

MORE MONEY: Finding the Lowest Mortgage Rate | Internet of the Future? | Obama Earmarks Billions for Cops, Teachers | Stocks

Watch Video → [Video thumbnails: Pastor's Son Argues with Reporters, Diane Sawyer, Movie Star?, Politician Freaks Out During Speech, Gas Explosion Leads to Calif. Fire]

Home > Money

Credit card use keeps falling amid economic uncertainty

By Sandra Block, USA TODAY
September 9, 2010



Print RSS | FONT SIZE: A A A | SHARE: Email Twitter Facebook [Social icons] [+ More]

Americans have sharply reduced their use of credit cards, and some analysts believe the trend will continue even after the economy has fully recovered.

The Federal Reserve Board reported this week that credit card borrowing fell at a 6.3% annual rate in July. The last time borrowing with credit cards increased was in August 2008.

Separately, a survey by Javelin Strategy & Research found that 56% of consumers used credit cards in 2009, down from 87% in 2007. Credit card usage could fall as low as 45% this year, the report said.

Reasons for the decline:

•Economic uncertainty. "People are being extraordinarily cautious because of concerns about a double-dip recession, and jobs not being returned," says Javelin President James Van Dyke. Consumers are opting for debit cards, because they're "one of those mechanisms that allows you to spend what you have," says Martha Doran, an accounting professor at San Diego State University.

•Less available credit. To reduce their risks, lenders have slashed consumers' credit limits, in some cases by as much as 90%, says Robert Livingstone, president of IdealCost.com, a consulting firm based in West Palm Beach, Fla. Under a provision in the credit card reform bill, most college students can't get a credit card without a co-signer.

•Incentives to use debit over credit. Some cash-strapped businesses, unwilling to pay transaction fees associated with credit cards, are giving consumers incentives to pay with a debit card or cash. Livingstone says he received a 7% discount on his wife's engagement ring by paying with a check rather than a credit card.

•A generational shift. Young consumers who are accustomed to having up-to-date information at their fingertips don't want to wait 30 days to see how a credit card purchase will affect their bank account, Van Dyke says. "Younger people have an inherent preference for real-time payment methods like debit," he says.

Sponsored Links
The Top 10 Golf Mistakes?
Play Best Golf of Your Life in Just 2 weeks - 10 Free Video Lessons
PeakPerformanceGolfSwing....
Todays Mortgage Rates
Find Out The Current Mortgage Rates!
JustClickLocal.com
Buy a link here

Like It. Tweet It. Digg It.

[Like] [0 tweet] [submit to digg]

Watch Video

[Video thumbnails: Are Your Pants Lying to You?, Reid: Angle has 'Long List of Negative Hits', Best Anti-Aging Beauty Products]

ABC News on Facebook

[Like] Be the first of your friends to like this.

You need to be logged into Facebook to see your friends' activity

- 'Here You Have' Virus E-Mail Spreads Online (3,757 people shared this.)
- Pastor Cancels Koran Burning; Deal Is Denied (676 people shared this.)
- Politician Freaks Out During Speech (701 people shared this.)
- Politics of Pot: Marijuana on Four Ballots (7,537 people shared this.)
- Pawn Stars (1,338 people shared this.)
- Exclusive: U.S. Translators' Abilities Questioned (1,435 people shared this.)
- Safe? 3-D Little Girl Image Scares Speeders (847 people shared this.)

Facebook social plugin

Money News

Homeowners' Associations Target Violators
How violating bylaws costs homeowners.

[Next Story: Homeowners' Associations Target Violators](#)

Sponsored Links

Free Job Training

Get paid while learning a new career! It's a win-win situation!
JustClickLocal.com

Form an LLC Online

Download the forms to form your LLC and start your entrepreneur dream!
www.JustClickLocal.com

Shocking Discovery for your Joints

Shocking discovery by Cambridge Researcher's for amazing joint relief
JointReliefReport.com

[Buy a link here](#)

Print
 RSS
 | FONT SIZE:
 | SHARE: Email
 Twitter
 Facebook

[+] More

Comment & Contribute

Do you have more information about this topic? If so, please [click here](#) to contact the editors of ABC News.

POST YOUR COMMENT



- Homeowners' Associations Target Violators
- Like a Drug: FDA Cracks Down on E-Cigarettes
- Battle Over \$500M Fortune of Manhattan Heiress
- From Goldman to Grunt: Kevin Mincio's Journey
- Obama Blasts GOP, Announces Biz Initiatives

Follow Us

Facebook
 RSS
 Twitter
 Mobile

Sponsored Links

Free Job Training

Get paid while learning a new career! It's a win-win situation!
JustClickLocal.com

Form an LLC Online

Download the forms to form your LLC and start your entrepreneur dream!
www.JustClickLocal.com

Shocking Discovery for your Joints

Shocking discovery by Cambridge Researcher's for amazing joint relief
JointReliefReport.com

[Buy a link here](#)

Most Popular →

MOST VIEWED	MOST COMMENTED	MOST EMAILED
-------------	----------------	--------------

- 'Here You Have' Virus E-Mail Spreads Online
- Obama: GOP 'Holding Middle Class... Hostage'
- Obama Concerned About Koran Burning Copycats
- **WATCH:** E-Mail Virus Runs Wild From ABC to NASA
- **WATCH:** Obama on Pastor Jones: 'Don't Play Games'
- **WATCH:** Gas Explosion Leads to Calif. Fire
- **PHOTOS:** Gaga's 'Beefy' Cover Causes a Ruckus
- **PHOTOS:** Stars Come Out for NY Fashion Week
- **PHOTOS:** Aniston and Cox Reunite on Show

[More Popular News »](#)

ESPN Headlines →

- Clijsters, Zvonareva to meet in U.S. Open final
- Tennessee punishes Pearl for misleading NCAA
- Mayweather released after iPhone theft arrest
- Riley mystified, motivated by many Heat critics
- Kraft: 'Miracle' that Brady was not hurt in crash

[More from ESPN »](#)

AOL News Headlines →

- Massive Gas Explosion Kills 6, Levels Homes in Calif.
- 'The Event' Cast Completely Confused by Own Show
- College Course Preps Pupils for Zombie Apocalypse
- Cockroaches: The Antibiotics of the Future?
- Did Media Devote Too Much Attention to Quran Burning?

[More from AOL News »](#)



External links are provided for reference purposes. ABC News is not responsible for the content of external Internet sites. Copyright © 2010 ABC News Internet Ventures.

Quotes delayed 15 minutes for NASDAQ. 20 minutes for NYSE and AMEX. Market Data provided by Interactive Data. Terms & Conditions. Powered and implemented by Interactive Data Managed Solutions

[BACK TO TOP](#)

Sections

- [News](#)
- [Politics](#)
- [Blotter](#)
- [Health](#)
- [Entertainment](#)
- [Money](#)
- [Technology](#)
- [Travel](#)
- [Recipes](#)
- [Behind the Scenes](#)

Shows

- [Good Morning America](#)
- [World News with Diane Sawyer](#)
- [Nightline](#)
- [This Week with Christiane Amanpour](#)
- [20/20](#)
- [Primetime](#)
- [What Would You Do?](#)
- [ABC News Now](#)
- [Boston Med](#)
- [ABC.com](#)

Tools

- [iPad App](#)
- [Register](#)
- [Sign In](#)
- [Facebook](#)
- [Twitter](#)
- [Blogs](#)
- [Wireless](#)
- [Emails & News Alerts](#)
- [Message Boards](#)
- [RSS Headlines](#)
- [Podcasts](#)

About

- [Contact Us](#)
- [Feedback](#)
- [Advertising](#)
- [Privacy Policy](#)
- [Interest-Based Ads](#)
- [Terms of Use](#)
- [ABC News Store](#)
- [Site Map](#)