

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 cards—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 Reserve'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%—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 carry 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 New York Fed survey from December 2024 found that Americans' 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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