

2023 Set A New Record for Credit Card Debt

February 24, 2024 - There's was a sharp increase in the amount of money people owe in 2023, especially on credit cards. This is according to the Federal Reserve Bank of New York. They found that credit card debt went up by almost 60 percent last year, reaching a whopping \$1.129 trillion.

What's even more concerning is that a big chunk of this debt, about 6.36 percent, is considered "seriously delinquent," which means it's overdue by 90 days or more. Obviously, many people are struggling to keep up with their payments. And it's not just credit cards causing problems. Mortgages and auto loans are also seeing more people fall behind on payments, although not as quickly as with credit cards.

Because of this, it's no surprise that borrowing money is becoming more difficult. Prices for things like food, fuel and other basics are continuing to rise. At the same time, interest rates on credit cards and other adjustable-rate financial services are considerably higher than they were three years ago; further driving up monthly costs for anyone who uses revolving credit.

Federal Reserve Chair Jerome Powell says that because of these challenges, things like buying a house or big-ticket items (like cars) will stay expensive for a while. He's urging people to be patient. But he isn't offering any hope of relief any time in the near future. Powell is saying that the FED isn't planning to lower interest rates in the first half of 2024. They might consider it later in the year, but only if they're confident that inflation (the rising cost of goods and services) is under control. That's a tall order given the fact that most of the things we purchase have seen their prices rise due to high fuel prices, and the Biden administration is actively trying to eliminate fossil fuels. This severely limits the affect of higher interest rates on reducing inflation.

American consumers should be prepared to see prices continue to rise as long as the FED and the administration continue to follow their current policies. And that likely means that credit card debt will continue to grow in 2024.
by Jim Malmberg

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