

PRESS RELEASE

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Brits sleepwalking into a debt disaster

GFT's latest Banking Disruption Index highlights mounting debt worries for UK consumers

London, June 18 – British consumers on average are almost **£2,700 in credit card debt**, and more than a third either already have or contemplated **taking out a payday or short-term loan** to cover rising debt costs in the last 12 months, according to new research.

The increased cost of living and high inflation means **Brits are struggling to stay on top of their finances**, with 39% admitting to not having any method of tracking their spending.

This data comes from GFT's latest **Banking Disruption Index**, a bi-annual assessment of consumer banking habits.

Richard Kalas, **Client Solutions Director, Retail Banking at GFT UK**, said, "This mounting debt is understandably becoming a real concern for consumers. We know banks have introduced entire packages of support to help people manage their finances over the last couple of years, but it's clear customers aren't aware of them. There's a huge opportunity here for banks to better demonstrate the help they can offer and become trusted partners to their customers."

The research also uncovered growing reliance on credit facilities to cover everyday spending. In fact, **consumers with a credit card are using it almost twice a week**, with almost a third (32%) of those using it for basic expenses such as groceries.

When it comes to debt management, a quarter (25%) of 35-44-year-olds have **opened other lines of credit** to pay off and consolidate their finances.

Worryingly, however, 18% of people do not currently know what the repayment terms or APR of their credit card(s) are.

But it's not just credit card debt that's rising; **an overreliance on overdraft facilities is growing too**. 45% of those surveyed are using their overdraft before the end of the month, and one in four are falling into an unarranged overdraft facility, incurring significant charges.

Despite these debts, **most people aren't concerned about using their overdraft facilities**, with almost half (47%) considering credit card debt to be far more serious.

Support from banks

Overall, banks have increased their support for customers since the cost of living crisis hit, with dedicated packages to help people facing financial difficulty. But the research shows consumers want more.

In fact, nearly a third (32%) of customers are currently unsure what products and services their bank offers to help them with their money. And **a further 14% would like specific support to help them** manage their credit card and overdraft debts.

As such, an increasing number of people are turning to budgeting apps and buy-now-pay-later (BNPL) facilities to manage their spending, with one in five (20%) of 18-24-year-olds using BNPL services to ease financial challenges.

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