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Borrowers Fail To Pay Off Loan In The Time Of The 2020 Novel Coronavirus [COVID-19] Pandemic

LOS ANGELES, CALIFORNIA, USA, June 3, 2020 /EINPresswire.com/ -- The world is in a critical stage of the Covid-19 Pandemic ravaging the entire globe. This is an occurrence that has thrown even the world powers into a state of confusion that was never envisaged. As a result of this, there has been a whole lot of relief packages and palliatives that the government has been throwing at their citizens as a way of assistance to help people survive this trying time.

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In the first week of April 2020, over 5.2 million Americans became unemployed. This led to over 2.2 million jobs lost in the past months. What this means is that the increase in unemployment will have to see lenders set aside huge amounts to cushion the effects of most Americans not being able to pay for their auto loans, credit cards, and home mortgages among others.

Businesses have been shut down, and countries are taking out loans to combat this pandemic and put things in order. For example, the first round of the $349 billion funding for the Paycheck Protection program was exhausted in less than two weeks.

This led to the Health Care Enhancement Act and the Paycheck Protection Program to be signed into law with an additional $310 billion being set aside to help small businesses stay afloat and pay their employees to avoid loss of jobs. This is to keep the unemployment rate at bay.

About 12% of consumer loans by online lenders were already impaired as of April 9, 2020. This means that most borrowers have missed payment dates by asking for an extension of the due date or not making payment at all without any hope of paying any time soon. This is becoming an alarming occurrence for people in the loan business and it is the reality of our time. Data coming from the Federal Reserve shows that credit issues among online loans have surged beyond the bad recession level and heading towards the Depression-like levels.

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