Credit Card Activity

Billions of dollars

CREDIT CARD VOLUME

VISA

Master Card

American Express

Discover

Billions of dollars — **Percent**

CREDIT CARD DEBT[a]

Percent of total debt

Credit card debt

Percent

CREDIT CARD DELINQUENCIES[a, b]

U.S.

Ohio

Percent

DELINQUENCIES VS. CHARGE-OFFS

Net charge-off rate[c, d]

Delinquencies[a]
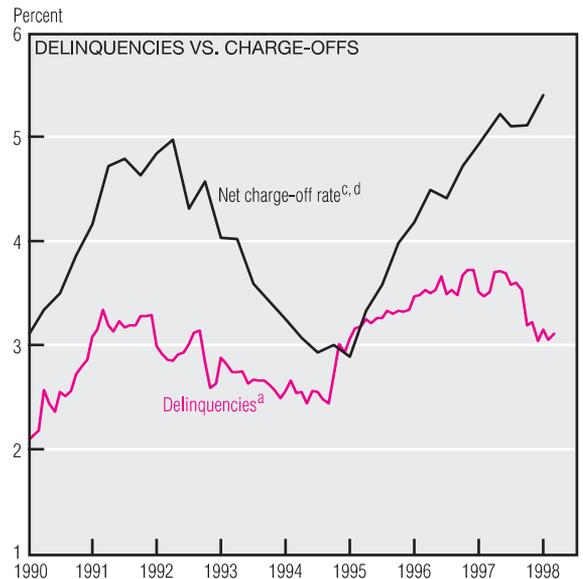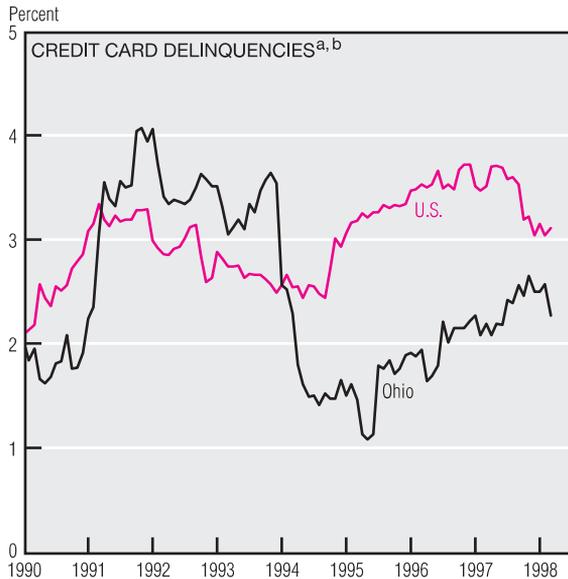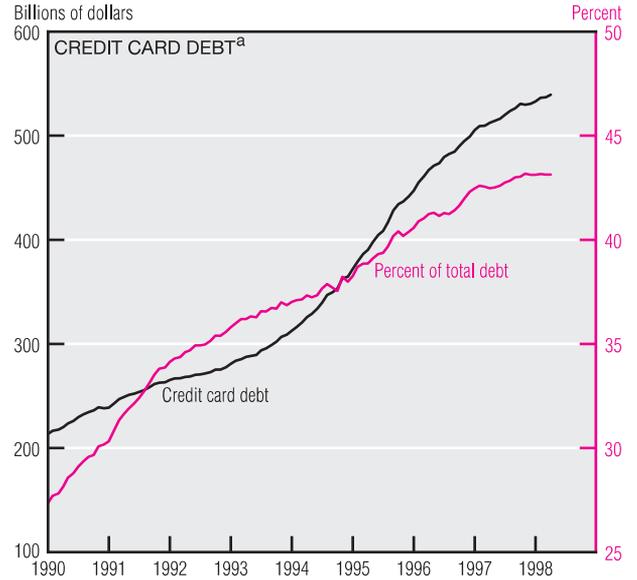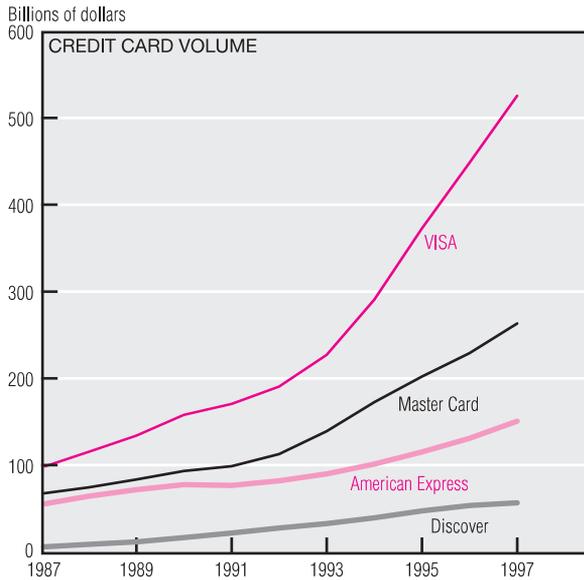
a. Seasonally adjusted annual rates.
b. Percent of credit card accounts that are 30 days past due.
c. Net charge-off rate is the percentage of total credit card debt that banks remove from their balance sheets because of uncollectibility, less amounts recovered on credit cards previously charged off, annualized.
d. All FDIC-insured commercial banks.
SOURCES: Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation, *Quarterly Banking Profile*; American Bankruptcy Institute; American Bankers Association, *Consumer Credit Delinquency Bulletin*; Credit Card Management, *Annual Report,* May 1998; and HSN Consultants, *The Nilson Report*, various issues.

People are using their credit cards more often, for larger amounts, and at a wider variety of places. The dollar amounts of purchases charged to nationally known, general-purpose credit cards has grown exponentially toward the $1 trillion mark. In 1997, Americans had more than 564 million cards, and used them to finance 18% of their total $5.5 billion in personal consumption expenditures. In the same year, the number of locations accepting cards

increased a hefty 7%. Besides convenience, special features like credits towards air mileage have fueled credit card use.

Along with heavier use, the volume of credit card debt outstanding has continued to rise. As percent of total debt outstanding, credit card debt has recently been hovering around 43%.

The disconcerting rise in credit card delinquencies nationwide since 1995 reversed itself in 1997. (In

Ohio, where the rate of delinquencies has been significantly lower than the national average since 1995, the drop in delinquencies was especially sharp in 1998:IQ.) Despite the recent decline in U.S. delinquencies, the charge-off rate continued to rise in 1997. This may reflect a delay between the time an account is first considered delinquent and the point at which the issuer begins to write it off.