



FACT SHEET

CONSUMER DEBT: INDUSTRY TRENDS

CREDIT CARD DEBT

- **Prevalence of Credit Cards:** The average American family has 8 to 10 credit cards with interest rates ranging from 18% to 26% ~ *FinalCall.com "Perspectives: The Debt Trap"*
 - ◇ 80% of all households have at least one credit card ~ *Consumer Federation of America*
 - ◇ Credit use overall has grown the fastest among Americans with the lowest income levels ~ *Consumer Federation of America; Federal Reserve Bulletin*
 - ◇ In 2000, undergraduates carried an average credit card balance of \$2,748 and graduate students carried an average balance of \$4,776 ~ *Nellie Mae*
- **Increase in Credit Card Debt:** 8.5% increase from 2001 to 2002 ~ *Cardweb.com*
 - ◇ Approximately 60% of cardholders carry credit card debt from month to month ~ *Cardweb.com*
 - ◇ Americans owe more in credit card debt than for education ~ *Federal Reserve Board*
- **Credit Card Interest Rates:** In 2001, the Federal Reserve cut interest rates by 4.75%, but major bank card issuers cut their rates by only 1.35% on average ~ *Federal Reserve Board*
 - ◇ Credit card issuers earn about 75% of their revenue from the interest paid by borrowers ~ *David S. Evans and Richard L. Schmalensee, The Economics of the Payment Card Industry*
- **Credit Card Offers:** From 1997-2002 credit card companies increased the number of solicitations they mailed from 3 to 5 billion ~ *BAI Global Inc.*
 - ◇ Credit cards are available at many colleges to almost any student – no income, no credit history and no parental signature required ~ *Report of the National Bankruptcy Review Commission*
 - ◇ Credit card companies could cut their losses more than 50% if they would institute minimal credit screening ~ *Fair, Isaac & Co.*
- **Credit Card Loans:** The growth of credit card loans has been faster than any other type of loans ~ *Consumer Federation of America*

U.S. CONSUMER DEBT

- **American Consumer Credit Debt:** \$1.7 trillion ~ *The Federal Reserve Board*
- **U.S. Household Debt:** Above 110% of income ~ *The Courier-Mail*
- **Revolving Debt:** Increased from \$554 billion to \$730 billion between 1997 to 2002 (mostly credit card debt) ~ *Federal Reserve Bulletin*
- **Bankruptcy Filings:** More Americans filed for bankruptcy during the first quarter of 2003 than in any other previous quarter in history. The 412,968 new cases filed during the first three months of 2003 are up 9% from the same period in 2002 ~ *American Bankruptcy Institute*