

Title:

An Increasing Trend In Lending

Word Count:

382

Summary:

The reasons for mortgages or loans are because of the high spending rate of the people in USA. According to the news agency USA TODAY there seems to be a reduction in the saving rate of the people.

Keywords:

loans, mortgages, finance, credit cards

Article Body:

The reasons for mortgages or loans are because of the high spending rate of the people in USA. According to the news agency USA TODAY there seems to be a reduction in the saving rate of the people. The cash flow, which is quite slow, is one of the reasons and increase in the spending habit of the people. Another reason is that people having been borrowing against their assets But the biggest reason for our poor savings rate is that people have been borrowing against assets "mainly their homes – to get their hands on spending money. The median price of a home rose 24.5% from 2001 through 2004. The real boom period was 2005: The median home price – half cost more, half cost less – soared to \$206,600 from \$184,100 in 2004." Due to reasons and to tap the potential there has been an increase in the number of Lenders in the last few years.

The reasons of increase in the spending habit of the people is because of more gadgets and more luxury in order to get into more luxury people are using all their money into gadgets which ensures luxury. Increase in awareness and trying to ape the rich i.e. trying to get costlier clothing and accessories to 'feel good'. The spending of the people is not in accordance with the income that they earn but is also eating into their savings. In a recent study it has been found that many people haven't saved for their rainy day. There is very less or no emergency fund among people. The people who have retired have found that they have no fund to spend rest of their lives. The savings rate has drastically come down.

As said above to lay their hands on spending money, for emergencies, for building a house (without enough finance in hand) and for education that the there has been an increase in need to borrow money and hence increase in the

lenders. Though reasons like building a house or education loan is quite understandable in nature and is also repayable within the fixed period of time. It is only the increase in the loan for emergencies and spending money that is worrying a lot of economist. This increase can only be tackled when the people learn to live within their income.