

# Credit card delinquency expected to increase in 2023

## Delinquency rates on personal loans and credit cards are set to rise this year.



(Image credit: Getty)

Many more credit card holders will face serious credit card delinquency this year, in a report on the consumer credit market from TransUnion. In 2023, serious credit card delinquencies — usually defined as being more than 30 to 90 days late — are expected to rise from 2.1% to 2.60%, the highest they've been since 2010. Delinquency rates on personal loans are also expected to rise, to 4.3% from 4.1%.

Despite this, there are some bright spots in the report. Auto loan delinquency rates are expected to decline in 2023 and, despite everything, the survey shows that more than 52% of Americans are optimistic about their financial future in the coming year.

### **What credit card delinquency means for consumers**

If you fail to pay your credit card bill on time, your account is considered “delinquent,” and if the overdue balance isn't paid within 30 days, your credit score will be negatively impacted. If your account is delinquent for longer than 60 days, you'll also be subject to a higher APR, and 90 days without paying could mean having your credit card closed and your debt sent to collections agencies, severely damaging your credit score.

One of the main reasons cardholders are racking up a balance on their credit cards — and in turn failing to pay it off — is because inflation, multiple interest rate hikes and rising

unemployment have been putting a strain on budgets. With the average credit card APR at 21.68% for new offers and 19.07% for existing accounts, it's easy to see how payments add up over time.

These market forces and the rising popularity of Buy-Now-Pay-Later platforms can land consumers in debt that's very hard to pay back.

Michael Hershfield, founder and CEO of Accrue Savings says "Buy-Now-Pay-Later platforms make it easy for customers to overspend without realizing it. As a result, many customers face a silent accumulation of debt as they fail to meet payments and rack up on late fees."

Accrue Savings created a "Save Now, Buy Later" platform for consumers as a way to avoid debt. With this tool, they can "save up for a specific purchase without debt, interest or late fees," said Hershfield. This "allows consumers to plan for future purchases by saving up and paying less with the help of their favorite brands (like SmileDirectClub, Value City Furniture, and Solstice Sunglasses). One-time, recurring, and crowdfunded deposits allow consumers the flexibility to save at any pace in a new secure, rewarded, and stress-free way."

Paying off credit card debt and emerging from serious delinquency, especially in the face of inflation, can be difficult. But these tips on how to pay off credit card debt can help.

**NYSUTE NOTE: Do you have credit card debt that you need help managing? The NYSUT Member Benefits Corporation-endorsed Cambridge Credit Counseling program has been assisting consumers with eliminating debt for more than 20 years. NYSUT members are eligible to receive a free, no-obligation, debt consultation with one of Cambridge's certified counselors, who can help with things like consolidating credit card bills into one simple monthly payment to help you get out of debt in a fraction of the time. [Visit the website](#) today for more information.**

# Kiplinger

Kiplinger is part of Future plc, an international media group and leading digital publisher  
© 2023 Future US LLC