

## Credit is a Necessity, Not a Nightmare

Many people who spend time thinking about nonprime Americans are not nonprime themselves, and may have never been. This can often cause misunderstanding. It's a natural human tendency to assume others should react or think the way you do.

For example, many people believe that borrowing money only adds to the nonprime consumer's troubles. They often assume when nonprime Americans have access to more money, they spend it unwisely, thereby compounding their financial woes. However, frivolous spending doesn't drive the majority of the nonprime consumer's financial woes. Two thirds of nonprime Americans agree that "I am careful about how I spend my money," according to a study by Elevate's Center for the New Middle Class.

Yes, some might think, but shouldn't they cut spending even further or budget more tightly? That line of thinking doesn't give nonprime Americans enough credit. Forty-one percent of nonprimes say they "deny comforts to save money," compared to only 27 percent of primes. This indicates that nonprime Americans face their situation and make hard decisions.

Even still, some argue that they should avoid borrowing at all costs. Popular columnist Peter Dunn argues this exactly: [you shouldn't teach kids how to borrow money](#) because it reinforces the idea that they *should* be borrowing money. Noting it's not just unwise, it's "scary."

But, credit isn't evil— in today's age, it's actually necessary. As we previously stated, the nonprime are nine times more likely to have been turned down for credit than prime consumers. And considering they too need credit to secure housing, transportation, and—in many cases—even a job, it's a much needed tool.

If you fail to understand how to use a tool, you almost certainly will never understand when to use it. And when *not* to use it. A nail and a screw look superficially alike, but if you approach both with a hammer, results will not be the same.

Nonprime Americans know this and actually feel it acutely. It seems noble to make due with a 15 year old car, but a constant stream of repairs can be as costly as a car payment. If you have no option to buy a newer three year old car because you have no access to credit, maybe—just maybe—the lack of credit is the very thing keeping the New Middle Class from moving forward.