

## Richmond Fed eBrief

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August 2013

### **Are Young Borrowers Bad Borrowers? Evidence From the Credit CARD Act of 2009**

A recent working paper published by the Richmond Fed questions the conventional view that young borrowers are the most prone to financial mistakes. The paper's authors studied the relationship between age and financial problems related to credit cards, finding that young borrowers are among the least likely to experience a serious credit card default. They then used the 2009 Credit CARD Act to identify which individuals self-select into obtaining a credit card early in life. They find that individuals who choose early credit card use default less and are more likely to get a mortgage while young.

### **Will a Surge in Labor Force Participation Impede Unemployment Rate Improvement?**

The labor force participation rate has been falling since 2000, a trend that accelerated somewhat during the recession of 2007–09. Some economists and journalists have questioned whether recent improvements in the labor market will cause nonparticipants to re-enter the labor force at a faster rate, thus offsetting job growth and impeding further declines in the unemployment rate. But the authors of the recent Economic Brief conclude that recent worker-flow research suggests that this scenario is unlikely.

### **Economic Snapshot, August 2013**

The most recent reports indicated general sluggishness in the Fifth District economy, with many states experiencing mixed reports from the labor market surveys and challenges among the region's households and businesses. Residential real estate, however, continued its recovery.

### **Board of Governors Announces Community Depository Institutions Advisory Council Members**

The Federal Reserve Board announced the members of its Community Depository Institutions Advisory Council (CDIAC) and the president and vice president of the council for 2014. One member from the [Richmond Fed's CDIAC](#) serves with counterparts from other Reserve Banks. CDIAC advises the Federal Reserve System on the economy, lending conditions, and other issues.

### **The Virginia Economy and the Nonprofit Sector**

Sonya Waddell, a regional economist at the Richmond Fed, provided an update on the Virginia economy to a group of executives from nonprofit organizations on June 26. She also offered statistics on the state's nonprofit sector.

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