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OBSERVATOIRE DE L'ÉPARGNE EUROPÉENNE



**Towards a common operational European definition of over-indebtedness
Promoting financial inclusion for all in the European Union**

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Nature and causes of over-indebtedness

Overview

I. Introduction

II. Levels of over-indebtedness

III. Who is likely to be over-indebted?

IV. Aspects of money management

V. Possible causes of over-indebtedness

VI. Conclusions

Methods

Review of empirical studies

- **Since 1995**
- **EU focus**
- **Some of households; others of individuals**

Eurobarometer analysis (1)

“Please tell me to what extent you agree or disagree with the following statement:

“You have difficulties paying all your bills at the end of the month”

- **Totally agree: 13 per cent**
- **Tend to agree: further 25 per cent**

Eurobarometer analysis (2)

Percentage agreeing totally:

Lowest

Scandinavian & Benelux countries

Highest

Eastern and Southern Europe

Eurobarometer analysis (3)

Highest levels in countries where:

Level of income (GDP per capita) = low

and

Inequalities in income (Gini coefficient) = high

Personal characteristics

Age

- 20s to 40s

Children

- Presence, number and age

Marital status

- Single; relationship breakdown

Economic characteristics

Low income

Employment status

Housing tenure

Other characteristics

Ill-health

Ethnicity

Financial exclusion

Personality

Aspects of money management

Approaches to budgeting and paying bills

Unsecured credit commitments

Saving

Spending and consumerism

Possible causes of over-indebtedness

Loss of income

Low income

Poor money management

Over-commitment

Conclusions

Risks vary across countries

Risks vary across households/individuals

Complex causes: complex solutions