

More 'credit card slaves' trapped by crushing debt

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"The debt collectors are calling me every day. Not too long ago, they even called me at work," said Wang Ying (not her real name).

She said the call to her office was particularly bad, when the debt collectors were told she was not there, they threatened to visit her at work next time in person.

Wang's husband is the reason for the harassment. He is a credit card slave who holds eight bank cards.

She said he got his first credit card in 2005 and has been recklessly applying for more ever since.

In 2008, he used the cards to get his hands on a lot of cash and lost the money gambling. Unable to pay back the debts, he asked Wang to pay them for him.

Wang said she has tried every means, including borrowing money from relatives and friends, and running up her own credit cards, all no avail.

She says it is as much as she can do to pay off the monthly minimum. Now, her cards too are deep in the red. With snowballing interest, the debt of Wang and her husband has grown to more than 100,000 yuan (\$20,280).

She said the debt collectors started calling her mobile phone a few months ago, asking her to pay off her debt.

Then she started getting the calls at work.

Now, she lives in fear.

Wang's story is typical for many "credit card slaves".

Since 1985 when the Bank of China issued the first credit card in the country, the availability of credit has rapidly expanded, especially during the last decade.

The ownership of credit cards has become particularly popular among China's young consumers. As of the end of last year, China's banks had issued 170 million credit cards. It is not uncommon for people to have cards from more than one bank.

With the growing number of credit card holders, however, there have been a growing number of cases of defaults on payment.

According to a blue book on the credit card industry in 2009, issued by the China Banking Association, non-performing credit card debts considerably increased from the level in 2008. The rate of non-performing debts range from two to four percent.

The growing trend showed no sign of slowing down in the first quarter of this year. Credit card holders in arrears have

noticeably increased, too.

To reclaim the debts from card holders, some banks have outsourced the tasks of collecting money to companies that specialize in the work. The debt collectors, who get paid a percentage of the debt once it is collected, use various means, including intimidation and deception, to press the debtors.

A man, whose Net ID is China Ren, owes around 110,000 yuan to six banks. Last January, he cashed out his cards and used the money to open a computer store and run a few websites. His business, however, has not made a profit and he has not been able to pay the money back.

Last September, Ren's father died and he spent heavily on the funeral. Since then, he has been unable to even pay the minimum payment on his debt and has been forced to default. Now, he receives countless calls from banks urging him to find the money he owes.

Some debt collectors, he said, have used insulting language to intimidate him.

"I felt very depressed every time after I received such a phone call," he said.

Earlier this month, a bank got hold of his girlfriend's phone number and she too has received calls every day.

Intimidated by the phone calls, the pressure has put a strain on their relationship and they frequently quarrel.

"I think I'm a failed man," he said. "I make my girlfriend live in fear. I decided to leave her after thinking over the issue painfully."

A netizen, who goes by the name of QQ Wep, is also a credit card slave. She said she once received an SMS from a debt collector stating: "You must call us to negotiate on the matter of debt payment in 24 hours. Otherwise, your fame will be stained because we are going to make an advertisement about your debt in the local newspaper. We'll sue you in court. You will be put into prison and will not be able to find a proper job after your prison term. Your relatives who are sheltering you will take a heavy toll, too. Don't embroil your family in it!"

The bombardment of phone calls is a common method used by debt collectors and, like in the SMS to Wei Ping, the debt collectors often try to involve debtors' family and friends.

Some debt collectors may even seek casual acquaintances of debtors in an attempt to embarrass the debtor into paying.

"I have received a phone call from a debt collector and her attitude was very aggressive," said Wu, a white-collar worker who was only targeted because his boss' wife had defaulted on a debt.

Wu said the call made him feel very uncomfortable. "Why were they so truculent with me? I didn't owe money to them."

If making endless phone calls does not work, some debt collectors may try to lure the debtor into paying up through other means.

Many pretend to be lawyers, couriers and even police officers in order to get information from debtors.

"I have seen with my own eyes debt collectors pretending to be couriers and asking my friend to open the door for them", said Liu, the friend of a woman who owes around 20,000 yuan to a bank. Since a debt collecting company got her number, she has been harassed by phone calls countless times.

On July 1, Zhong Zhaofeng, a white-collar employee who owed 6,000 yuan to a bank, went on a date with a cyber-friend. However, when he arrived at the rendezvous, three men surrounded him and compelled him to go to an office where he was detained until police arrived. The cyber-friend was in fact an employee of a debt collecting company.

Ma Zhizhong (not his real name) once worked for a debt collecting company and was in charge of visiting debtors' residences, including their parents' homes, to ask for payment.

On several occasions, he said, he visited elderly impoverished parents whose children owed thousands or even tens of thousands of yuan to banks. They were all shocked when they heard the bad news.

"The despair and horror on their faces still haunt me," he said.

But Ma said the debt collectors are motivated to work hard on chasing down their targets because they can earn handsome profits.

During his first month at the company, most of his colleagues earned more than 10,000 yuan and his boss could make 120,000 yuan a month in bonuses.

Ji, a manager with a credit card center attached to a commercial bank, told METRO that banks usually directly contact debtors initially. They commission debt collecting companies only after debtors have defaulted for more than a year.

Debtors who owe very large amounts to banks for a long time are usually sued through the legal process, Ji said.

METRO called some debt collecting companies based in Beijing that did business under the description of "investigation company", "commercial consulting company" or "law firm". The companies typically asked for 30 percent of the bad debt in commission.

"We'll use proper means and you do not need to worry about legal matters," said an employee of Heibao Investigation.

Man Ligang, a legal expert, told METRO that it is legal to commission an agent to reclaim a debt but if debt collecting agencies infringe on debtors' personal freedom or use intimidation, they may be breaking the law.

Wang meanwhile is still living in fear of the telephone.

"I have divorced my husband," she said. "But the banks still call me to pay back the debt."

With a salary that is less than the interest on the debt, she doesn't expect the feeling of fear and helplessness to finish any time soon. -China Daily/ANN