

Credit card debt

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'Credit card debt' is a much discussed topic in the commercial and social circles. A big section of the population has been bit by this bug called 'credit card debt'. Can't blame them much; as such, it's pretty easy to fall prey to this bug.

The main reason behind so many credit card casualties (rather credit card debt related casualties) is that many people don't understand the concept of credit cards properly. They treat credit card as free money that is never to be returned. Thus all the discipline, which would otherwise have been exercised with spending hard-earned money, goes for a toss. That means people overspend and get into credit card debt. They keep spending till they reach the credit limit on their credit card. Some people go to the extent of treating that like a game and consider it a defeat (or consider their credit card under utilised) if they don't hit the credit limit quick enough. These unnecessary spends result in a situation where they are not able to payback their credit card bills and end up paying interest on the amount they owe. This keeps building up their credit card debt and they soon find that the interest component has become a regular feature in their monthly expenses and it is there even if they spend nothing on their credit card. That is credit card debt on the prowl. Soon they find that their current credit card can no longer handle their needs and start looking to get another credit card. With the new power of credit, they let themselves loose again and follow a 'shop till you drop' routine. Soon the credit limit of the new credit card is reached too and they again default on payments. This is how credit card debt builds. Soon they learn about credit card debt consolidation and other credit card debt elimination techniques. They are quick to grab such credit card debt reduction techniques, but that's not because they are serious about reducing their credit card debt but because of the attractive low APR offers. As if it were booty, they again get back to building up their credit card debt. All the while they are spoiling their credit card rating and they soon realise that no one is ready to lend them money because of their credit history. They can only get a secured credit card now (where you first deposit money into your credit account and then only you get the privilege of spending it (50-100% of it) using their credit card. Credit card debt collection agencies, auction of their goods and bankruptcy is the next thing that hits them and their dream run is blown away in a moment.

The moral of the story - "Understand the concept of credit cards and treat credit card debt with all seriousness".