

# Bankrate

## **48% of Credit Cardholders Carry Debt from Month to Month and More Than Half Have Been in Credit Card Debt for at Least a Year**

*Nearly half of credit card debtors cite emergency/unexpected expenses as primary cause, followed by day-to-day expenses*

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NEW YORK - January 8, 2025 - Almost half of credit cardholders (48%) carry debt from month to month, according to a new survey by Bankrate. This is down slightly from 50% in mid-2024 but up from 39% in late 2021. Additionally, just over half of those carrying credit card debt (53%) have been in debt for at least a year, down from 60% in mid-2024 but up from 50% in late 2021.

For more information: <https://www.bankrate.com/credit-cards/news/credit-card-debt-survey/>

Among credit card debtors, 47% say the primary cause was an emergency/unexpected expense, which includes medical bills (15%), car repairs (9%), home repairs (7%) and other emergency/unexpected expenses (16%). The second-most common reason for carrying a balance is day-to-day expenses (28%; e.g., groceries, childcare and utilities), followed by retail purchases (11%; e.g., clothing and electronics) and vacation/entertainment expenses (9%).

"Credit card balances have risen 51% since early 2021 and credit card delinquencies are at their highest point since 2011, according to the Federal Reserve," said Bankrate Senior Industry Analyst Ted Rossman. "High inflation and high interest rates have been a nasty combination, and while the worst is behind us, the cumulative effects are significant and will linger."

Of those carrying balances, 3 in 10 (30%) expect to pay off their credit card debt within a year, while 41% expect to pay it off between 1 and 5 years from now. In total, almost three-quarters (71%) of credit card debtors expect to have it paid off within 5 years. Conversely, over 1 in 10 credit card debtors (13%) expect it will take more than a decade, which includes 6% who say they expect to never get out of credit card debt.

Overall, Gen X (ages 45-60) credit cardholders are more likely to have credit card debt at 54% compared to 48% of millennial (ages 29-44), 47% of Gen Z (ages 18-28), and 45% of baby boomer cardholders (ages 61-79).

Although lower-income cardholders are more likely to carry debt from month to month, higher-income households with credit card debt are more likely to have long-term debt. Some 54% of cardholders with annual household incomes under \$50,000 carry credit card debt from month to month, versus 41% of cardholders who earn \$100,000 or more annually. But 59% of credit card debtors in the \$100,000+ income bracket have been in credit card debt for at least a year (including 24% who have been in credit card debt for at least five years). Only 51% of credit card debtors who earn less than \$50,000 annually have been in credit card debt for at least a year.

"If you have credit card debt, take matters into your own hands to pay it down as quickly as possible," added Rossman. "If you can't pay it off right away, sign up for a balance transfer card with a generous 0% interest term. You could pay about \$300 per month and knock out the average credit card balance in 21 months without owing any interest. A solid backup plan, especially if you have a lower credit score or more than five or six thousand dollars in credit card debt, is to work with a reputable nonprofit credit counseling agency such as Money Management International."

### **Methodology:**

This survey has been conducted using an online interview administered to members of the YouGov Plc panel of individuals who have agreed to take part in surveys. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,518 U.S. adults, of whom 918 carry a balance on their credit card(s). Fieldwork was undertaken between November 13-15, 2024. The survey was carried out online and meets rigorous quality standards. It gathered a non-probability-based sample and employed demographic quotas and weights to better align the survey sample with the broader U.S. population.

Mid 2024 – The total sample size was 2,437 U.S. adults, of whom 930 carry a balance on their credit card(s). Fieldwork was undertaken between June 24-26, 2024.

2021 - The total sample size was 2,400 U.S. adults, of whom 1,297 carry a balance on their credit card(s). Fieldwork was undertaken between September 1-3, 2021.

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