More Cardholders are Now Carrying Credit Card Debt and More Than 2 in 5 with Debt Don’t Know Their Interest Rates

43% of Cardholders with Debt are Unaware of Balance Transfer Offers

New York – January 10, 2023 – As the cost of goods and services rise, more Americans are currently relying on credit. According to a new Bankrate.com report, 35% of U.S. adults carry credit card debt from month to month, up from 29% last year. Additionally, as credit card interest rates have risen at the fastest rate on record, and the average APR has hit a near-record high (19.59%), 43% of credit card debtors don’t know the interest rates on all of the cards on which they carry a balance. For the full analysis, click here:

https://www.bankrate.com/finance/credit-cards/more-americans-carrying-debt-and-many-dont-know-apr/

When looking at cardholders in particular, 54% report that they pay their credit card bills fully each month in order to avoid paying interest, while the other 46% carry a balance from month to month (up from 39% last year). The survey found that those who earn more money are more likely to pay their bills in full each month. 63% of cardholders who make $100,000+ annually pay their bills in full every month compared to 60% who make $80,000-$99,999, 58% who make $50,000-$79,999, and 45% who make less than $50,000.

Troublingly, many Americans with credit card debt are not informed that there are options such as balance transfer cards that could help relieve it. The report found that 37% of U.S. adults with credit card debt don’t know that 0% balance transfer cards exist – an option that could allow consumers to transfer their existing debt to a different card and pay no interest for almost two years.

Additionally, 43% of U.S. adults with credit card debt say they don’t know all of the interest rates on their cards that carry balances from month to month. Young adults with credit card debt are the least aware: 50% of Gen Zers with credit card debt don’t know all of their rates, compared with 46% of millennials, 43% of Gen Xers and 39% of boomers.

While interest rates are important features of credit cards, especially for the 46% of cardholders who carry debt, findings from the report show that these features aren’t a top priority for everyone. Among all cardholders, when asked which credit card feature is the best, cash back rewards was ranked number one (36%) followed by widespread acceptance (16%). Even among
Cardholders who carry debt, cash back rewards was said to be the best credit card feature (27%),
well ahead of other factors such as widespread acceptance (17%), a low interest rate (14%), low
fees (7%) and travel perks (5%).

Bankrate.com Senior Industry Analyst Ted Rossman says, “If you carry credit card debt, forget
about rewards for now, because it doesn’t make sense to pay 20% in interest just to earn 1%, 2%
or even 5% in cash back or airline miles. Your first step should be to make a good plan. Figure
out how much you owe and what your interest rates are. My top tip for paying down credit card
debt is to sign up for a 0% balance transfer card. These allow you to pause the interest clock for
up to 21 months.”

Annual fees, rates and benefits vary by credit card issuer and change regularly, still, many
consumers have been using the same primary credit card for years. More than four in 10 credit
cardholders have either never switched their primary credit card (30%), or it has been at least a
decade since they have switched (13%). Just 20% of U.S. adults changed their primary card
within the past year, split almost evenly between those who do so regularly and those who
swapped cards for the first time in a while. Another 16% of respondents reported last switching
between one and 3 years ago.

Older adults are the most likely to have stuck with the same card for a long time – 50% of
boomers have either never switched their primary card (30%) or haven’t switched in more than a
decade (19%). Gen Xers aren’t far behind (32% have never changed their primary card and 14%
haven’t done so in at least 10 years). Gen Zers and millennials have shorter credit histories, but
still, 38% of Gen Zers and 27% of millennials have never switched their primary credit card.

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Methodology
Bankrate.com commissioned YouGov PLC to conduct the survey. All figures, unless otherwise
stated, are from YouGov PLC. Total sample size was 2,458 U.S. adults, including 1,876 credit
cardholders and 849 who carry credit card debt from month to month. Fieldwork was
undertaken December 7-9, 2022. The survey was carried out online and meets rigorous quality
standards. It employed a non-probability-based sample using both quotas upfront during
collection and then a weighting scheme on the back end designed and proven to provide
nationally representative results.
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