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Credit card users rack up over \$1 trillion in debt



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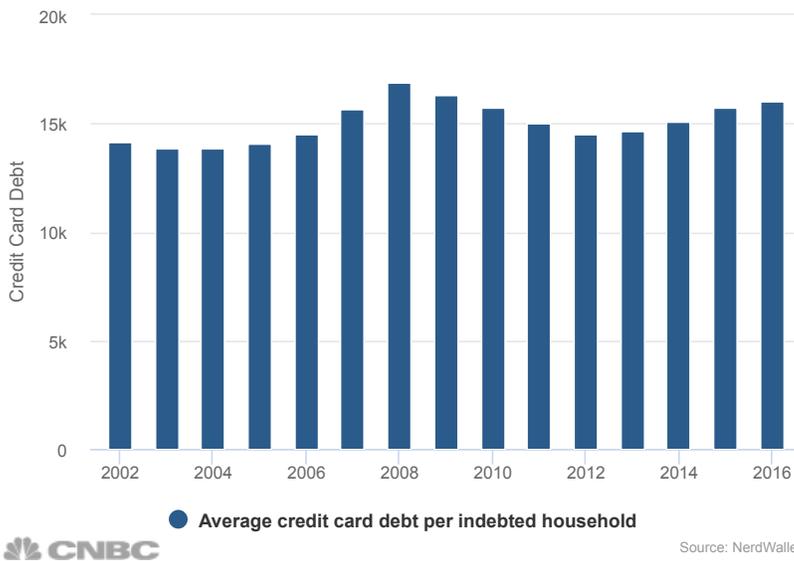
With consumers feeling better about the economy, the amount of money borrowed on plastic has reached a high not seen since the Great Recession.

Outstanding credit card debt topped \$1 trillion at the end of 2016, according to The Nilson Report, a card and mobile payment trade publication.

While household income has grown over the past decade, it has failed to keep up with the increased cost of living over the same period.

To bridge the gap, more Americans rely on **credit cards**, one of the most expensive ways to borrow. The average credit card interest rate is 19.36 percent and the average household pays a total of \$1,332.80 in credit card interest each year, according to a separate report by NerdWallet.

Credit card debt year over year



Altogether, **total debt is near the amount Americans owed in December 2007**, at the start of the Great Recession. However, in 2007, a much larger percentage of Americans' \$12.37 trillion in total debt was from credit cards. Now it's more heavily weighted toward mortgages and student loans.

But while **student loan debt** has grown a whopping 186 percent in the past decade, that trajectory has slowed in recent years.

Meanwhile, credit card debt has been rising steadily as card issuers **upped the ante** with better rewards and sign-up bonuses to attract new customers, according to Ezra Becker, a vice president of research and consulting at the credit monitoring firm TransUnion. Originations are a **key driver of growth** for the industry.

"However, it is important to remember that more than one-third of all outstanding credit card debt at the end of each month will be paid in full before the buyer incurs any finance charges," Nilson publisher David Robertson said in a statement.

Of the \$1 trillion in card debt, "only \$650 billion was subject to finance charges, while the full \$1.407 trillion in student loan debt was subject to finance charges," he said.

Credit card debt is also spread out over a wider pool of Americans than student debt. Nearly four times as many Americans have card debt than student loan debt, the Nilson report said.

There were 157 million Americans with outstanding debt on one or more credit cards at the end of 2016, but just 44 million with student loan debt.

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