Troubling Signs of Distressed Consumers in Recent Credit Card Data

January 31, 2025 - A growing number of Americans are falling into a dangerous debt trap by making only the minimum payments on their credit cardsâ€"a decision that can cost them thousands of dollars in the long run. Financial experts warn that this practice is a key indicator of economic stress and could have severe consequences for households struggling to keep up with rising costs.

According to the Philadelphia Federal Reserveâ€™s Q3 2024 Insights Report, 10.75% of credit card users made only their required minimum payments. Additionally, the rate of 30-day delinquencies increased by 10% in the third quarter, reaching 3.52%â€"more than double the pandemic-era low in 2021. This growing dependence on credit, paired with rising delinquency rates, signals potential trouble ahead for consumers and lenders alike.

A recent NerdWallet analysis found that Americans, who cary an average credit card balance of $10,563, making only minimum payments would take 22 years to pay off, costing approximately $18,000 in interest alone. Despite this, one in five Americans with revolving credit card debt admit to making only the minimum payments each month. Additionally, a Newd York Fed survey from December 2024 found that Americansâ€™ perceived likelihood of missing a minimum debt payment within the next three months had risen to 14.2%.

ACCESS urges consumers to pay more than the minimum whenever possible to reduce interest costs and shorten repayment timelines. Without a strategic approach to debt management, many Americans may find themselves in a financial hole that takes decades to escape.
by Jim Malmberg
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