

Bankrate

Nearly 2 in 5 Cardholders Have Maxed Out a Credit Card or Come Close Since the Fed Began Raising Rates

Over half who have maxed out a card or come close blame inflation, high prices

NEW YORK - October 17, 2024 - Nearly 2 in 5 credit cardholders (37%) have maxed out or come close to maxing out a credit card since the Federal Reserve began raising interest rates in March 2022, according to a new Bankrate survey. This includes 20% who have maxed out a credit card and 17% who have come close to maxing one out. As of August 2024, the aggregate credit card utilization rate is 21.3%, up from 21.03% a year earlier, according to Equifax data obtained by Bankrate. Click here for more information:

<https://www.bankrate.com/credit-cards/news/credit-utilization-survey/>

Overall, cardholders who are lower earners, part of older generations, or are parents with children under the age of 18 are more likely to say they have maxed out or come close to maxing out their credit cards since March 2022.

- **Generations:** 27% of Gen Xers (ages 44-59) have maxed out their credit cards and 17% have come close to maxing out. In comparison, 23% of millennials (ages 28-43) have maxed out their credit cards and 18% have come close, while 17% of baby boomers (ages 60-78) have maxed out and 15% have come close. Among Gen Zers (ages 18-27), they are the least likely to have maxed out a card at 10%, but are the most likely to have come close (at 21%).
- **Income:** Nearly half of the lowest-income earners (earning less than \$50,000 annually) say they have either maxed out or come close to maxing out their credit cards at 45%, compared to 41% of both those who annually earn between \$50,000 and \$79,999 or between \$80,000 and \$99,999. Only 29% of those earning \$100,000 or more per year have maxed out their credit cards or come close.
- **Parents:** Nearly half of parents with children under 18 (45%) have maxed out their credit cards or come close, while 39% of parents with children 18 or older have maxed out or come close.

Over half of cardholders who have maxed out their cards or come close (54%) blame inflation/high prices as a reason for maxing out their credit card or coming close to doing so since March 2022. Other reasons include emergency expenses (38%), carrying a balance or having credit card debt (32%), job loss/income loss (25%), medical costs (22%), too much discretionary spending (22%; i.e. a non-essential expense), not having a budget (16%), and home renovations (9%), while 5% cite some other reason.

“Inflation does not care if you are rich or poor. Everyone can feel its wrath,” said Bankrate Analyst Sarah Foster. “With limited options to absorb those higher costs, many low-income Americans have had no choice but to take on debt to afford costlier essentials – at a time when credit card rates are near record highs.”

Of those who have maxed out or come close to maxing out their credit card, 88% say it negatively impacted their personal finances in some way. This includes over half (51%) who say they felt more stressed about the state of their finances, 48% who say they had to cut back on spending, 41% who said their credit score declined, 31% who say they could not afford necessary expenses, 22% had to borrow from family and/or friends, and 16% who had to pursue alternative financing (i.e., payday loans/cash advances/buy-now, pay-later products). Another 16% of Americans who maxed out a credit card or came close also said they formed a debt payoff plan, while 15% applied for a credit limit increase and 10% applied for a balance transfer card.

Since the beginning of 2024, 3 in 10 Americans (31%) say they have missed at least one monthly payment on a bill due to a financial reason (i.e. not because they forgot to make payments). The most common missed monthly payments include utilities (15%), credit cards (14%), rent/mortgage payments (8%), student loans (5%), a home equity loan (2%), or a home equity line of credit (2%).

Cardholders who have maxed out or come close to maxing out their credit cards since the Federal Reserve began raising interest rates in March 2022 are more likely to have been delinquent. More than half of this group (59%) say that since the beginning of 2024 they have missed at least one monthly payment on a bill for financial reasons. In this case, the most common missed monthly payment is for a credit card payment (35%), followed by a utility bill (26%), a rent or mortgage payment (15%), a student loan payment (10%), a home equity loan (4%), and a home equity line of credit (3%).

“Being maxed out doesn’t just have ramifications for someone’s personal finances, but it can be a headwind for the economy, too,” Foster added. “Consumption is the fuel that keeps the economy going, and Americans could be running their credit taps dry ahead of a crucial holiday shopping season. If Americans have already been struggling to keep

up with their bills, rising unemployment and weaker job growth could make that picture even worse.”

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 3,576 U.S. adults, including 3,015 who are credit cardholders and 1,104 who have maxed out their credit cards or come close to doing so. Fieldwork was undertaken between September 11-13, 2024. 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.

About Bankrate:

Bankrate has guided savers and spenders through the next steps of their financial journeys since 1976. Whether it's rates or information on mortgages, investing, credit cards, personal loans, insurance, taxes or retirement, the company offers various free resources to help consumers reach their goals. From product comparison tools to award-winning editorial content, Bankrate provides objective information and actionable next steps. Bankrate also aggregates rate information from over 4,800 institutions on more than 300 financial products, with coverage in more than 600 local markets. It's why over 100 million people put their trust in Bankrate every year.

For more information:

Fontaine Gwynn

Publicist - Bankrate

fontaine.gwynn@bankrate.com

(917) 267-8710

[Bankrate](#)

