

Economic Crisis Calls for Fast Action on Debt

Debt Advisers Direct warn anyone struggling with debt to seek expert debt advice as soon as possible, as the IMF predict in a new report that a severe global economic downturn may be on the horizon if world governments do not act together to prevent it.

October 17, 2008 (FPRC) -- Responding to the International Monetary Fund (IMF)'s report suggesting that the global economic slowdown is likely to worsen and spread to more economic sectors, Debt Advisers Direct have warned the public that extremely testing times may be ahead, and people should look to get their finances in order and clear any debts as soon as possible.

In their new Global Financial Stability Report, the IMF have warned of "growing turmoil", saying that the state of the global economy has worsened since its last assessment in April 2008. They also said that Governments' willingness to act would be crucial in "bringing about a return to stability in the international financial system".

Although the global economic crisis has so far been mostly limited to the financial sectors in more developed economies, the IMF warned that may soon be about to change, with other sectors and developing economies likely to be affected in the future.

A note on the IMF press release said: "financial institutions in emerging markets, which until recently remained fairly resilient, will be confronted with a much more challenging economic environment: A combination of global credit tightening, and economic slowdown, which could accelerate a downturn in the domestic credit cycle in some countries. Those economies with greater reliance on short-term flows or with leveraged banking systems funded internationally are particularly vulnerable."

A spokesperson for Debt Advisers Direct said that the threat of financial hardship applies to everybody – not just people on lower incomes or those already in debt.

"The nature of the economic crisis is that many peoples' jobs are at risk, and that applies just as much to people earning high incomes as it does to low earners. At the same time, many costs of living such as food and energy are still on the rise, so most of us are likely to feel the squeeze to some extent.

"For that reason it's essential that anyone who is currently struggling financially, particularly those struggling with debt, seeks the relevant advice as soon as possible."

The Debt Advisers Direct spokesperson added that there are a range of debt solutions available to help people in various financial situations. "For those with a number of debts, a debt consolidation loan could be the answer," he said.

"Debt consolidation involves grouping all of your debts into convenient single monthly payments. It can also reduce interest rates if you are consolidating high-APR forms of credit such as credit cards, and it can allow you to reschedule your payments over a longer period, making your monthly payments lower. However, this may result in paying more interest in the long term.

“Alternatively, for those who want a less formal debt solution, a debt management plan can reduce your monthly payments to an amount you can afford, as well as freezing interest and other charges.

“Or for people with debts of over £15,000, an IVA (Individual Voluntary Arrangement) is an alternative to bankruptcy which could help you keep your home and other assets.”

The spokesperson added: “Above all, it’s very important that anyone struggling with their debts seeks the appropriate advice immediately, because it’s very possible that things are going to get even tighter in the coming months.”

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[debt consolidation](#)

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