Debt is money owed by one party, the borrower or debtor, to a second party, the lender or creditor. The borrower may be a sovereign state or country, local government, company, or an individual. The lender may be a bank, credit card company, payday loan provider, or an individual. Debt is generally subject to contractual terms.

A simple way to understand interest is to see it as the "rent" a person owes to the bank from which they borrowed the money.

There are three main ways repayment may be structured: the entire principal balance may be due at the maturity of the loan; the entire principal balance may be amortized over the term of the loan; or the loan may partially amortized during its term, with the remaining principal due.

Debtors of every type default on their debt from time to time, with various consequences depending on the terms of the debt and the law governing default in the relevant jurisdiction. If the debt was secured by specific collateral, such as a car or home, the creditor may seek to repossess the collateral. In more serious circumstances, individuals and companies may go into bankruptcy.

Riskier borrowers must generally pay higher rates of interest to compensate lenders for taking on the additional risk of default.

Debt investors assess the risk of default prior to making a loan, for example through credit scores and corporate and sovereign ratings.

Common types of debt owed by individuals and households include mortgage loans, car loans, and credit card debt. For individuals, debt is a means of using anticipated income and future purchasing power in the present before it has actually been earned. Commonly, people in industrialized nations use consumer debt to purchase houses, cars and other things too expensive to buy with cash on hand.

People are more likely to spend more and get into debt when they use credit cards vs. cash for buying products and services. - Why cash less economy and demonetization. Was Rothschild's brain behind it ?

The transparency effect refers to the fact that the further you are from cash (as in a credit card or another form of payment), the less transparent it is and the less you remember how much you spent. The less transparent or further away from cash, the form of payment employed is, the less an individual feels the “pain of paying” and thus is likely to spend more.

Central banks, such as the U.S. Federal Reserve System, play a key role in the debt markets. Debt is normally denominated in a particular currency, and so changes in the valuation of that currency can change the effective size of the debt. This can happen due to inflation or deflation, so it can happen even though the borrower and the lender are using the same currency.

Christianity in much of Medieval Europe, and Islam in many parts of the world today) have regarded charging any interest for loans as sinful. Islam forbids lending with interest even today. In hard times, the cost of servicing debt can grow beyond the debtor's ability to pay, due to either external events (income loss) or internal difficulties (poor management of resources).

Debt will increase through time if it is not repaid faster than it grows through interest. This effect may be termed usury, while the term "usury" in other contexts refers only to an excessive rate of interest, in excess of a reasonable profit for the risk accepted.

Excessive debt accumulation has been blamed for exacerbating economic problems. For example, before the Great Depression, Economic agents were heavily indebted. This excess of debt, equivalent to excessive expectations on future returns, accompanied asset bubbles on the stock markets. When expectations corrected, deflation and a credit crunch followed. Deflation effectively made debt more expensive and, as Fisher explained, this reinforced deflation again, because, in order to reduce their debt level, economic agents reduced their consumption and investment. The reduction in demand reduced business activity and caused further unemployment. In a more direct sense, more bankruptcies also occurred due both to increased debt cost caused by deflation and the reduced demand.

At the household level, debts can also have detrimental effects — particularly when households make spending decisions assuming income will increase, or remain stable, in years to come. When households take on credit based on this assumption, life events can easily change indebtedness into over-indebtedness. Such life events include unexpected unemployment, relationship break-up, leaving the parental home, business failure, illness, or home repairs. Over-indebtedness has severe social consequences, such as financial hardship, poor physical and mental health,

Roman Times

Banking during Roman times was different from modern banking. During the Principate, most banking activities were conducted by private individuals, much like the large banking firms that exist today. Since almost all moneylenders in the Empire were private individuals, anybody that had any additional capital and wished to lend it out could easily do so.

The First Council of Nicaea, in 325, forbade clergy from engaging in usury (canon 17). At the time, usury was interest of any kind, and the canon forbade the clergy to lend money at interest rates even as low as 1 percent per year. Later ecumenical councils applied this regulation to the laity.

The papal prohibition on usury meant that it was a sin to charge interest on a money loan. As set forth by Thomas Aquinas, the natural essence of money was as a measure of value or intermediary in exchange. The increase of money through usury violated this essence and according to the same Thomistic analysis, a just transaction was one characterized by an equality of exchange, one where each side received exactly his due. Interest on a loan, in excess of the principal, would violate the balance of an exchange between debtor and creditor and was therefore unjust..

The attitude of Muhammad to usury is articulated in his Last Sermon

O People, just as you regard this month, this day, this city as Sacred, so regard the life and property of every Muslim as a sacred trust. Return the goods entrusted to you to their rightful owners. Hurt no one so that no one may hurt you. Remember that you will indeed meet your LORD, and that HE will indeed reckon your deeds. ALLAH has forbidden you to take usury (interest), therefore all interest obligation shall henceforth be waived. Your capital, however, is yours to keep. You will neither inflict nor suffer any inequity. Allah has Judged that there shall be no interest and that all the interest due to Abbas ibn 'Abd'al Muttalib (Prophet's uncle) shall henceforth be waived...

Conclusion

At what stage in history did this thinking deviate ?   It was the First World War, before which the Kings of Europe borrowed from lenders, to fight their never ending wars,   Who used to instigate the enmities, ---- you may guess - allegations, calumnies, unproved statements, and the Lender would gain from both ends, as it was their agents who used to spread rumours, and in those days too the gulllible bit the bullet.   It is those who learn from experience don't go hunky dory with their dreams - In 1934 our family learnt their lesson, and our parents dinned in our heads, and in 82 years, I did not borrow. But I could not impart the same lesson to my children, as by they grew, there was a lot of propaganda afloat, and they prefrred to trust them and paid for their mistakes, but parents do not like to see their children drown, so we tend to bail them out and tighten our own belts.

In recent history, George Bush II began his war on terror.   Ken Lay of Enron was dreaming big, but he could not depend on George. He went bust. He must have learnt some lessons by dealing with India where they had a project in Maharashtra.   Poor guy died in jail.   Who was pumping money for the war effort became apparent in 2008 as the country began reeling in a spiral of bankruptcy - and it was known as the 2nd Depression. How did he bail them out. He took the money from the tax payers and gave it to the bankers.   Only Goldman Sachs and a few others gained. They did not stop there they went on loaning to Greece, Ireland, and the poor nations of Europe, and if you keep your eyes open, see who suffers and who gains.   Now how is it these bankers belong mostly to one community ?

This I leave to your imagination and personal discovery as that may help you from falling into the same ditch.

Information taken from Wikipedia with my inputs