feel *better off* financially than they did in August 2020. In the U.K., only about 25% of people and 15% of those who are most stressed by credit card and phone/utility debt feel better off financially than they did in August 2020.

People also tend to feel more negatively toward the future than their current financial state might indicate. For example, only about a quarter of U.S. adults said they're financially worse off than in August 2020, but more than a third (35%) are negative about their financial future. This gap is even wider for low-income U.S. adults (29% say they're worse off than August 2020; 43% are negative about the future).

For U.K. adults, the exact same percentage of people say they're financially worse off than in August 2020 as U.S. adults (27%), but they're more negative about their financial futures (40%). Among low-income people in the U.K., the numbers are even higher (35% say they're worse off financially than in August 2020; 52% are negative about their financial future).

## HOW U.S. ADULTS FEEL ABOUT THEIR CURRENT FINANCIAL SITUATION COMPARED TO AUGUST 2020

■ Better off    ■ About the same    ■ Worse off

### U.S. Adults



### U.S. Low-Income



### Credit Card Top Stressor



## HOW U.K. ADULTS FEEL ABOUT THEIR CURRENT FINANCIAL SITUATION COMPARED TO AUGUST 2020

■ Better off    ■ About the same    ■ Worse off

### U.K. Adults



### UK Low-Income



### CC/Utilities Top Stressors





At the same time, just 31% of U.S. adults and 21% of U.K. adults think the broader economy is better off than it was in August 2020. This indicates that people in both locations are more optimistic about their personal financial futures than that of the economy as a whole.



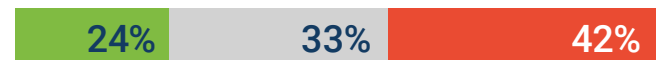
## HOW U.S. ADULTS FEEL ABOUT THE FUTURE OF THE ECONOMY COMPARED TO AUGUST 2020

■ Better off ■ About the same ■ Worse off

### U.S. Adults



### U.S. Low-Income



### Credit Card Top Stressor



## HOW U.K. ADULTS FEEL ABOUT THE ECONOMY COMPARED TO AUGUST 2020

■ Better off ■ About the same ■ Worse off

### U.K. Adults



### U.K. Low-Income



### CC/Utilities Top Stressors



## THE ECONOMY – PRESENT AND FUTURE

People in both locations are less positive about the future of the broader economy than their personal financial futures. U.S. adults are roughly evenly divided, with 43% of people reporting feeling positive about the future of the economy. However, that's a decline of 18% compared to before the pandemic. Only about one-third of low-income U.S. adults are optimistic about the future of the economy, a 15% decline from pre-pandemic sentiment.

Additionally, while there is more consistency across regions regarding how confident people feel about their personal financial situation, feelings toward performance of the American economy vary by region. Only about one-third of Midwesterners feel confident about the future of the economy (34%), as opposed to 43% in the South and around half in the Northeast (50%) and West (49%).

In the U.K., the outlook on the economy's future is somewhat more negative than in the U.S. Around one-third of U.K. residents feel negatively about the future of the economy, which is an 18% decline from pre-pandemic sentiment. The numbers are similar but slightly lower for low-income people in the U.K.

However, when asked about the economy compared to August, 2020, a little over half of U.K. adults (51%) – both the general population and among low-income people – feel the economy is better or about the same as it was. When you look at the number of U.K. adults who say credit card debt is their biggest stressor, that number is just under half (47%).



# 57%

**of U.S. adults feel the economy is  
better or about the same as it was in  
August 2020.**

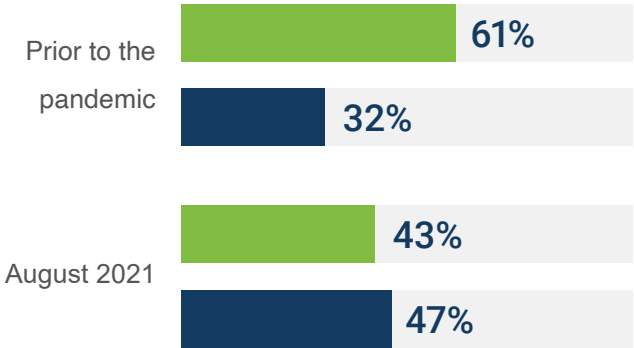
# 51%

**of U.K. adults feel the economy is  
better or about the same as it was in  
August 2020.**

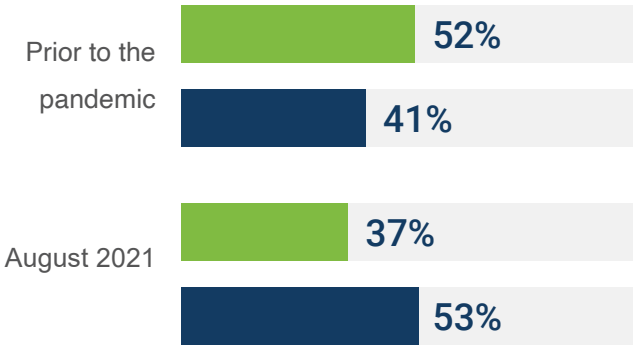
# SENTIMENTS TOWARD THE FUTURE OF THE ECONOMY

■ Positive ■ Negative

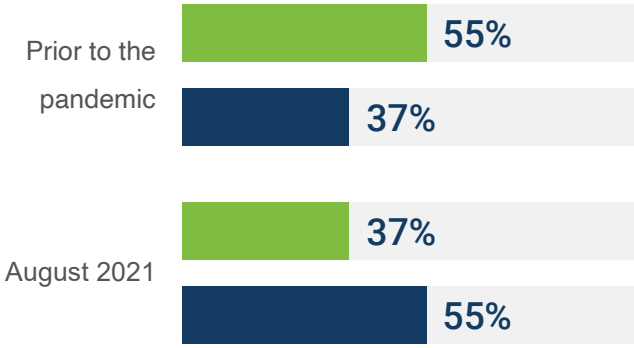
## U.S. Adults



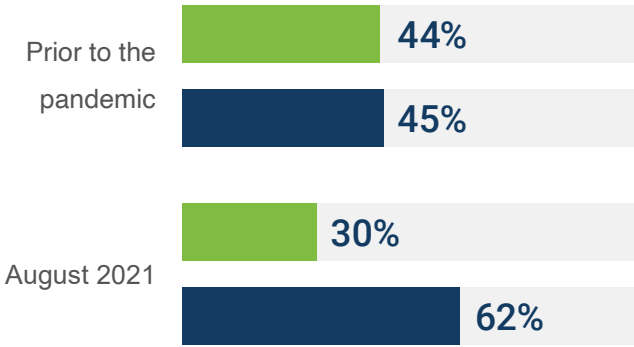
## U.S. Low-Income



## U.K. Adults



## U.K. Low-Income





## DIFFERENCES IN COVID-19 GOVERNMENT RESPONSE IN THE U.S. VS. THE U.K.

The positive economic sentiment for U.S. adults with credit card debt is worth noting. During the pandemic, many people in the U.S. not only kept their jobs but also had dramatically reduced expenses, which increased their savings. For example, [consumer spending fell nearly 14%](#) in April 2020. Also, government stimulus payments were determined by income level, not employment status, meaning many people with jobs received stimulus payments. Enhanced unemployment benefits were offered in addition to the stimulus.

As a result, many U.S. adults decided to pay down their current debts with banks, as well as older debts they hadn't been able to pay off in the past. A survey conducted by Bankrate in April 2020 found that a quarter of U.S. adults planned to [use their stimulus to pay off debt](#). As a result, earlier this year, U.S. credit scores hit [record highs](#).

In the U.K., government support was more focused on people who were out of work. Furlough payments from the government covered 75% of their usual salary. In some cases, employers would top up the government furlough payments by 25%, but in most cases, people on furlough had less money to spend than they normally would.

U.K. adults did [pay off debt in record numbers](#) during lockdown for many of the same reasons U.S. adults did – a plunge in spending increased savings.



Consumer spending fell nearly 14% in April 2020.



A quarter of U.S. adults planned to use their stimulus to pay off debt.



Furlough payments from the government covered 75% of the salary of people out of work.

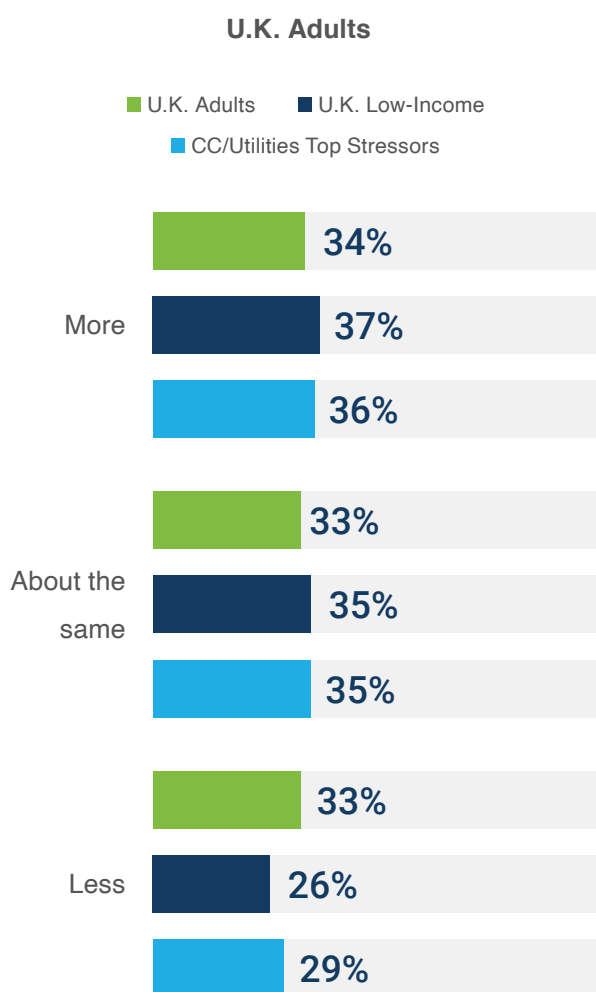
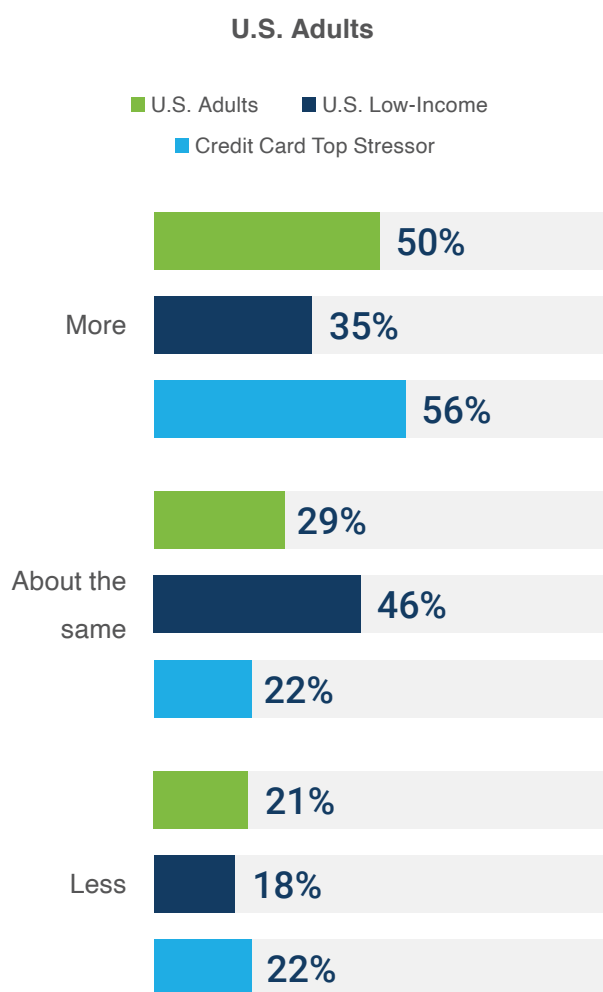
## FINANCIAL STRESS

Overall, U.S. adults reported having more past-due debt than U.K. adults. The survey reveals this rose slightly during the pandemic with 50% of American respondents stating they are now in more debt than before the pandemic began, compared to 34% in the U.K.

# 50%

of U.S. adults with a past-due debt said they had more debt now than before the pandemic began.

### MORE OR LESS PAST-DUE DEBT COMPARED TO PRIOR TO THE PANDEMIC







Numbers reported for past-due debt in the low-income American sample is comparatively lower (33% before COVID-19 to 40% currently) than those in the general population (39% before the pandemic to 44% now).

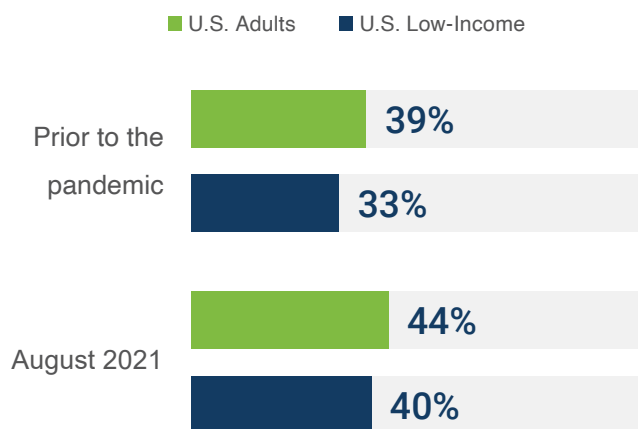
In Great Britain, this remained roughly stable pre-pandemic to today for the general population but rose slightly for low-income people from 25% to 29%.

# 29%

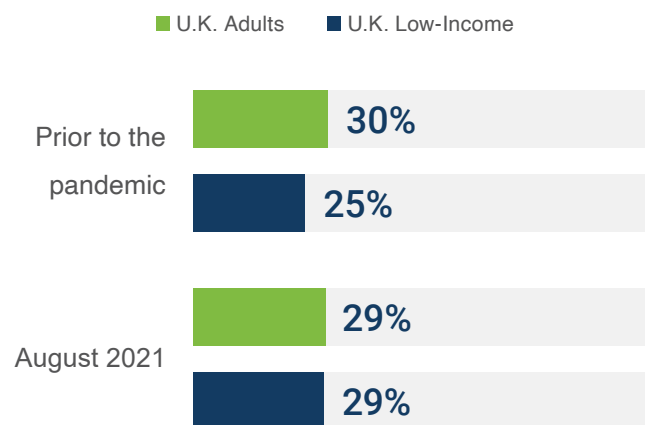
of both U.K. adults and U.K. low-income adults reported past-due debt currently.

## ADULTS WITH PAST-DUE DEBT

### U.S. Adults With Past-Due Debt



### U.K. Adults With Past-Due Debt



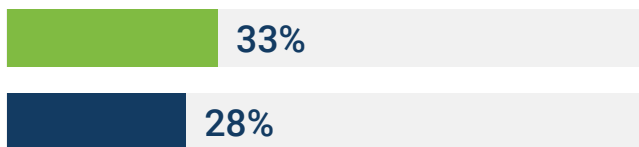
Survey respondents who reported having a past-due debt were also asked which type of debt they found most stressful. In both the U.S. and the U.K., the general population reported credit card debt as their biggest source of stress. However, for low-income U.S. adults, medical debt was reported to be the most stressful (32%), with credit card debt representing a close second (28%). In the U.K., low-income people cited credit card debt as the number one source of stress from past-due debt (44%). In both locations, phone/utility bills were also a significant source of stress.

## GREATEST STRESS FROM PAST-DUE DEBT (U.S.)

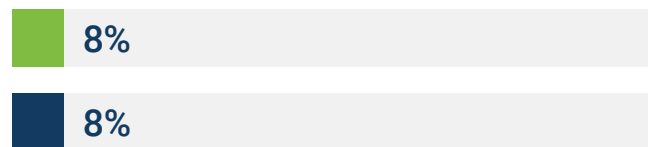
(among those with past-due debt)

■ U.S. Adults ■ U.S. Low-Income

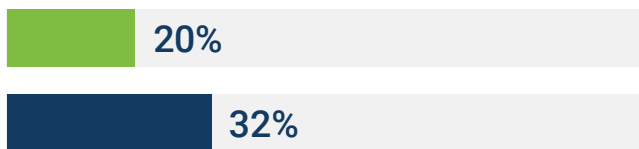
### Credit card



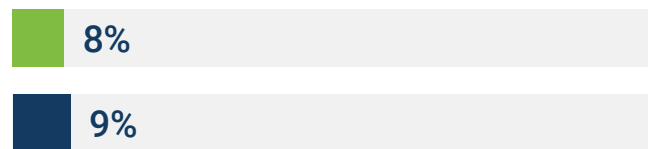
### Student loans



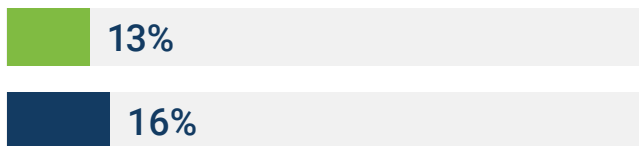
### Medical bills



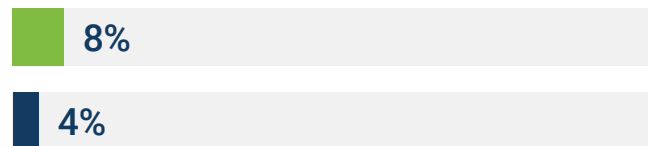
### Car payment



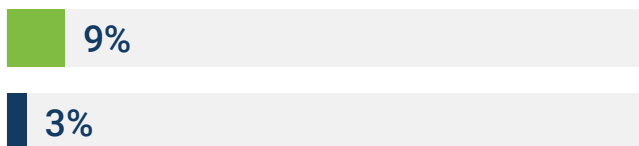
### Phone/utility bills



### Other



### Mortgage

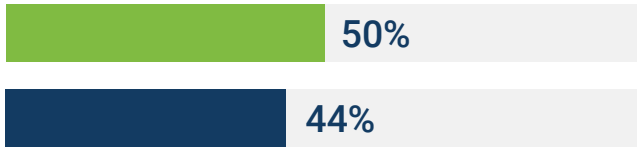


## GREATEST STRESS FROM PAST-DUE DEBT (U.K.)

(among those with past-due debt)

■ U.K. Adults ■ U.K. Low-Income

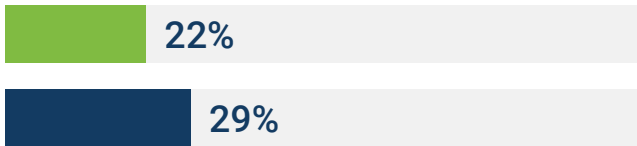
### Credit card



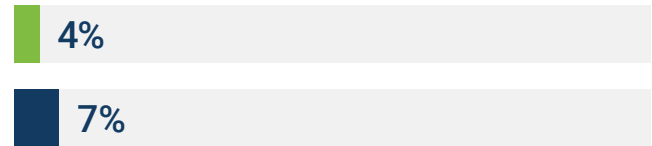
### Car payment



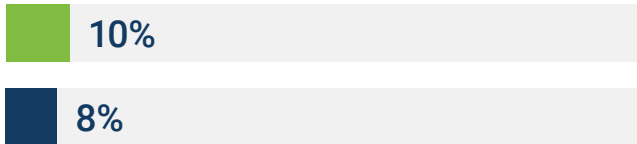
### Phone/utility bills



### Student loans



### Mortgage



### Medical bills



## STIMULUS IMPACT IN THE UNITED STATES

U.S. adults who received stimulus are 10% more likely to currently have past-due debt (47%) than people who didn't receive stimulus (37%). This difference is possibly due to their financial situation pre-pandemic, particularly since stimulus payments were based on income (i.e., people who didn't get stimulus were high-income). U.S. adults who didn't receive stimulus money were also significantly more likely to report having less debt than they did prior to the pandemic (30%) than people who received

stimulus (18%). This may be attributable in part to their higher incomes and the savings they saw from reduced commuting, less eating out and travel, etc. Those savings could then have been applied to any outstanding debts.

Among U.S. adults who received stimulus money, those reporting a past-due debt increased 6% over the course of the pandemic (41% to 47%). U.S. adults who didn't receive stimulus are significantly more stressed by credit card debt than those who did receive stimulus money (46% vs 30%).

# Solutions for Achieving Economic Freedom

## SECTION SUMMARY:

- Overall, adults in the U.S. and U.K. believe that having an emergency fund is their top financial goal, but for people from both locations who said credit card and phone/utility debt was their top stressor, paying down or eliminating debt was a clear priority.
- More U.S. adults than their U.K. counterparts are confident in their ability to pay down debt in the coming year, but they're aligned on how to tackle their debt – pay it down in small increments over time.
- For both locations, the two biggest ways to help people reduce or eliminate their debt would be the ability to pause repayment if they had a hardship and being given more time to pay off the debt.
- In terms of what makes an ethical debt collection agency, U.S. adults put offering debt forgiveness at the top, while U.K. adults rank providing flexible payment plans the highest.
- In their own words, people want debt collection firms to treat them with respect and understanding, and they don't want to be pressured into making payments, particularly when they aren't financially able to. Being listened to is particularly important for low-income consumers.



## FINANCIAL GOALS AND TOOLS FOR ACHIEVEMENT

When it comes to the financial goals people have for themselves and the tools needed to achieve them, adults in the U.S. and U.K. are in alignment. For the general population, they both believe having an emergency fund is their most important financial goal.

However, for U.S. adults who say credit cards are their biggest debt-related stress, reducing/eliminating debt is their top financial goal. In the U.K., respondents who say credit card and phone/utility debt is their top stressor equally rank having an emergency fund and reducing/eliminating debt as their top priorities.

## MOST IMPORTANT FINANCIAL GOALS

(% that option is in top 2 rank)

### U.S.

■ U.S. Adults ■ U.S. Low-Income  
■ Credit Card Top Stressor

#### Having an emergency fund



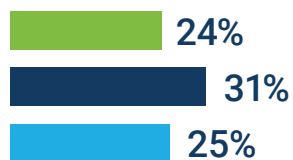
#### Reducing/eliminating debt



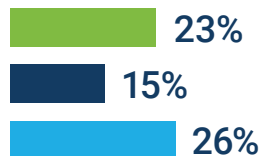
#### Putting money away for retirement



#### Buying a house



#### Saving for children's education



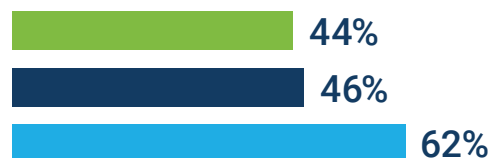
### U.K.

■ U.K. Adults ■ U.K. Low-Income  
■ CC/Utilities Top Stressors

#### Having an emergency fund



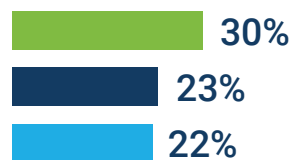
#### Reducing/eliminating debt



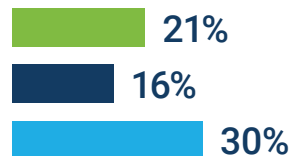
#### Putting money away for retirement



#### Buying a house



#### Saving for children's education







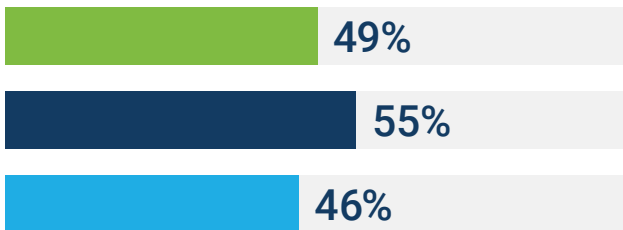
Survey respondents were also asked which tools would help them create better financial habits. People in the U.S. and U.K. agree receiving incentives for creating good financial habits would be the most beneficial, followed by receiving resources and information about good financial habits and coming up with a plan with a financial expert.

## MOST HELPFUL IN CREATING BETTER FINANCIAL HABITS (U.S.)

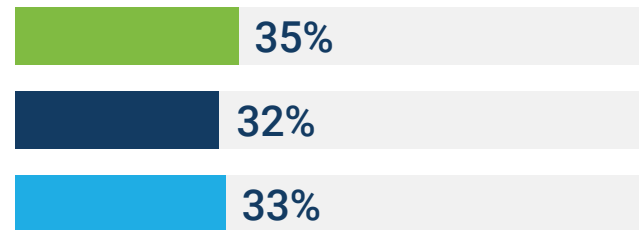
(% that option is in top 2 rank)

■ U.S. Adults ■ U.S. Low-Income ■ Credit Card Top Stressor

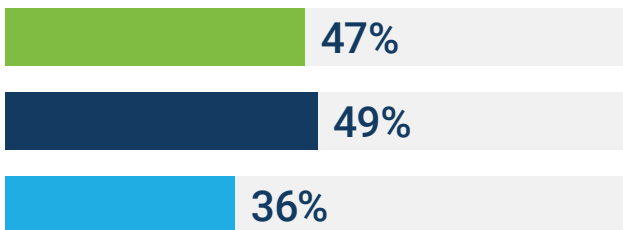
### Receiving incentives for creating good financial habits



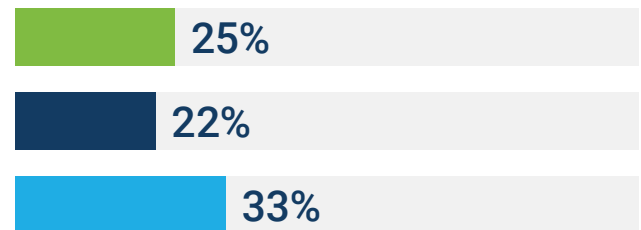
### Using a mobile application to track my progress on my habits



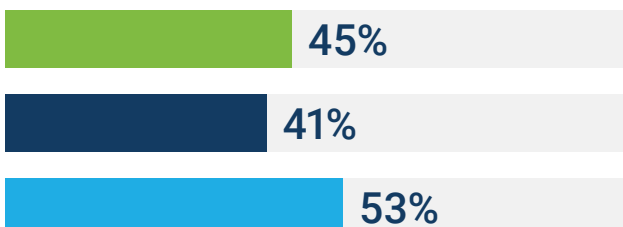
### Receiving resources/information about good financial habits



### Connecting with others interested in improving their financial habits



### Coming up with a plan with a financial expert

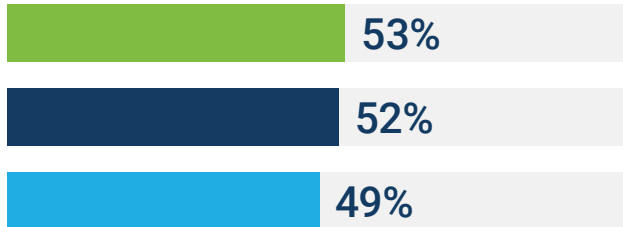


## MOST HELPFUL IN CREATING BETTER FINANCIAL HABITS (U.K.)

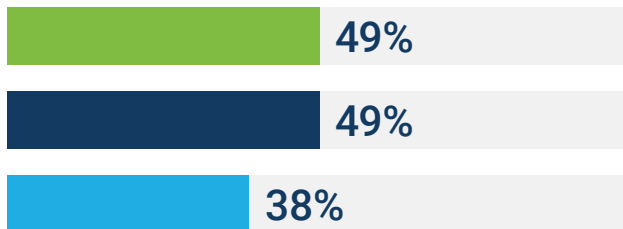
(% that option is in top 2 rank)

■ U.K. Adults ■ U.K. Low-Income ■ CC/Utilities Top Stressors

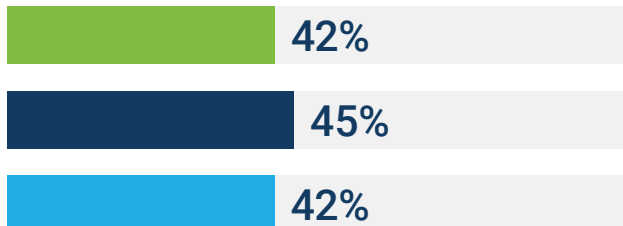
### Receiving incentives for creating good financial habits



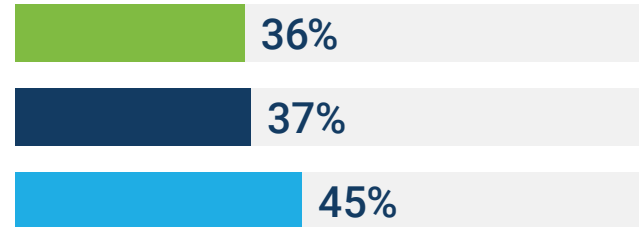
### Receiving resources/information about good financial habits



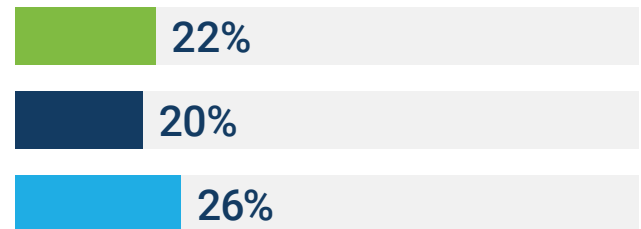
### Coming up with a plan with a financial expert



### Using a mobile application to track my progress on my habits



### Connecting with others interested in improving their financial habits





## PROVIDING CREDIT RESOURCES FOR U.K. CONSUMERS

One of the main goals at Cabot Credit Management (Cabot), a subsidiary of Encore, is to ensure consumers are making the best decisions for their situation. The online and offline journeys for consumers are aligned to help them understand the financial position they're in and offer relevant advice and solutions to support their journey to economic freedom.

Several tools and services are available to help consumers along this journey, both online and offline, through our Consumer Consultants at Cabot. The Budget Planner is a key step in helping understand a consumer's financial situation. Walking a consumer through their income and expenditures not only provides them with a clear picture of their finances, but also helps in developing an affordable and sustainable plan. Regular reviews are conducted every six to 10 months so Cabot can continue to ensure the customized plan remains the correct solution for every consumer. If a plan is not sustainable at any time during these sessions, the Budget Planner will refer the consumer to get in touch with a selection of charities that will provide free, impartial debt advice.

Cabot also has a large library of informational and educational content and tools available for the consumer, including what is debt, who is Cabot, what is a credit score, what kind of help is available to me, how debt can be controlled, how to manage personal finances, and how to avoid legal action. As the topic of debt is often considered taboo, these articles, videos, and tools act as a supporting resource to help breakdown misconceptions surrounding the impact of debt and debt collection.

These resources are in keeping with the survey findings, which show that receiving resources and information and working with an expert are helpful tools.



The Budget Planner service helps consumers understand their financial situation.



Cabot offers a library of informational and educational content and tools regarding debt and personal finances.

## HOW CONSUMERS WANT TO TACKLE DEBT

When it comes to tackling debt, around 60% of U.S. adults have confidence they can reduce or eliminate their debt in the coming year. The number grows to more than three-quarters for U.S. adults most stressed by credit card debt. U.S. adults with college degrees are 30% more confident in their ability to reduce or eliminate debt in the coming year than those without a degree.

U.K. adults are slightly less confident with about half of the general population and just 40% of low-income people believing they can reduce their debt in the next year. Again, however, confidence is strongest among people for whom credit card and phone/utility debts are the biggest stressor.

# 61%

of U.S. adults have confidence they can reduce or eliminate their debt in the coming years.

# 40%

of low-income U.K. adults believe they can reduce their debt in the next year.

## CONFIDENCE IN ABILITY TO REDUCE/ELIMINATE DEBT

### U.S. Adults

Very confident
Somewhat confident
Not very confident
Not at all confident
Don't know

#### U.S. Adults



#### U.S. Low-Income



#### Credit Card Top Stressor



### U.K. Adults

Very confident
Somewhat confident
Not very confident
Not at all confident
Don't know

#### U.K. Adults



#### U.K. Low-Income



#### CC/Utilities Top Stressors



In terms of how they plan to pay off their debts, adults in the U.S. and U.K. agree by a wide margin that they plan to tackle it in small increments over time. The next most popular option for both groups is to create their own payment plans.

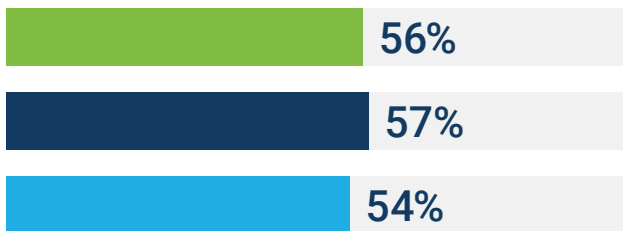


## PLANS TO PAY OFF CURRENT PAST-DUE DEBT (U.S.)

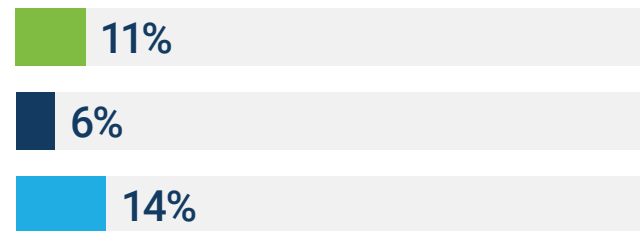
(among those with current past-due debt)

■ U.S. Adults ■ U.S. Low-Income ■ Credit Card Top Stressor

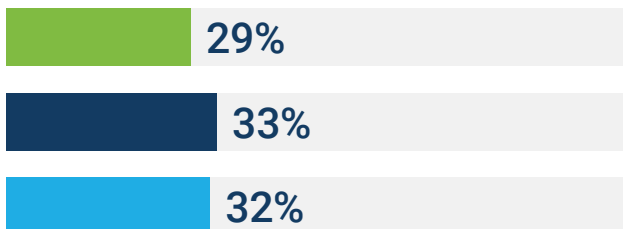
### Pay off my debt in small increments over time



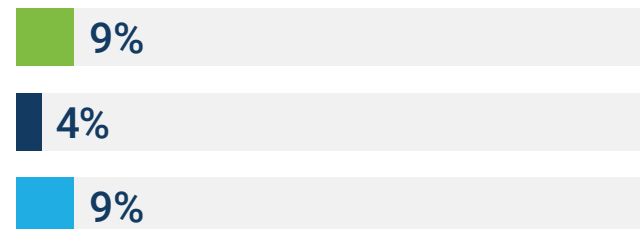
### Pay off my debt in one large lump sum



### Create my own payment plan



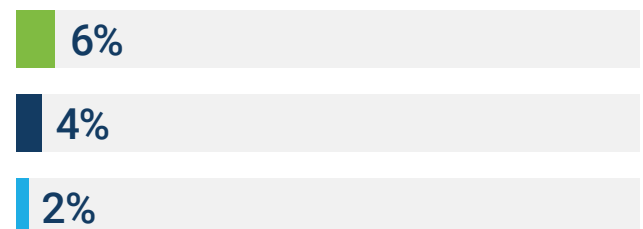
### Work with a personal financial advisor



### Work with a debt collection agency



### Other



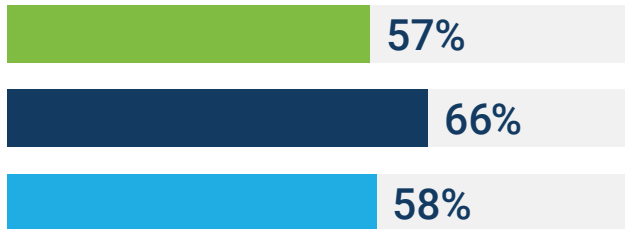


## PLANS TO PAY OFF CURRENT PAST-DUE DEBT (U.K.)

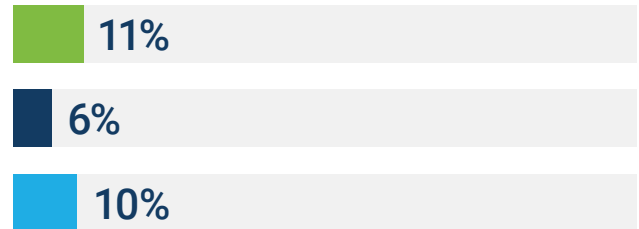
(among those with current past-due debt)

■ U.K. Adults ■ U.K. Low-Income ■ CC/Utilities Top Stressors

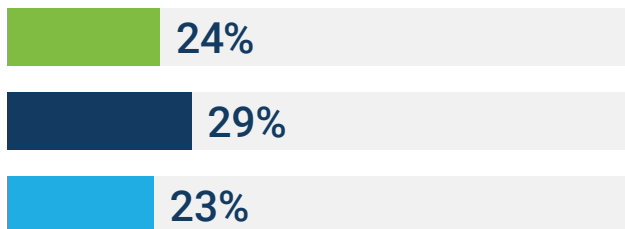
### Pay off my debt in small increments over time



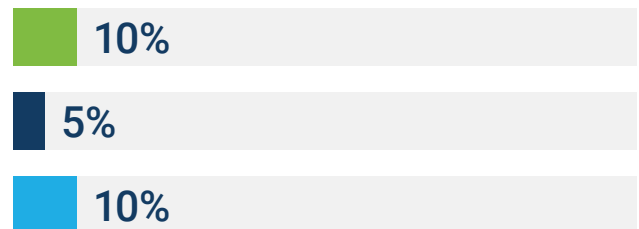
### Pay off my debt in one large lump sum



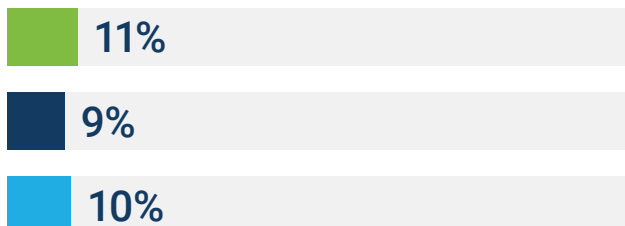
### Create my own payment plan



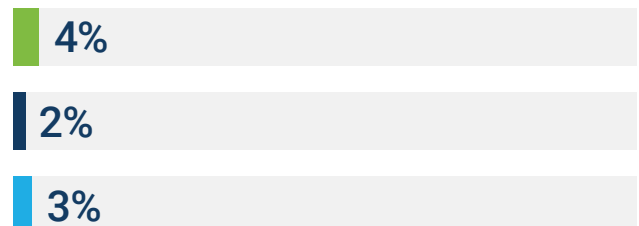
### Work with a personal financial advisor



### Work with a debt collection agency



### Other



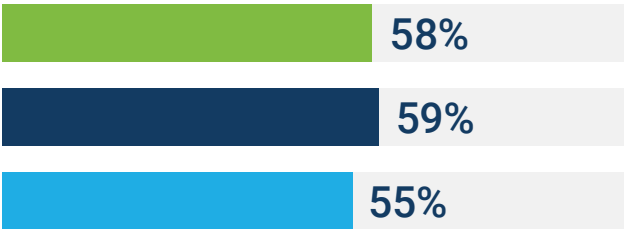
We also asked the survey respondents to rank options that would help them reduce or eliminate their debt from the most to least helpful. In the U.S., being able to pause debt repayment if experiencing a hardship and being given more time to pay off debt were equally important, with being provided information on how to tackle debt coming in third.

**MOST HELPFUL IN REDUCING/ELIMINATING CURRENT PAST-DUE DEBT (U.S.)**

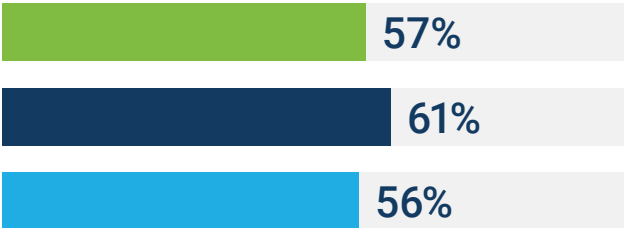
(% that option is in top 2 rank)

■ U.S. Adults   ■ U.S. Low-Income   ■ Credit Card Top Stressor

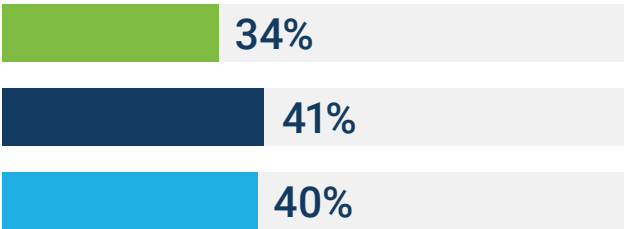
**Being able to pause debt repayment if I experience hardship**



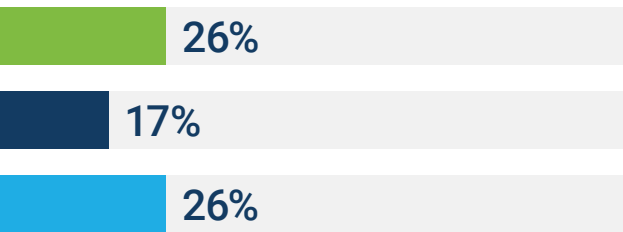
**Being given more time to pay off my debt**



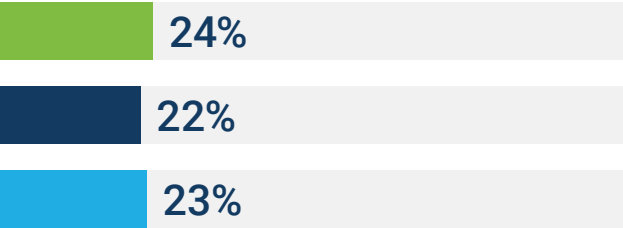
**Being provided with information on how to reduce/eliminate debt**



**Being assisted in creating better financial habits**



**Meeting with a financial advisor who can help me create a strategy for paying off debt**



In the U.K., the top three were the same as in the U.S. but being given more time to repay their debt was more solidly in the top position. There was also a more significant interest in getting assistance in creating better financial habits.

## MOST HELPFUL IN REDUCING/ELIMINATING CURRENT PAST-DUE DEBT (U.K.)

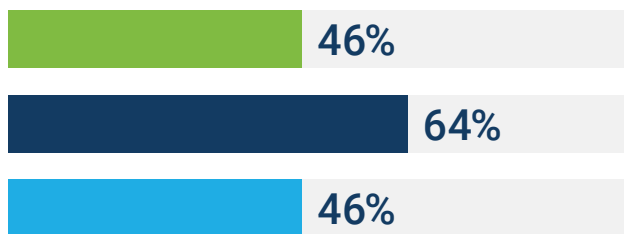
(% that option is in top 2 rank)

■ U.K. Adults ■ U.K. Low-Income ■ CC/Utilities Top Stressors

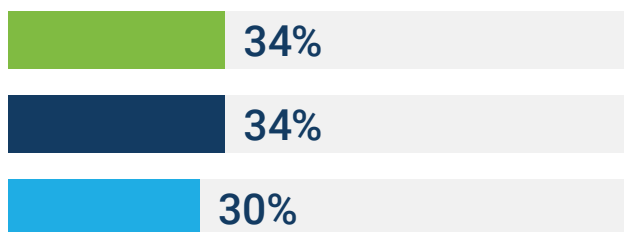
**Being able to pause debt repayment if I experience hardship**



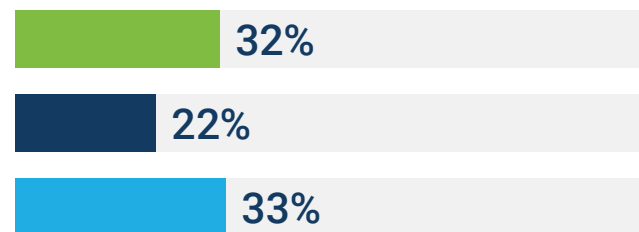
**Being given more time to pay off my debt**



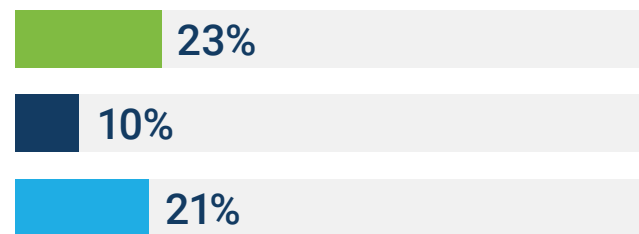
**Being provided with information on how to reduce/eliminate debt**



**Being assisted in creating better financial habits**



**Meeting with a financial advisor who can help me create a strategy for paying off debt**





## ENCORE'S APPROACH TO ENGAGING WITH CONSUMERS

These findings are in complete alignment with Encore's approach. We work with our consumers to tailor payment plans in increments and timeframes that work for them. At Midland Credit Management (MCM), Encore's U.S. subsidiary, we're celebrating the 10th anniversary of our [Consumer Bill of Rights](#) this year, and it remains the only one of its kind in our industry. It clearly defines how we will suspend collection activities when a consumer demonstrates that they are experiencing significant financial hardship due to medical issues, natural disasters, job loss or other issues. This hardship provision was designed exactly for situations like the COVID-19 pandemic, and in the year beginning in March 2020, we tripled our hardship relief.

Similarly, Cabot Financial has a Sensitive Support Team in the U.K., which includes specialists trained to work with consumers facing mental and physical illness and financial hardship. The team's goal is to ensure a consumer's debts don't become a barrier to their physical or financial recovery or well-being. The team is able to offer account holds for various lengths of time while consumers get the support they need to work on their financial, mental or physical health.



Collection activities will be suspended when experiencing significant financial hardship due to medical issues, natural disasters, job loss or other issues.

## RESPONSIBLE, ETHICAL DEBT COLLECTION

There is a critical need in our economy for the work debt collectors do. Encore is a leader in an industry that plays a vital role in helping the credit market function efficiently and responsibly, and we've led the way in advancing consumer-focused best practices.

About half of adults in the U.S. and U.K. believe debt collection agencies have an important role to play in helping pay off their debt. However, U.S. adults are more likely to believe that having access to affordable credit (85% vs. 69%) and paying back past-due debts (84% vs. 81%) are important to the economy.

# \$800M

**From 2018-2020, MCM forgave over \$800 million in debt.**

# £34M

**Cabot Financial forgave over £34 million (\$46M USD) between 2018-2021.**





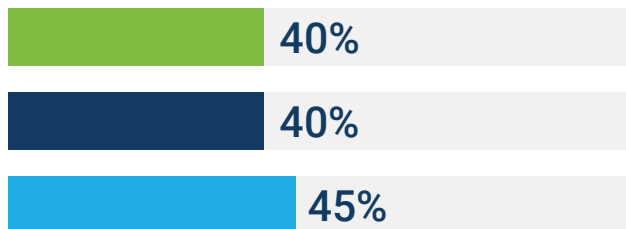
People in the U.S. and U.K. also differ in the traits they think are most important in considering whether a collection agency is responsible and ethical. When asked to rank those traits, debt forgiveness is the most important for U.S. adults, followed by having a hardship policy, providing flexible payment plans, and protecting data and privacy.

## TRAITS FOR A COLLECTION AGENCY TO BE SEEN AS RESPONSIBLE/ETHICAL (U.S.)

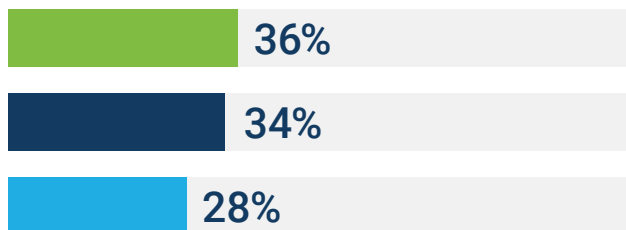
(% top 2 rank)

■ U.S. Adults ■ U.S. Low-Income ■ Credit Card Top Stressor

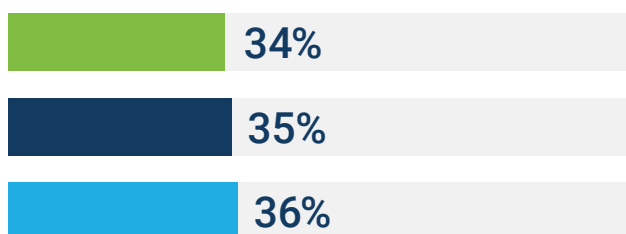
### Offers debt forgiveness



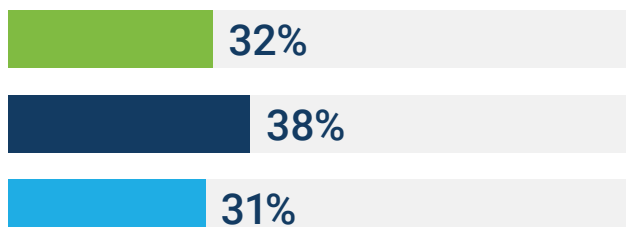
### Has a hardship policy that helps people through unexpected issues like illness or job loss



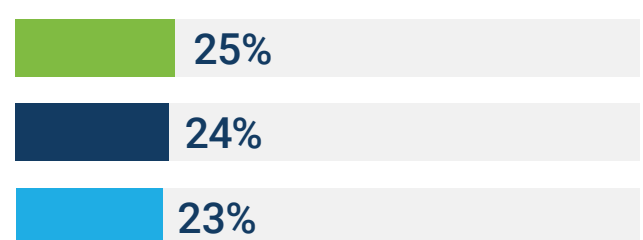
### Provides flexible payment plans that can spread payments out over years



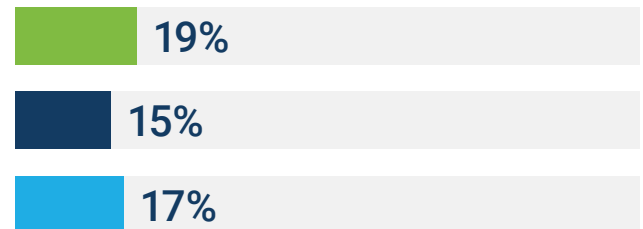
### Protects people's data and privacy



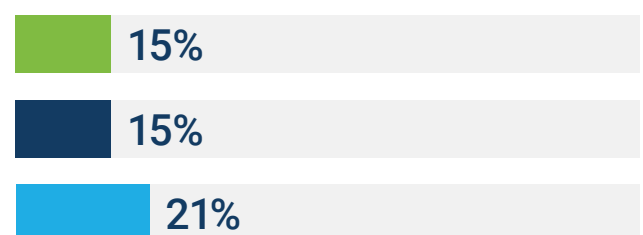
### Clearly defines consumers' rights and resources



### Offers flexible ways to engage



### Is socially responsible



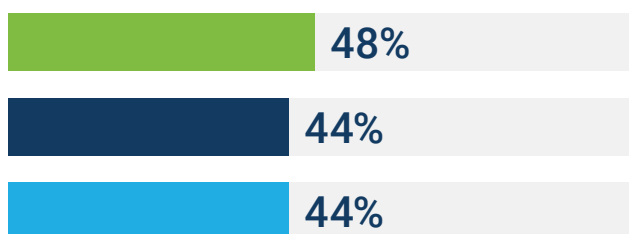
In the U.K., providing flexible payment plans tops the list, followed by having a hardship policy. After that, there's a cluster around protecting data and privacy, offering debt forgiveness, offering flexible ways to engage, and clearly defining consumers' rights and resources.

## TRAITS FOR A COLLECTION AGENCY TO BE SEEN AS RESPONSIBLE/ETHICAL (U.K.)

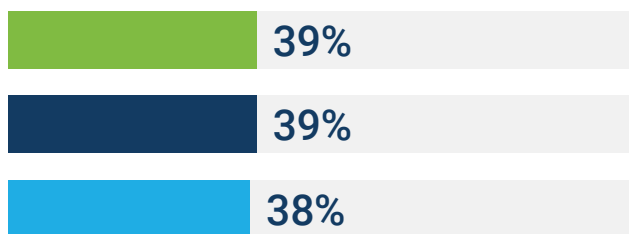
(% that option is in top 2 rank)

■ U.K. Adults ■ U.K. Low-Income ■ CC/Utilities Top Stressors

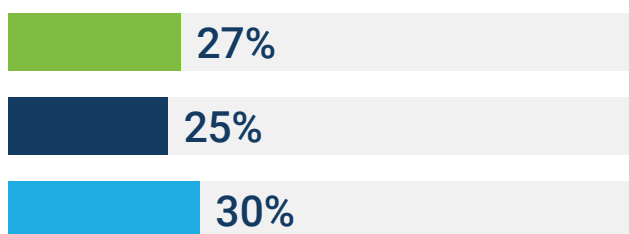
### Provides flexible payment plans that can spread payments out over years



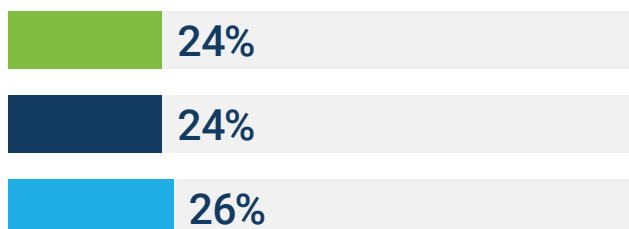
### Has a hardship policy that helps people through unexpected issues like illness or job loss



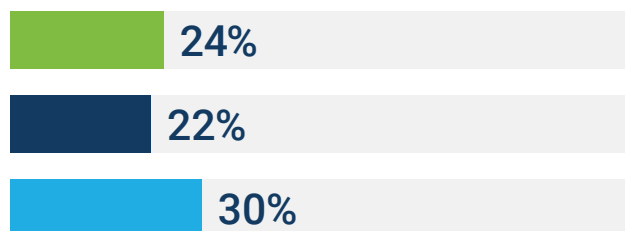
### Protects people's data and privacy



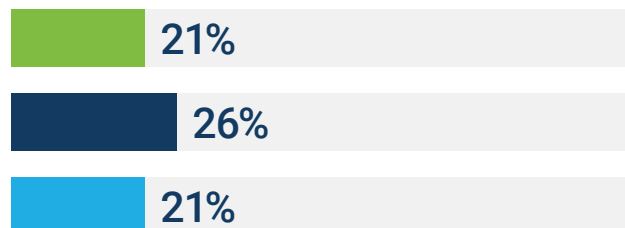
### Offers debt forgiveness



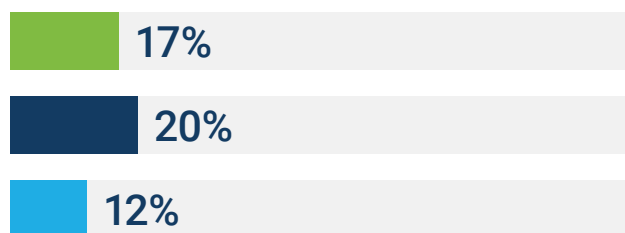
### Offers flexible ways to engage



### Clearly defines consumers' rights and resources



### Is socially responsible



In their own words, people in the U.S. and U.K. expressed similar sentiments about how a collection agency should act. They want to be treated with respect and understanding. They also don't want to be pressured about making payments when they're not able to. For low-income consumers, being listened to was of particular importance.

### **'FIRST, YOU WANT TO LISTEN': HOW MCM ACCOUNT MANAGER JESSE HELPS CONSUMERS**

Midland Credit Management (MCM) account manager Jesse R. wants the consumers he talks to every day to know they have more in common than not.

He answers calls from consumers in difficult situations on a day-to-day basis. The common thread, he said, is that they're all seeking answers.

"They're calling in for a solution," Jesse shared. "Sometimes they're calling in frustrated and don't know their options. If I can listen to what they're saying, I can acknowledge and make sense in my mind why they're saying those things and feeling those things. Then I can refocus those feelings on how to move forward. My favorite call is when I can show people, I'm a human being. There's nothing special about me. I just want to connect with them."

[Click here](#) to read more about Jesse's story.



# What it Means to Achieve Economic Freedom

## SECTION SUMMARY:

- For the survey respondents, having economic freedom means less worry and stress.
- The majority of people say developing a financial plan would be most valuable in helping them achieve economic freedom, but for people ranking credit card and phone/utility bills as their main stress, improving their credit score takes the top spot.
- Encore is committed not only to helping create pathways to economic freedom for the consumers we work with but also for our employees and people in our communities.

## WHAT ECONOMIC FREEDOM MEANS TO PEOPLE

Ultimately, Encore's mission is to help consumers create pathways to economic freedom. Through this research, we wanted to understand what achieving economic freedom means to people.

For every single group – the general population and low-income people across both locations – economic freedom means less worry and stress.

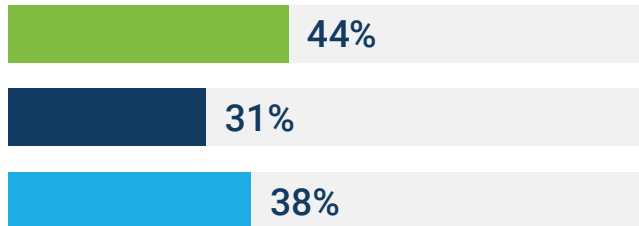


For the U.S. general population, it also means the ability to save for retirement or a child's education or having greater freedom to spend money in different ways. In the U.K., it means having more options and the opportunity to spend on luxuries. For low-income people in both locations, economic freedom means they'd have more joy and peace in their lives.

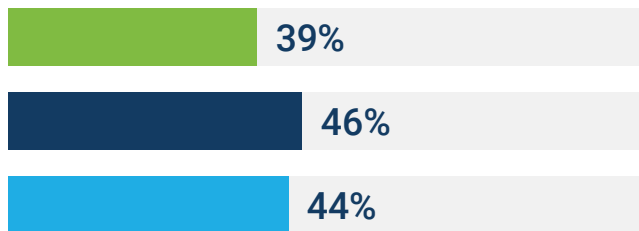
## PRIORITY LEVEL OF ECONOMIC FREEDOM FOR U.S. ADULTS

■ U.S. Adults ■ U.S. Low-Income  
■ Credit Card Top Stressor

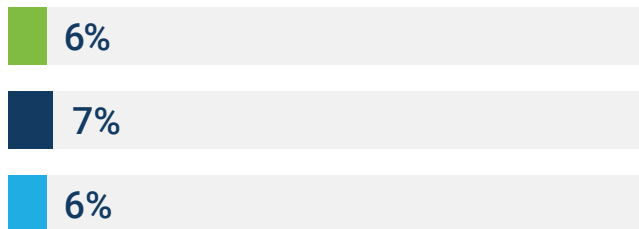
### Top



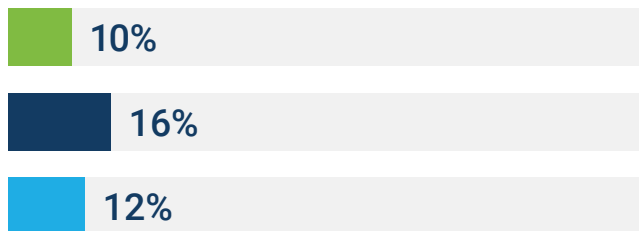
### Middle



### Bottom



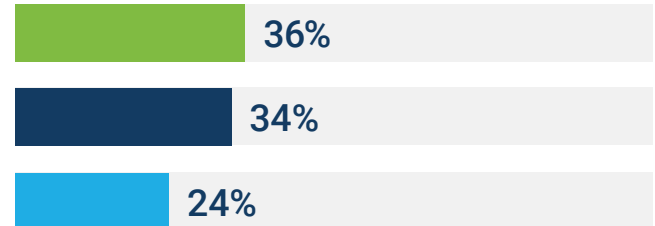
### Don't know



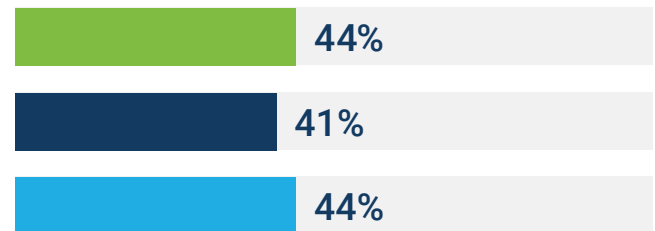
## PRIORITY LEVEL OF ECONOMIC FREEDOM FOR U.K. ADULTS

■ U.K. Adults ■ U.K. Low-Income  
■ CC/Utilities Top Stressors

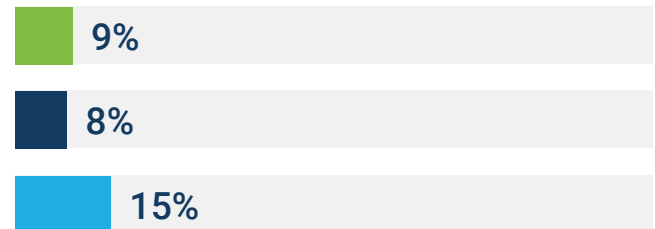
### Top



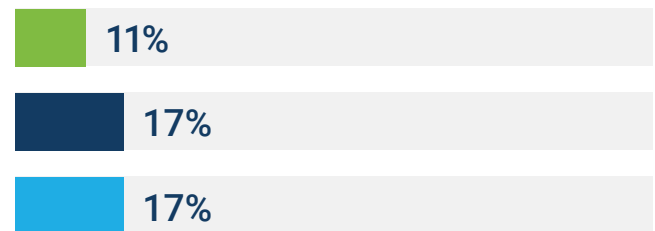
### Middle



### Bottom



### Don't know







**U.K. Adults most stressed by credit card and phone/utility debt prioritize improving their credit score and finding flexible and manageable ways to resolve debt to achieve economic freedom.**

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## **HOW TO ACHIEVE ECONOMIC FREEDOM**

We also asked people what would be most valuable to them in achieving economic freedom. The U.S. general population put developing a financial plan for the future in the top spot, although both low-income people and those most stressed by credit card debt ranked improving their credit score the highest. Finding flexible and manageable ways to resolve debt and defining clear financial goals are also rated highly.

The top two on the list for the U.K. general population are developing a financial plan and defining clear goals. However, for people most stressed by credit card and phone/utility debt, improving their credit score and finding flexible and manageable ways to resolve debt are ranked highest.



## WHAT IS MOST VALUABLE TO ATTAINING ECONOMIC FREEDOM (U.S.)

■ U.S. Adults ■ U.S. Low-Income ■ Credit Card Top Stressor

### Developing a financial plan for the future



### Improving my credit score



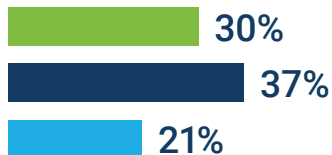
### Finding flexible and manageable ways to resolve my debts



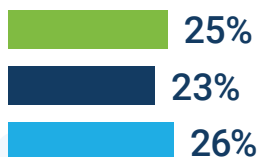
### Defining clear financial goals for myself



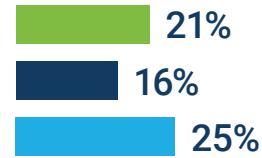
### Using budgeting services/tools



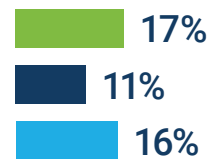
### Greater financial education



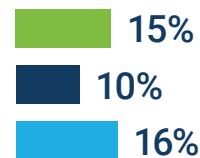
### Accessing information about my finances on my mobile device



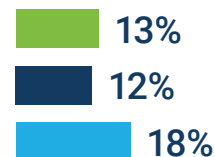
### Checking in with a financial advisor regularly



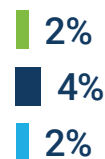
### Being able to online chat with a financial advisor at any time



### Advice from someone who shares my financial goals



### Other



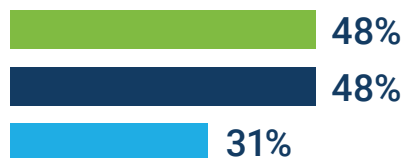
## WHAT IS MOST VALUABLE TO ATTAINING ECONOMIC FREEDOM (U.K.)

■ U.K. Adults ■ U.K. Low-Income ■ CC/Utilities Top Stressors

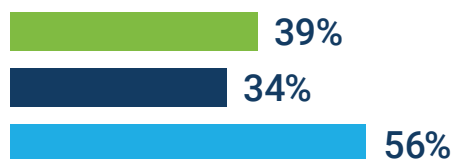
### Developing a financial plan for the future



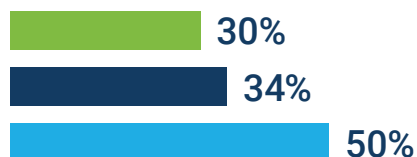
### Defining clear financial goals for myself



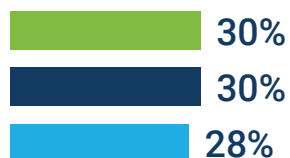
### Improving my credit score



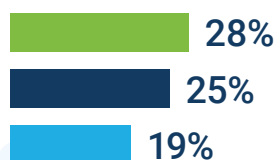
### Finding flexible and manageable ways to resolve my debts



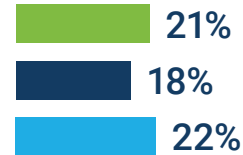
### Using budgeting services/tools



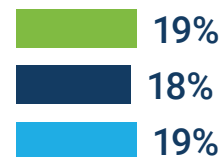
### Greater financial education



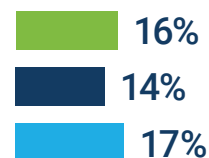
### Accessing information about my finances on my mobile device



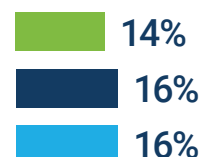
### Checking in with a financial advisor regularly



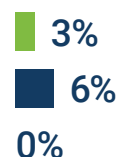
### Advice from someone who shares my financial goals



### Being able to online chat with a financial advisor at any time



### Other



# How Encore Helps Create Pathways to Economic Freedom

Encore not only helps create pathways to economic freedom for the consumers we work with but also for our employees and people in our communities. We're proud that our efforts align with what we learned in this study. We've described a few examples of our efforts below.



## **MONEY MATTERS:**

Through this program, in the U.S. and in Costa Rica, MCM promotes financial literacy in schools by having employee volunteers teach high school and college students credit and financial basics.

## **SKILLS 4 BILLS:**

Cabot brings an experiential way of teaching kids money skills into schools in the U.K. Through an interactive game, employee volunteers help students learn how financial decisions may impact their lives.

## **APPRENTICESHIP PROGRAM:**

Cabot in France partners with a local employment agency to train individuals with few job skills in customer relationship management (CRM). Participants learn the skills needed to work in a call center and deal with customers. At the end of the two-month training, participants earn an official certificate they can use in their job search process, and some are offered employment with Cabot.

# ENCORE CAPITAL GROUP

**BETTER SOLUTIONS. BETTER LIFE.**

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## **ABOUT ENCORE CAPITAL GROUP**

Encore Capital Group is an international specialty finance company that provides debt recovery solutions and other related services for consumers across a broad range of financial assets. Through its subsidiaries around the globe, Encore purchases portfolios of consumer receivables from major banks, credit unions, and utility providers.

Encore partners with individuals as they repay their debt obligations, helping them on the road to financial recovery and ultimately improving their economic well-being. Encore is the first and only company of its kind to operate with a Consumer Bill of Rights that provides industry-leading commitments to consumers. Headquartered in San Diego, Encore is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P Small Cap 600 and the Wilshire 4500. More information about the company can be found at [encorecapital.com](http://encorecapital.com). More information about the Company's Cabot Credit Management subsidiary can be found at [cabotcm.com](http://cabotcm.com). Information found on the company's or Cabot's website is not incorporated by reference.