

USA: Loan delinquencies hit record highs in 2nd quarter

NEW YORK (AP) — Delinquency rates for three key consumer loan categories hit record highs in the second quarter, according to data released Thursday by the American Bankers Association.

Rising unemployment and falling incomes were the main culprits for the higher delinquency rates for bank cards, home equity loans and home equity lines of credit, the ABA said.

Bank card delinquencies rose to a record 5.01% of all accounts. For home equity loans, 4.01% of accounts were delinquent, while 1.92% of home equity lines of credit were delinquent.

A late payment that is 30 days or more overdue is considered delinquent.

The ABA's composite ratio, which tracks eight loan categories, also hit a new high of 3.35% of all accounts. That is the highest recorded since the industry group began tracking the rate in the mid-1970s, and tops the previous record of 3.23 set last quarter.

"Falling behind on debt payments is an unfortunate side effect of high unemployment and a frozen job market," said James Chessen, ABA's chief economist.

A bright spot was auto loans. Direct auto loan delinquencies fell to 2.46% of accounts and delinquencies for indirect auto loans, which are arranged through auto dealers, dropped to 3.26% of accounts.

http://www.usatoday.com/money/perfi/credit/2009-10-01-loan-delinquencies_N.htm