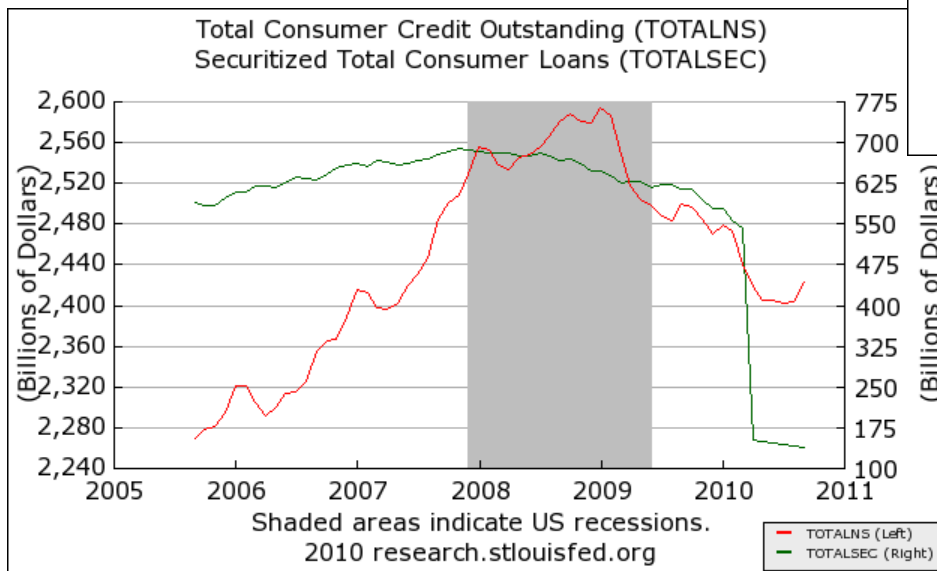
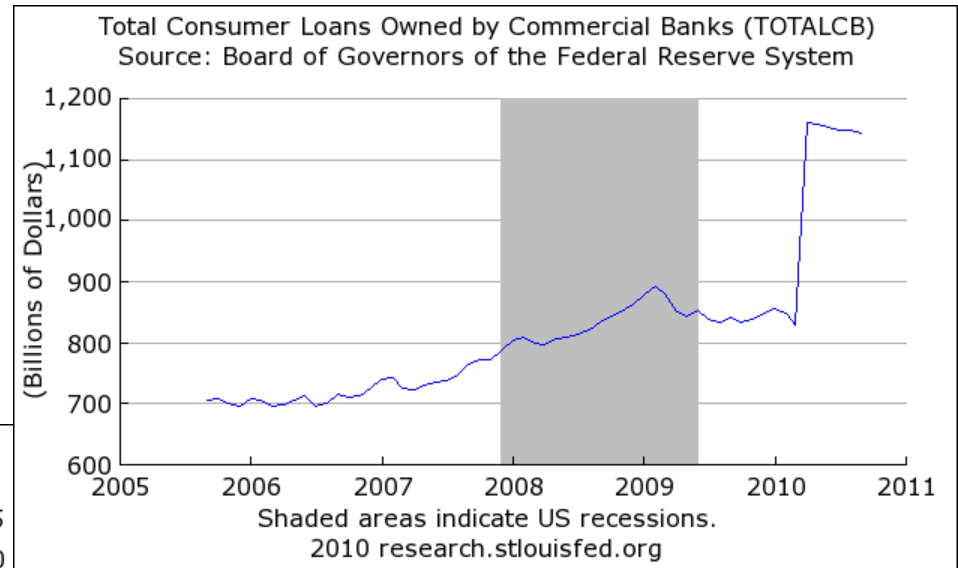


Giving Credit Where Credit Is Due Part II: Illusory Increase in Consumer Credit on Bank Books

The chart to the right (blue line) indicates that the amount of consumer loans on banks' books increased significantly coming out of the recession, but...



...total consumer credit has declined (chart left, red line), indicating that the change in consumer loans on banks' books is the result of an accounting change requiring banks with off-balance sheet entities holding securitized loans to bring them back onto financial statements (chart left, green line).

Data from <http://research.stlouisfed.org>,