

# Tenth District Consumer Credit Report



4th QUARTER 2011

FEDERAL RESERVE BANK of KANSAS CITY

## Summary

Average consumer debt in the Tenth District, which in this report consists of all personal debts except for first mortgages, declined modestly in the fourth quarter to just over \$15,500 (Chart 1). The number has declined fairly consistently since its peak in the first quarter of 2009, but the rate of decline has leveled off over the past year. The U.S. figure was flat at about \$17,300. Consumers in the District carried less revolving debt on average than consumers in the nation as a whole.

Oklahoma had the lowest average consumer debt in the District at about \$13,600, which was little changed from the previous quarter. Consumer debt in Nebraska, which had the lowest average consumer debt in the previous quarter, edged up to about \$13,900 in the fourth quarter.

Colorado consumers continued to hold the most debt, at \$18,900. Much of the differences between states can be attributed to income and housing values, which are relatively high in Colorado and relatively low in Oklahoma, as well as the overall

economic performance of the state.

Tenth District credit delinquency, at 4.3 percent of accounts, was substantially lower than the U.S. average (Chart 2). Bank card delinquencies differed little from those in the nation as a whole, while auto delinquencies were moderately lower and student loan delinquencies were moderately higher. The marked difference in the delinquency rate across all accounts came largely from differences in mortgage delinquency rates. Bankruptcy rates also were much lower in the District at 103 per 10,000 households (annual rate), compared to 126 per 10,000 households in the nation as a whole.

### THEME: STUDENT LOAN ACTIVITY

In the last decade, tuition and fees for public four-year colleges have been rising at an annual rate of 5.6 percent, compared to an average annual consumer price inflation rate of about 2.5 percent (The College Board). Tuition at private, nonprofit four year colleges and community colleges has also increased. Partly as a result of this inflation in tuition and fees, student loan

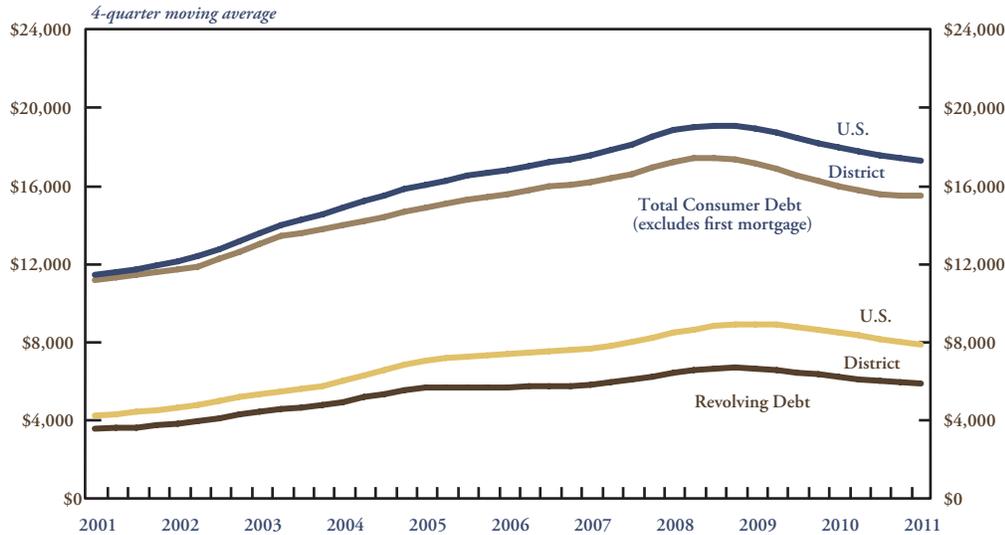
borrowing has increased dramatically. Another factor is higher borrowing limits.

In the fourth quarter, the average consumer with student loan debt owed about \$22,300 in the Tenth District, compared to about \$23,600 in the nation as a whole. (Chart 3) Debt levels varied significantly by state. A number of factors determine student loan debt levels across states. Among these are tuition and other costs and state-specific financial aid programs. Wyoming has the lowest average four-year public college tuition across District states and a generous merit-based scholarship program.

Delinquency rates on student loan debts are increasingly problematic for recent college graduates and are near all-time highs. The delinquency rate for the Tenth District in the fourth quarter, at 12.1 percent, was moderately higher than that for the nation as a whole, which was 11.0 percent (Chart 4). This pattern runs counter to the overall credit delinquency rate, which was 4.3 percent in the District, but 6.3 percent in the nation as a whole. High unemployment rates among young people has contributed significantly to relatively high delinquency rates for student loans.



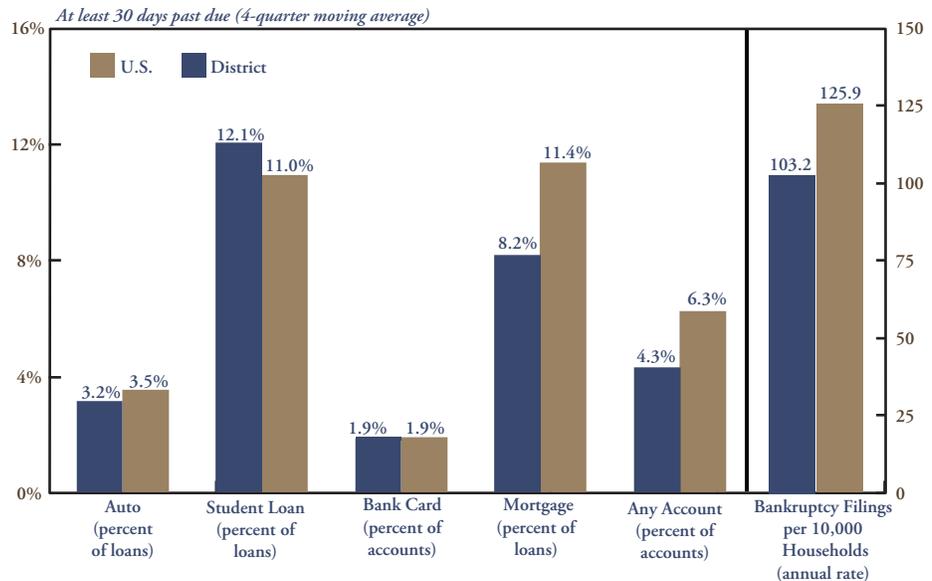
## Chart 1: Average Debt per Consumer



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax

Note: A first mortgage represents the primary note on the home and typically is not used to purchase consumer goods.

## Chart 2: Average Consumer Delinquency Rates



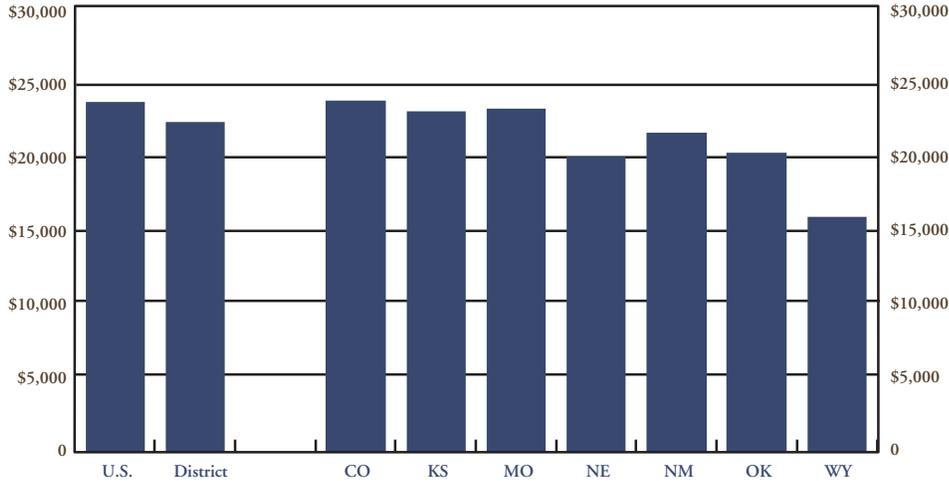
Source: Federal Reserve Bank of New York Consumer Credit Panel / Equifax, the Administrative Office of the U.S. Courts, and Lender Processing Services, Inc.

Notes: Due to changes in the way figures were computed, the delinquency rate for all accounts is not comparable to that from the third quarter. "Any Account" includes accounts not otherwise reported in the chart, such as first mortgages.



## Chart 3: Average Student Loan Debt

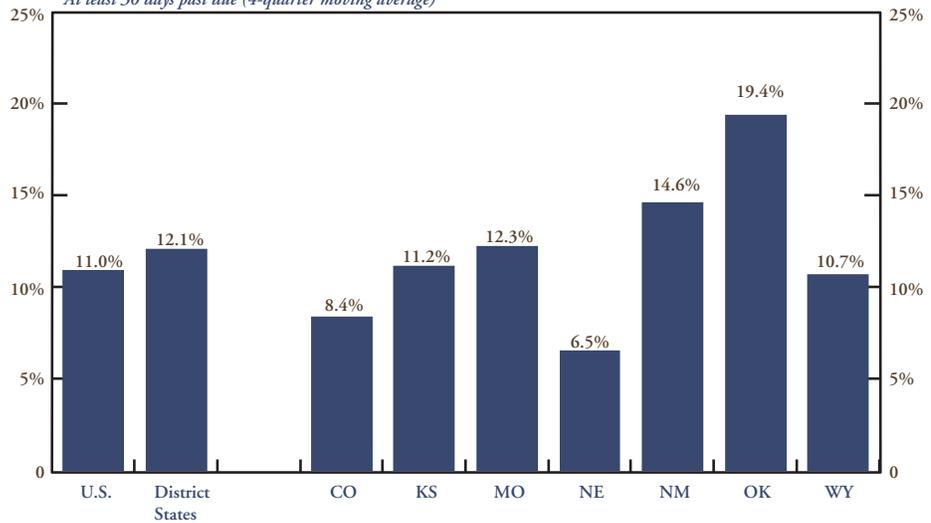
(for those with outstanding student loans)



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax

## Chart 4: Average Student Loan Delinquency Rates

At least 30 days past due (4-quarter moving average)



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax

The Federal Reserve Bank of Kansas City and its Branches in Denver, Oklahoma City and Omaha serve the Tenth Federal Reserve District, which encompasses Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming.