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Many lenders have tightened their criteria for who gets a card or who is able to get a larger credit line.
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U.S. Has Unlikely Credit-Card Problem

Consumers overall have manageable card loans, but growth in lending might be too slow

There is an alarm bell going off in consumer credit. Just not the typical one.

According to tracking by the New York Fed, the percentage of credit-card loan balances that were 90 days or more delinquent was over 13% as of the first quarter. That is very near the peak seen in the aftermath of the 2008 global financial crisis. The fear is that the U.S. consumer is maxed out and seriously vulnerable to higher inflation or unemployment.

Certainly anything in the realm of credit that even rhymes with 2008 is something investors should naturally be concerned about. But credit-card debt today isn't like it was then.

For one thing, there is relatively less of it.

Though the absolute dollar figure of card loans in the U.S. is higher today, at around \$1.3 trillion, that requires some context. The average American household holds about \$11,500 in card debt, according to calculations by WalletHub. The figure is almost \$1,600 less per household than in inflation-adjusted dollars at the 2007 peak.

Not only that, but Americans on the whole can more readily afford their debt thanks to higher incomes. The Federal Reserve's measure of consumer debt-service payments as percentage of disposable personal income stood at 5.4% in the fourth quarter of last year. Twenty years prior, it was well over 7%.

Other measures of card delinquency also don't show that things are close to 2008-like trouble. A Fed metric of banks' consumer card loans shows that under 3% of card balances are at least 30 days past due. Back in 2007 that rate climbed above 4%, and topped out a couple of years later closer to 7%.

Why the different trends on measures of late payments? The New York Fed's 90-day-plus tally also includes balances that show up on consumers' credit reports, even if they have already been written off by the bank.

So in effect, an accumulating high balance of aging bad loans can reflect past troubles as much as present ones.

One factor driving that dates to the days of the Covid-19 pandemic. With things like government stimulus checks helping people pay down old debts, many Americans saw their credit scores rise. They were able to take on new debts, and originations of new balances jumped.

But then, as the economy and people's finances normalized in the succeeding years, some borrowers' underlying fragility eventually resurfaced. Today, some of those pandemic-era balances are a notorious "vintage" of credit.

That leaves the economy with one group of people potentially struggling with debts, set against an overall borrowing population that is fairly healthy.

The pattern also matches up with a low-fire, low-hire dynamic in the labor market, according to Michael Taiano, senior analyst at Moody's Ratings.

"Jobs are stable. But once you lose a job, it can take longer to find a new one," he said. "So some consumers that go delinquent aren't curing in the typical way."

To some extent, people might also be letting card debt linger because it is easier now than tapping other sources to pay it down, such as a home that has risen in value. Doing a cash-out refinance of a pandemic-era mortgage with a rate in the 3% range at today's rates above 6% might actually be far more expensive than simply whittling down a card balance.

For banks, bad card debts seem manageable. Seasonally adjusted consumer credit-card charge-off rates for banks of about 3.8% as of the first quarter of 2026 are still below the roughly 4.3% average since 1985, according to Fed data. Those losses are also easier to handle when card loans are yielding more interest at today's relatively high rates.

But an upshot of working through a lump of troubled debt has been a lower supply of new loans. Many lenders have tightened their criteria for who gets a card or who is able to get a larger credit line.

That shows up in another indicator. While banks' credit-card loans sharply outgrew nominal gross domestic product after the pandemic, their growth has more recently been trailing GDP, according to Fed data.

That is a problem for banks trying to grow their loan books. It also poses a challenge for the consumer part of the economy if there isn't sufficient supply of credit to help power Americans' spending, particularly when prices are rising faster than wages. This is especially the case for companies that serve a broader population segment, not just affluent shoppers.

Handing out way too much debt to consumers was a problem for the economy 20 years ago. Today's problem could be that some aren't getting enough.