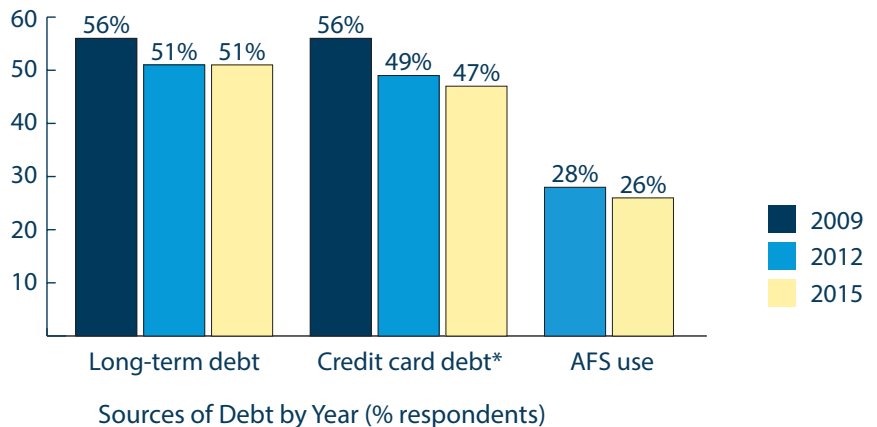


The Evolution of Consumer Debt Following the Great Recession

An analysis of data from the 2015 NFCS

Overall, individuals' indebtedness decreased from 2009 to 2015 (Fig. 1). People are less likely to carry long-term debt, such as home mortgages, home equity loans, and auto loans, and also short-term debt, including credit card debt and use of alternative financial services (AFS) (payday loans, pawnshops, rent-to-own products, and auto title loans).

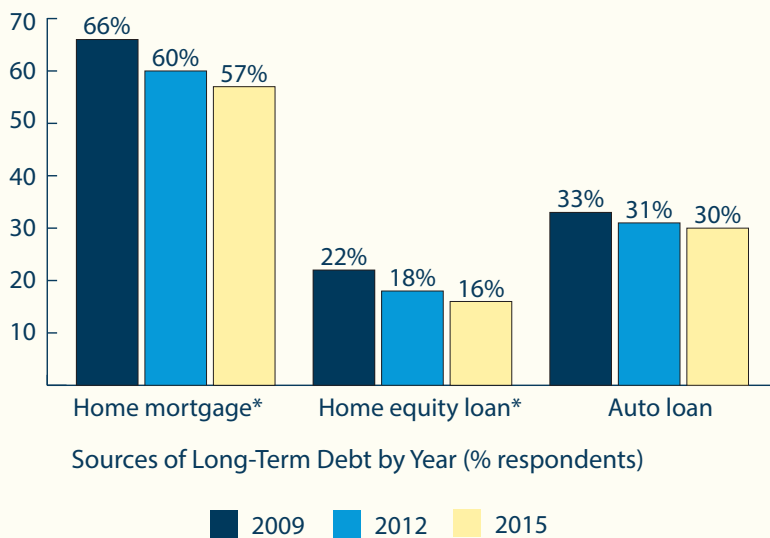
Figure 1. Evolution of debt from 2009 to 2015



*defined as carrying over a balance and being charged interest (statistic conditional on credit card ownership)

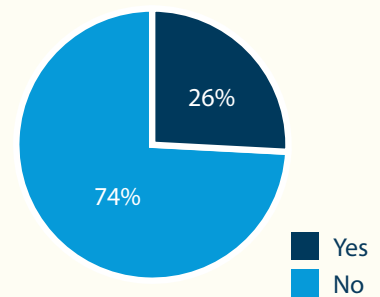
Between 2009 and 2015, the percentage of respondents with mortgages, home equity loans, and auto loans decreased (Fig. 2). While data on student loans cannot be compared to previous years, 26% of respondents in 2015 reported having student loan debt (Fig 3).

Figure 2. Sources of long-term debt



*statistics conditional on home ownership

Figure 3. Student loan debt in 2015
(% NFCS respondents with student loan debt)



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Looking at short-term debt, 47% of credit card holders report having credit card debt, down 9 percentage points from 2009. Similarly, respondents who used at least one AFS in the five years prior to the survey decreased from 28% in 2012 to 26% in 2015.

Debt in 2015 – A Breakdown by Demographics

	TOTAL	AGE			EDUCATION			INCOME			ETHNICITY			
		18-34	35-54	55+	HS or less	Some college	College or more	<\$35K	\$35-75K	>\$75K	White	Black	Hispanic	Asian
Long-term debt	51%	40%	60%	51%	41%	52%	59%	27%	58%	71%	54%	42%	49%	47%
Credit card debt	47%	46%	56%	40%	50%	51%	40%	50%	50%	42%	46%	57%	50%	30%
AFS use	26%	38%	27%	13%	30%	27%	18%	33%	25%	16%	21%	39%	34%	21%

While indebtedness decreased overall between 2009 and 2015, the 2015 data show that some groups are still more financially vulnerable than others. In particular, young adults, people with high school education or less, minorities, and people with income lower than \$35,000 are more likely to have short-term debt and use AFS.

Overindebtedness and financial fragility

The 2015 data shows that some debt indicators are still at high levels, and this is confirmed by measures of financial distress such as individuals' perceived level of indebtedness and ability to come up with \$2,000 if a sudden need were to arise.

40% of Americans reported feeling they have too much debt, down two percentage points from 2012. The percentage is especially high among respondents who have student loan debt (63%).

Respondents with student loan debt who are concerned they may not be able to pay it off:

48%

34% of the population in 2015 was financially fragile, meaning they probably or certainly could not come up with \$2,000 in 30 days if faced by an unexpected shock. Financial fragility is down 5 percentage points from 2012.