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43 Million Have Mistakenly Carried a Balance to Boost Their Credit Scores

42% have paid a credit card bill late

Austin, Texas – July 2, 2018 – More than 1 in 5 credit card users (22%), or about 43 million Americans, have carried a balance to help improve their credit scores, according to a new CreditCards.com report. The problem is, carrying a balance is not one of the five factors that comprises a FICO credit score (<https://www.creditcards.com/credit-card-news/help/5-parts-components-fico-credit-score-6000.php>), leaving cardholders to pay more in unnecessary interest. In fact, carrying a balance could negatively affect a person's credit score if it pushes one's credit utilization ratio too high. Click here for more information:

<https://creditcards.com/credit-card-news/late-payment-survey.php>

Which credit cardholders are most likely to fall victim to this common misconception?

- **Younger users:** 28% of Millennials (ages 18-37) and 25% of Gen Xers (ages 38-53) with a credit card say they have carried a balance to boost their credit scores, compared to 16% of those age 54-plus.
- **The less educated:** 27% of cardholders without a college degree have done this, versus 12% with a college education.
- **Lower earners:** 30% of credit card users making under \$50K per year have wrongly sought to improve their credit scores by carrying a balance, compared to 19% of those who earn more.

“It’s painful to know that so many millions of Americans are essentially attempting to pay their card issuers to improve their credit scores,” said CreditCards.com senior industry analyst, Matt Schulz. “The fact of the matter is that carrying a balance will never improve your credit. With interest rates at an all-time high (<https://www.creditcards.com/credit-card-news/rate-report.php>), cardholders should aim to pay off their bills in full every month, and, more importantly, pay on time.”

Paying on time seems to be another pain point for American credit cardholders. More than 2 in 5 (42%) confess to paying a credit card bill late, including 24% who have done so more than once. Women are much more likely than men to admit to tardiness (48% vs. 35%), while minorities (50%) and parents with young children (50%) are also among the most likely to pay late. Millennials are the most likely to be habitual late payers (10% indicate that they’ve paid late five or more times).

Many of these late payments could have seemingly been avoided with a little more organization, however. Seventy-one percent of those who have ever paid late say they have done so because they either forgot (60%), were busy (13%) and/or were traveling (11%). Higher earners, college graduates, Baby Boomers (ages 54-72) and Northeasterners are most likely to admit to paying late due to carelessness.

Still, 35% of late payers say they've done so because didn't have enough money to pay on time. Millennials (53%), especially those ages 18-27 (61%), are the most likely to say this was the case. Minorities, parents, the less educated and those making under \$75K per year are also more likely to blame deficient funds as a reason for paying late.

Among those who have made multiple late payments, not having enough money is the most commonly cited reason. Eighty-four percent of those who point to insufficient funds have paid late more than once, including 38% who have been tardy five or more times. Meanwhile, more than half (51%) of those who say they "forgot" have done so only one time.

This study was conducted for CreditCards.com by GfK Custom Research North America on its OmniWeb online omnibus. The sample consists of 1,000 completed interviews, weighted to ensure accurate and reliable representation of the total population, 18 years and older. Fieldwork was undertaken June 1-3, 2018. The margin of error for total respondents is +/- 3%.

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