

Bad credit cards

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Some Americans have been under the impression that credit cards are a valuable financial tool because credit cards give them leverage with their credit scores and also can make it possible to purchase and do things they may not otherwise be able to do. Even though this may be true for some this is not always the case. Credit cards are harmful not only to the American people's finances but also the economy. Credit cards are the number one reason for personal debt and bankruptcy in America today because of little or no understanding of interest rates and the false sense of security that owning multiple cards gives.

Most Americans have the desire for a more convenient lifestyle and credit card companies make it so easy to obtain their cards that it has become a trend in America for most families to have at least five or more credit cards per household. The high importance society has placed on establishing credit has started to open Americans' eyes on how credit card use has impacted their pockets financially as well as the pockets of the top three major credit bureaus. It is no secret that without credit cards it is almost impossible for Americans to obtain certain items like reserving hotel rooms, renting a car and, purchasing airline tickets.

Americans have been sucked into the policies of the credit card companies. The top three credit bureaus, Transunion, Experian and Equifax all exist because of the requirements society places on developing credit. These bureaus have the power to determine how much credit a person has and if that person is entitled to receive any more credit. Credit bureaus determine whether a person gets a car, home, or business loan making it a necessity

for the American consumer to attain credit stature by obtaining credit cards. In today's society they are a must-have.

Studies show that the United States households have received approximately 5. billion new credit card offers in 2009. This push from the credit card companies is pressuring Americans to place such a high importance on using credit cards that many Americans are not stopping to read and understand the contracts that they are signing. The shocking truth is that even if Americans were taking the time to read the contract, some would still not understand what the contract was actually saying. On average the United States credit card agreement is written at a 12 grade level, please note that most Americans who receive a high school diploma read at a ninth grade level even though they received 12 years of education.

The toughest card agreement to read is from GTE Federal Credit Union. Their contract is set at 18.5 reading level, which is the reading level equivalent of someone who has spent more than six years in college. The credit card companies have so many rules and hard to understand terms with their card contracts, that most Americans do not take the time to research and understand the rules; this causes debt and a large amount of it. Once the debt is there the credit bureaus are making money because Americans have to pay to check their credit score.

Americans today have a strong desire for the simple lifestyle; credit cards give them the feeling that they are achieving this because of the ease of spending and false ideas of financial security. The sad truth is that credit cards are the leading cause of high debt and bankruptcy in America. Even, if

someone does have good credit and are on time with the payment every month they pay high interest if the full balance is not paid in full each month, which most Americans cannot afford. Some Americans pay the minimal amount each month. This is the credit companies' biggest snafu.

The minimum payment is an interest-only payment and does not decrease the loan's principal. If they would do the math they would see that it would take 180 years or more to pay off their credit card debt. That is an outrageous amount of time. The United States total revolving debt is \$852.6 billion as of March 2010, of which 98% is made up of credit card debt. The average credit card debt per household is \$15,788. These statistics are far too high. This makes it easier to understand how debt is the number one reason Americans are suffering financially.

The total bankruptcy filings in 2009 reached 1.1 million, which is up from the 1.09 million that was recorded in 2008. Americans are so absorbed by the credit cards that a study was done in 2006 by the United States Census Bureau that determined there were nearly 1.5 billion credit cards in use in America. A stack of all those cards would reach more than 70 miles into space and be almost as tall as 13 Mount Everest as reported by the New York Times on February 23, 2009. An important factor in credit card debt is the penalty fees Americans are receiving from card companies.

In 2009 penalty fees added up to be 20 billion dollars according to R. K. Hammer, a consultant to the credit card industry. Aside from the vicious debt cycle, another issue with credit cards is fraud. In today's culture, people are not finding the honest neighbors and trustworthy merchants, found in past

generations. Now Americans have the World Wide Web or Internet, where consumers can buy almost anything they like with a couple clicks, and, of course, a Visa or MasterCard. This high speed Internet has given today's thieves a high speed means to steal credit card information and turn a 780 credit score into a zero within minutes.

In 2009 the number of identification fraud victims in the United States rose 12% to 11.1 million, which is the highest level since the Javelin survey began in 2003. All this fraud has Americans choosing their number one fear today not as terrorism, health viruses or personal safety; it is fraud that they fear and stress about the most. All this is taking a toll on Americans and slowly making them aware that not everyone is nice and trusting. Not just that, but it is killing the economy little by little.

Americans are purchasing less because the fear of falling into debt or becoming a victim of fraud is becoming a very real scenario. In a recent report done by Consumer Report Magazine in November 2009 surveys showed that 21% of consumers said they were treated unfairly by credit card companies and 32% have paid off and closed their accounts. Half reported the reason for canceling the accounts was the card issuers hiking up their interest rates and imposing high account fees. Also in the report 45% of all consumers said they are using their cards less because they trust the credit card companies less.

A Javelin study performed in 2009 showed credit card use has plummeted from 97% in 2007 to 72% in 2008, which is a 25% drop within over a year. All this debt and fraud is taking a toll on Americans and the economy, little by

little Americans are purchasing less because the fear of credit card debt or becoming a victim of fraud is a very real life scenario. Americans are starting to slowly remember and realize that what was once borrowed must be paid back and that if they do not have the cash for it then perhaps they do not need it.