



## TransUnion Press Release

### TransUnion.com: Average Credit Card Delinquency Rates Continue to Fall in Third Quarter From Previous Decline in Second - Bucking Historical Trend

CHICAGO, Nov. 23 /PRNewswire/ -- TransUnion.com released today the results of its analysis of trends in the credit card lending industry for the third quarter of 2009. The report is part of an ongoing series of quarterly consumer lending sector analyses focusing on credit card, auto loan and mortgage data available on TransUnion's Web site at [www.transunion.com/trenddata](http://www.transunion.com/trenddata). Information for this analysis is culled quarterly from approximately 27 million anonymous, randomly sampled, individual credit files, representing approximately 10 percent of credit-active U.S. consumers and providing a real-life perspective on how they are managing their [credit health](#).

#### Statistics

The national [credit card delinquency](#) rate (the ratio of bankcard borrowers 90 days or more delinquent on one or more of their credit cards) dropped to 1.10 percent in the third quarter of 2009, down 5.98 percent over the previous quarter. Year over year, credit card delinquencies remained essentially flat from 1.09 percent in the third quarter of 2008. As expected, incidence of credit card delinquency was highest in Nevada (1.98 percent), followed closely by Florida (1.47 percent) and Arizona (1.35 percent). The lowest credit card delinquency incidence rates were found in North Dakota (0.66 percent), South Dakota (0.70 percent) and Alaska (0.73 percent). Mississippi saw the largest quarter-over-quarter drop of 13.4 percent in credit card delinquency. In comparison to last quarter, where no state experienced a quarterly increase in delinquency rates, the third quarter saw 8 states log an increase.

Average credit card borrower debt (defined as the aggregate balance on all bank-issued credit cards for an individual bankcard borrower) drifted downward nationally 1.87 percent to \$5,612 from the previous quarter's \$5,719, and down 1.71 percent compared to the third quarter of 2008 (\$5,710). The highest state average credit card debt remains in Alaska at \$7,699, followed by Tennessee at \$7,039 and Alabama at \$6,453. The lowest average credit card debt was found in Iowa (\$4,225), followed by North Dakota (\$4,449) and Wisconsin (\$4,602).

The steepest increases in average credit card debt over the previous quarter occurred in Hawaii (+5.48 percent), North Dakota (+0.71 percent) and Alaska (+0.44 percent). The District of Columbia experienced the largest drop in average credit card debt (-10.05 percent), followed by Nevada (-3.16 percent) and Delaware (-3.11 percent).

## U.S. Analysis

"For the first time in ten years, third quarter national delinquency rates showed a *decrease* from the previous quarter, indicating a departure from the usual seasonal patterns. This movement could have occurred for a number of reasons. First, the national savings rate fell in the third quarter, possibly indicating continued consumer efforts to keep debt to a minimum and debt repayment under control in the face of an already depressed labor market. Consumers recognize that their credit cards are their primary purchasing vehicles in this economy," said Ezra Becker, director of consulting and strategy in TransUnion's financial services group. Second, many lending institutions modified credit card rules, fees and charges in the third quarter, in advance of the Credit CARD Act taking effect in February 2010. Those changes almost certainly impacted the dynamics of third quarter performance.

"An early indicator of the impact these term modifications will have on consumers and their credit habits in terms of debt and delinquencies will likely be revealed during the upcoming holiday season and immediately thereafter. However, the long-range effect is as yet unclear. In all events, it is anticipated that the market will experience a different lending dynamic and a material shift in the use of credit cards and marketshare across the industry. This recession has taught the U.S. consumer many lessons: shop around for the best deal, maximize the value of your spend and protect your day-to-day liquidity. While TransUnion still expects to see seasonal behavior patterns in delinquency rates, the industry is still in flux as to what the new historical norms might be," continued Becker.

## Forecast

"With positive GDP now being reported along with an expectation that the national saving rate will drift downward in the fourth quarter, TransUnion sees its year-end forecast for 90-day credit card delinquency rate remaining steady at approximately 1.1 percent nationally, with a possible drift upward in the beginning of 2010," said Becker.

At the state level, Nevada is still expected to experience the highest delinquency rate by the end of 2009 (1.9 percent), while North Dakota is anticipated to show the lowest delinquency rate (0.64 percent).

(Related Graphs: <http://transunion.mediaroom.com/index.php?s=98>)

(MP3 File Sound bites: <http://transunion.mediaroom.com/index.php?s=102>)



## TransUnion's Trend Data database

The source of the underlying data used for this analysis is TransUnion's Trend Data, a one-of-a-kind database consisting of 27 million anonymous consumer records randomly sampled every quarter from TransUnion's national consumer credit database. Each record contains more than 200 credit variables that illustrate consumer credit usage and performance. Since 1992, TransUnion has been aggregating this information at the county, Metropolitan Statistical Area (MSA), state and national levels. For the purpose of this analysis, the term "credit card" refers to those issued by banks.

## About TransUnion

As a global leader in credit and information management, TransUnion creates advantages for millions of people around the world by gathering, analyzing and delivering information. For businesses, TransUnion helps improve efficiency, manage risk, reduce costs and increase revenue by delivering comprehensive data and advanced analytics and decisioning. For consumers, TransUnion provides the tools, resources and education to help manage their credit health and achieve their financial goals. Through these and other efforts, TransUnion is working to build stronger economies worldwide. Founded in 1968 and headquartered in Chicago, TransUnion employs associates in more than 25 countries on five continents.

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