ANALYSIS OF THE ‘CREDIT COUNTS’ NATIONAL STRATEGY MEASURE: ADULT FINANCIAL CAPABILITY SURVEY 2018

SOCIAL RESEARCH AND STATISTICS

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ABOUT THIS REPORT

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CONTENTS

1. INTRODUCTION

There were an estimated nine million adults in the UK who often used credit for food and bills in 2018

Credit Counts is one of five headline measures making up the Money and Pension Service's (MaPS) UK Strategy for Financial Wellbeing for 2020 to 2030.[1] It is about people's ability to manage credit day-to-day and MaPS's chosen measure is based on people not using credit for everyday essentials.

Those who very or fairly often use credit for food and bills are defined as using credit for everyday essentials and are counted in the 'credit for essentials' group described here. There were an estimated nine million adults in the UK who met this definition in 2018 and the Money and Pensions Service has set a national goal for reducing this by two million people.

This report explores the characteristics of the 'credit for essentials' group as a whole (in Section 2) before considering three identifiable subgroups within the group. The subgroups have been derived based on the extent of their borrowing behaviour on four further key measures. The approach used to derive these subgroups is explained (Section 3) and the subgroups themselves are described in relation to the borrowing behaviour which defines them and their demographic, socio-economic and financial characteristics (Sections 4-6).

Technical note

This analysis uses data from the 2018 Adult Financial Capability Survey. The question asked in the survey to capture using credit for essentials was "How often do you/your household use a credit card, overdraft or borrow money to buy food or pay bills because you've run short of money?"

The numbers reported here may not reflect the true scale of the numbers of people using credit for essentials today.

[1] See https://moneyandpensionsservice.org.uk/wp-content/uploads/2020/01/UK-Strategy-for-Financial-Wellbeing-2020-2030-Money-and-Pensions-Service.pdf.

2. CHARACTERISTICS

People who often used credit for everyday essentials were highly likely to live in a household with dependent children and to report recent mental health problems

In this first section, the focus is on how the nine million adults who often used credit for essentials in 2018 differed from other adults who were not using credit in this way. These comprised 17% of all adults in the UK.

Looking at individual key demographic and socio-economic characteristics, people using credit for everyday essentials in this way were significantly:

- More likely than average to have dependent children present in the household (54% compared with 31%), and to have two or more children (31% compared with 17%).
- More likely to be in a couple with children (36% vs 22%) and to be aged under 45 (73% vs 48%).
- More likely to own their home with a mortgage (39% vs 34%) and less likely to rent from a social landlord (9% vs 14%).
- More likely to be employed full time (60% vs 42%).
- More likely to have lower household incomes, of less than £11,000 per year (31% vs 26%) or higher incomes, of £50,000 or more (20% vs 16%). In other words, their incomes were more polarised than those of other households.
- More likely to report having disability (32% vs 26%) or a mental health problem in the last year (27% vs 12%).

In regression analysis, the strongest predictors of using credit for essentials from a range of demographic and socio-economic characteristics were having a child present and reporting recent mental health problems.

Technical note

Logistic regression analysis is a type of multivariate analysis. It identifies the strength of relationship of each characteristic with group membership (here, being in the credit for essentials group) while simultaneous controlling for the effect of every other characteristic considered. Those characteristics which exert a statistically significant influence on group membership independently of other factors in this way are known as 'predictors' of group membership.

Taking these demographic and socio-economic characteristics and other characteristics into account, other important predictors were being young (aged 18-24), employed full time, owning the home outright and reporting having a disability (Table 1; see also Appendix Table 1). Household incomes and whether or not people were partnered or lived with other adults such as parents were not important independently of these other factors. Adults in this group were also significantly more likely to live in London (23% vs 13%).

We understand from the definition of the credit for essentials measure that it will capture a form of 'hardship' borrowing. The presence of children tends to indicate higher demands on the incomes of these adults (and their households), while reporting recent mental health problems may tend to coincide with difficulties managing the household budget. Being employed full time and owning the home outright suggests that these were not always the poorest households, although their disposable incomes and cash flow may have been compromised (this be especially true where disability was present). Outright ownership tends to increase with age, and the finding that 18 to 24-year olds were independently more likely to be borrowing in this way may tend to reflect that housing tenure was also included in the analysis.

It seems reasonable to infer that this group included:

a) Individuals and households which may have been striving towards having better financial outcomes for themselves (such as those with children and the youngest age groups).
b) Those who had known better times financially and were perhaps struggling to adjust to new circumstances (slightly older and perhaps with disability, mental health problems or both).

When further characteristics, such as attitudes, negative life events and over-indebtedness were taken into account, having a child, recent mental health problems, being aged 18-24, employed full-time (or self-employed) and outright owners remained important over and above the effects of the additional factors (Table 1, below; Appendix Table 1). Disability was no longer significant. Measures which reflected a preference to spend and borrow (rather than to save) were very strong predictors of using credit for essentials. Self-efficacy and financial confidence were not important in the context of other drivers. Having savings of less than £100 was strongly predictive, as were reporting negative life events in the previous three years and having missed three or more payments on any bill or credit commitment within the last six months.[2]

[2] This did not need to be in consecutive months.

Table 1. Predictors of membership of the credit for essentials group

When including demographic and socio-economic characteristics only	When including demographic and socio-economic and additional characteristics
Being young (especially 18-44)	Being young (especially 18-24)
Living with a dependent child	Living with a dependent child
Low household income (especially <£11.5kpa)	
Employed full-time or self-employed	Employed full-time, self-employed or retired
Not owning the home outright (especially renting from a social landlord)	Not owning the home (especially renting privately or from a social landlord)
Reporting having a disability	
Reporting having mental health problem (in the last 12 months or three years)	Reporting having a mental health problem (especially within the last 12 months)
	Agreeing that 'I prefer to live for today than plan for tomorrow'
	Disagreeing that 'I hate to borrow - I would much rather save up in advance'
	Not having high confidence in managing money
	Poor financial knowledge (at least one of three quiz questions answered incorrectly)
	Having savings of less than £100 (respondent or partner)
	Reporting a negative life event in the household in the last three years
	Missed at least three payments on any bill or credit commitment in the last six months
Characteristics which were not predictive	
Gender - Living with a partner Living in the home with a parent present - - - - - -	Gender Household income Living with a partner Living in the home with a parent present Reporting having a disability Agreement/disagreement that 'When I make financial plans, I do everything I can to succeed' Confidence in making decisions about financial products Confidence in protecting from financial scams

Source: 2018 Adult Financial Capability Survey, n=5,905, results of two binary logistic regression analyses.

3.
DERIVING SUBGROUPS: OUR APPROACH

The borrowing behaviour of those who often used credit for essentials was explored with reference to four further borrowing measures

The borrowing behaviour of the nine million adults who often used credit for essentials was explored in the analysis using four other key borrowing measures. These 'further borrowing' measures were:

- Being very or fairly often overdrawn on current account.
- Very or fairly often borrowing money to pay off their debts.
- Very or fairly often borrowing from family or friends.
- Having used short-term high-cost credit in the last year.[3]

These measures were identified initially by MaPS as being potentially relevant to and discriminating within the credit for essentials group, as they form the 'not borrowing for everyday' building block (which was also derived from the 2018 Adult Financial Capability Survey).[4] This was broadly supported in initial regression and CHAID analyses.[5] The first three of these measures – being overdrawn, borrowing money to pay off debts and borrowing from family or friends – were particularly important across the analysis. Using short-term high-cost credit was not generally found to be significant but was nonetheless considered important in discussion with MaPS, particularly as an indicator of potential credit constraint (difficulty accessing mainstream credit) alongside borrowing from friends of family within the credit for essentials group.

Table 2 shows the percentage of adults in the credit for essentials group meeting the condition for each further borrowing measure, compared with those not using credit essentials. For each measure, the difference was both large and highly significant statistically ($p<.01$ in chi-square tests). For example, while 49% of people using credit for essentials also reported borrowing to pay off other debts only two per cent of those not using credit for essentials had used borrowing to pay off debts.

Table 2. Further borrowing measures by using credit for essentials

Cell percentages (%)	Using credit for essentials	Everyone else
Very or fairly often overdrawn on current account	47	8
Very or fairly often borrows money to pay off their debts	49	2
Very or fairly often borrows from family or friends	48	3
Has used short-term high-cost credit in the last year	12	-
Unweighted sample size	*879*	*5,032*

Source: 2018 Adult Financial Capability Survey, all adults. '-' indicates none in this sample.

In a four-way cross-tabular analysis among those in the credit for essentials group, there was substantial overlap in exposure to the further borrowing measures (Table 3). At the sharp end, a little under a quarter (22%) of adults using credit for essentials had used credit on all four further measures. At the other end of the extreme, just over a quarter of adults

[3] The source questions in the 2018 survey were norb16, norb11, c7 and e6 respectively.
[4] Finney A (2018) *Financial capability in the UK: Results from the 2018 survey of adults. Technical report*. London: Money Advice Service
[5] The analysis used very vs fairly often using credit for essentials as the outcome (regression) and rooting (CHAID) variables. Both approaches sought to identify the important predictors of the outcome.

borrowing for essentials had not used credit on any other measure (27%). In between these groups, one in ten (10%) were overdrawn but had not borrowed to pay off debts or used the types of borrowing that would tend to indicate credit constraint, while one in 14 (7%) met the criteria on all measures except overdrafts. These findings are highlighted in Table 3.

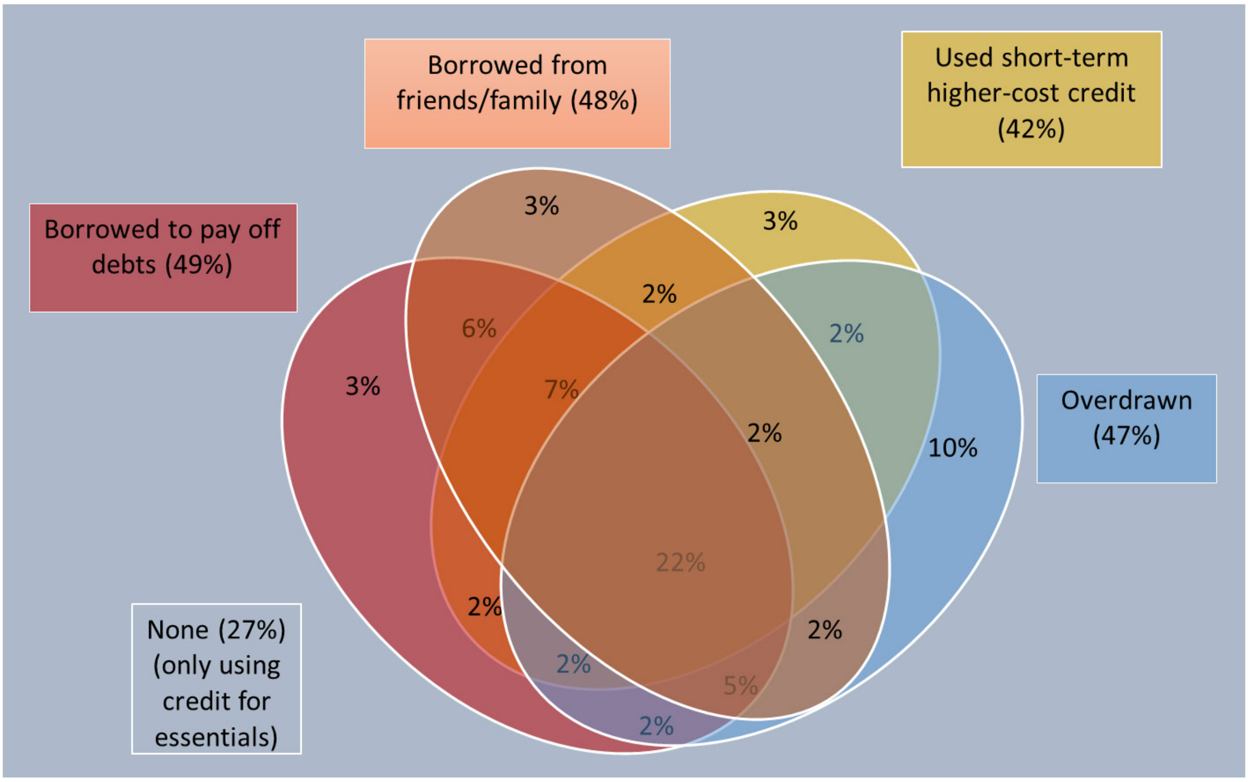
Table 3. Overlap of the further borrowing measures

Very or fairly often borrows to pay off debts	Very or fairly often borrows from friends/family	Very or fairly often overdrawn on bank account			
		No		Yes	
		Has used short-term higher-cost credit			
		No	Yes	No	Yes
No	No	27	3	10	2
	Yes	3	2	2	2
Yes	No	3	2	2	2
	Yes	6	7	5	22

Source: 2018 Adult Financial Capability Survey, cell percentages (%), n=879, adults using credit for essentials.

Looked at another way, with 22% meeting the criteria for all measures, a further 16% met the criteria on three measures, and 16% met the criteria on two measures. This is more than a half of the credit for essentials group overall (53%, the percentages do not appear to sum correctly due to rounding). A further one in five adults in the group (20%) were borrowing on one of the further measures. Figure 1 combines the information from Tables 1 and 2 to show it visually.

Figure 1. Overlap of the further borrowing measures



Source: 2018 Adult Financial Capability Survey, n=879, using credit for essentials. Chart is not to scale.

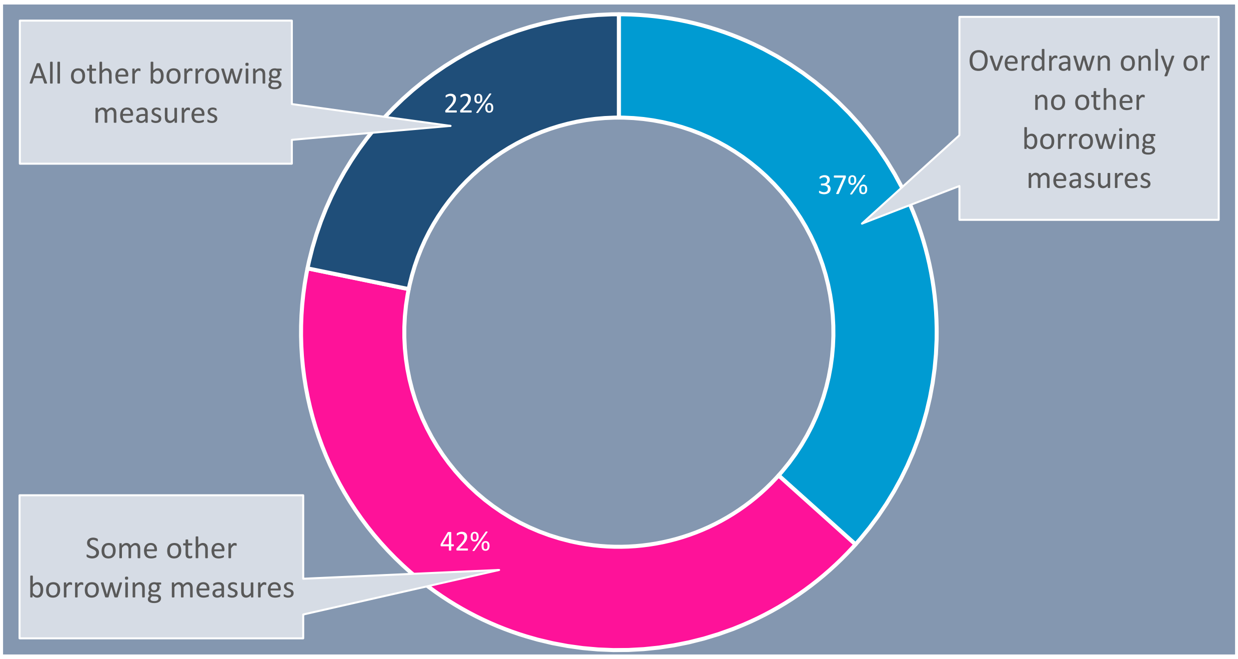
The finding that a large minority (10%) were only overdrawn across these measures is made clearer by this diagram. With being overdrawn the only means by which these adults were apparently funding essential expense (within the parameters of the further borrowing measures), this appeared to be a distinct subgroup compared with those borrowing in other ways. Profiling of this group on their demographic, socio-economic, broader borrowing, financial wellbeing and other characteristics confirmed this and indicated that this group was similar to those meeting none of the criteria on the further borrowing measures among those using credit for essentials.

Based on these findings, adults who often used credit for essentials were split into three subgroups:

- A first subgroup did not meet the criteria for borrowing on any of the further measures (27%) or were overdrawn only (10%), totalling 37% of the credit for essentials group).
- A second subgroup met the criteria for borrowing on at least one of the other three measures, possibly in addition to being overdrawn (42%).
- The final subgroup, with the broadest borrowing behaviour, met the criteria on all four of the further borrowing measures (22%).

The breakdown is shown in Figure 2. The percentages do not appear to sum correctly to 100% due to rounding. Note that the subgroups are interpreted in Figure 2 *only* in relation to the four 'further borrowing' measures. As the report goes on to describe, these subgroups may have had a greater or lesser tendency to borrow in other ways, for example on credit cards or using motor finance.

Figure 2. Three subgroups of adults who often used credit for essentials



Source: 2018 Adult Financial Capability Survey, n=879.

4.
SUBGROUP 1

Those in Subgroup 1 were overdrawn only or had not borrowed on any of the further borrowing measures

The first subgroup made up 37% of the nine million adults who often used credit for essentials. This subgroup had no other borrowing on the further borrowing measures considered, with the possible exception of being overdrawn on their current account.

When examining key demographic and socio-economic characteristics of this subgroup, and comparing them to others in the credit for essentials group, they were significantly:

- Less likely to have dependent children present in the household (28%) than the other subgroups (60% and 91%).
- More likely to be women (61%) and to be aged 45 to 64 (35%).
- More likely to be fully or semi-retired (18%) and to have personal incomes below £17,500 (58%).
- Less likely to report having disability (20%) or a mental health problem which affected their ability to manage money (17%).

Based on further regression analysis, Table 2 summarises the predictors of subgroup membership within the group of nine million adults using credit for essentials in 2018, and does so for each subgroup (in each case, the subgroup is compared with the rest of the credit for essentials group). Appendix Table 2 provides more details. The regression analysis was limited to people's demographic and socio-economic characteristics.

The strongest predictors of being in subgroup 1 were not having a disability and having no children present. Other important predictors were being middle-aged (45-64), fully or semi-retired, and on moderate to higher household incomes (despite their moderate to lower personal incomes described above). Housing tenure and other characteristics (shown in Table 4, column 1) were not important independently of these other factors.

In relation to other aspects of their financial situations, the average amount Subgroup 1 owed in consumer borrowing was low (£750),[6] and compared to others who used credit for essentials they were significantly:

- More likely to pay of their credit cards in full each month (25%) and less likely to have other types of borrowing, such as HP/PCP (14%) or hiring/leasing contracts (3%) on a car or catalogue credit (14%).
- More likely to feel that their debt was not a burden (34%).
- More likely to report high levels of satisfaction with their financial circumstances (25%), although they were less likely to save every or most months (46%).
- More likely to feel in control of their financial situation (43%) and to get all three financial knowledge quiz questions right (22%), despite only moderate levels of financial confidence across different measures.
- Less likely to have used unauthorised overdrafts or gone over their overdraft limits (6%).

[6] The average shown is the median (i.e. the middle value when every adult in this subgroup was ordered by the amount they owed). Note that the median has been calculated from amounts recorded in the survey in bands and should be treated with caution.

Table 4. Predictors of each credit for essentials subgroup

Subgroup 1: Overdrawn or no other borrowing measures	Subgroup 2: Some other borrowing measures	Subgroup 3: All other borrowing measures
	Not owning the home outright (strongest)	Owning the home outright (strongest)
Female		Male
Being aged 45 to 64		Being young (especially 18-24)
No dependent child (strongest)	Dependent child	Dependent child (2^{nd} strongest)
Moderate to higher household incomes	Lowest household incomes (2^{nd} strongest)	
Not being either employed full-time or self-employed (especially retired)		Employed full-time
Not having a disability (2^{nd} strongest)		Having a disability
	Not having a mental health problem in last 12m	Having a mental health problem in last 12m[1]
Demographic and socio-economic characteristics which were not predictive		
Housing tenure Mental health problem Living with a partner Living in a home with a parent	Gender Age Work status Disability Living with a partner Living in a home with a parent	Income Living with a partner Living in a home with a parent

Source: 2018 Adult Financial Capability Survey, n=879, results of three binary logistic regression analyses.
1. This was only borderline significant in this regression analysis (see Appendix Table 2, column 3).

Compared with other subgroups using credit for essentials, members of this subgroup were less likely to be the chief earners in their households (whether on their own or with another household member; 71%) and less than a half of them had savings amounting to £100 or more. That said, the situation for most of these adults appeared to be reasonably stable, in the respect that less than a quarter (23%) reported negative life events in the previous three years,[7] and comparatively few (14%) had missed three or more payments on any bill or credit commitment in the last six months. In addition, 42% of them were 'Cushioned' in the MaPS segmentation. Overall, 10% of Subgroup 1 were Cushioned Empty Nesters (from all 14 of the MaPS micro-segmentation). Still, 12% were Squeezed Families and a further 12% were Struggling Credit Dependent.

Overall, adults in Subgroup 1 were comparatively cautious borrowers and this translated into a lower subjective burden of borrowing and greater perceived financial control and wellbeing. However, their personal means (incomes, earnings) were limited (and more likely to be fixed) and this appears to be reflected in less frequent saving and having saved only small amounts. Perhaps it is a lack of means which self-limited their borrowing beyond the absolute essentials or occasional saving which enabled some of their spending needs to be

[7] Such events included divorce from or death of a partner, new caring responsibilities and big earnings drop.

smoothed or the buffer provided by the moderate to higher incomes their household as a whole received.

5.
SUBGROUP 2

Those in Subgroup 2 met the criteria for some of the other further borrowing measures, potentially including but not limited to overdrafts

The second subgroup made up 42% of all adults using credit for essentials, and these met the criteria for some of the other further borrowing measures, potentially including but not limited to overdrafts.

Based on key demographic and socio-economic characteristics, people in this subgroup were generally not highly distinct from the two other subgroups. This makes sense when we consider that they are the middle of three subgroups in relation to the breadth of their borrowing behaviour. However, there were some differences and of most note were the findings that subgroup 2, compared with other adults using credit for essentials as a whole, were significantly:

- More likely than the average to have dependent children present in the household (60%). Nearly one in ten (9%) had three or more children present and they were more likely than other subgroups to have older children (13% had one or more children aged 15 to 17).
- More likely to be aged 25 to 44 (63%) and to be lone parents (9%)
- Less likely to own the home outright (18%).
- More likely to be employed full-time (61%).
- Less likely to report having disability (20%) or a mental health problem which affected their ability to manage money (17%).

Their gender and personal incomes did not differ significantly from the average the credit for essentials group in bivariate analysis.

The strongest independent predictors of subgroup 2 compared with other adults in the credit for essentials group were not owning the home outright and having the lowest household incomes (of up to £11.5k; Table 4, column 2, and Appendix Table 2). Other important predictors were having a child present in the household and not having a mental health problem in the last 12 months (they may have had one less recently or not at all). Age, gender and other demographic characteristics (shown in Table 4) were not important independently of these factors.

In relation to other aspects of their financial situations, they owed a median average of £2,000 in consumer borrowing (treat with caution) and were significantly:

- More likely than others in the credit for essentials group to have retail credit other than through a catalogue (e.g. store card, rent-to-buy; 19%).
- More likely to feel that their debt was 'somewhat of a burden' (52%).
- More likely to report low levels of satisfaction with their financial circumstances (20%), and to have less than £1,000 in savings (53%).
- More likely to get all three financial knowledge quiz questions wrong (34%).

In addition, this subgroup was evenly spread across the MaPS segments. When considering the micro-segments, the largest proportions of Subgroup 2 members were among the Younger Squeezed (16%) or Squeezed Families (16%).

Subgroup 2 typically had comparatively constrained incomes and apparently higher demands on these than other adults in the credit for essentials group given the likely presence of children and housing costs. By definition, this subgroup was borrowing in multiple ways on the further borrowing measures, and some of them borrowed in other ways still. They typically had only modest savings, if any at all. They lacked financial knowledge and satisfaction and were likely to find their debt to be a burden. Overall, their resources were likely to be the most constrained of all the subgroups with their borrowing potentially reflecting the greatest 'need'.

6.
SUBGROUP 3

Everyone in Subgroup 3 met the criteria for all four of the further borrowing measures

The final subgroup was a smaller group, making up 22% of all adults who often used credit for essentials. Everyone in this subgroup met the criteria for all four of the further borrowing measures: they were often overdrawn, borrowed to pay off debts, borrowed from friends or family and had used short-term high-cost credit in the last 12 months. This breadth of borrowing behaviour alone hints at a depth of consumer borrowing and further analysis indicates that their median average borrowing was £4,000 (treat with caution), the highest of all the subgroups.

Based on key demographic and socio-economic characteristics, people in this subgroup were highly distinct from the two other subgroups. Compared to the other subgroups, adults in Subgroup 3 were:

- Most likely to have dependent children present in the household (91%). This subgroup also had the highest proportion of people with one or two children present (83%).
- Much more likely to be 25 to 44 years old (77%) and more likely to be lone parents (10%).
- Most likely to own the home outright (48%).
- Most likely to be employed full-time (88%) and less likely overall to be self-employed (4%).
- Substantially more likely than both other subgroups to report having disability (56%) and a mental health problem which affected their ability to manage money ‘a great deal’ (54%).

The strongest socio-demographic predictors of subgroup 3 membership were owning the home outright and having a child present in the household (Table 4, column 3, and Appendix Table 2). Taking these and other characteristics into account, other important independent influences were being male, aged 18 to 24, employed full-time and reporting having a disability. Reporting having a mental health problem in the last 12 months was borderline significant in the analysis.[8] However, when having a disability was excluded from the analysis the effect of reporting a recent mental health problem (in the last 12 months) was highly significant and strong,[9] and this may partly reflect the separate reporting of having a disability. Household income was notable for not being important independently of other factors in this analysis.

In relation to other aspects of their financial situations, Subgroup 3 were significantly:

- More likely than other subgroups to rarely or never pay off any credit cards they had in full (89% compared with 77% in subgroup 2 and 58% in subgroup 1).
- More likely to have hire purchase agreements or personal credit plans (PCPs) on a car (71%), to have catalogue credit (58%) and to often be over their overdraft limit (87%).

[8] Appendix Table 2 shows that the p-value was .052, close to the cut-off for significance of $p<.05$.
[9] With odds of over 3.0 times those reporting not having a mental health problem and a p-value of .00.

- More likely to feel that their debt was 'a heavy burden' (43%) and indeed to have missed three or more payments on any bill or commitment in the last six months (78%).
- More likely to describe their financial goals as just making ends meet (55%) but no more likely to describe their financial goals as paying off debts (52%).

These findings are reflected in the additional observation that 84% of them said they were currently consulting an advice organisation about their debt or were planning to do so soon. Despite this, they were also:

- More likely to report having money left over 'very often' (59%) and to save 'every' month (56%).
- More likely to have £10k or more in savings (46%) and to have high levels of satisfaction with their financial circumstances (69%).
- More likely to report high levels of confidence across each of the financial confidence measures (e.g. high confidence managing money, 77%), while also being significantly less likely to know the answers to all three financial knowledge questions (5%).

This apparently contradictory picture, of comparatively high levels of savings but multiple and unmanageable consumer debts, might be explained by significant recent changes people experienced in their household's financial and other circumstances. Nearly three quarters of this subgroup (73%) reported experiencing a negative life event in the previous three years, and two-thirds (65%) in the last year alone. Apart from negative life events, 74% of those aged 18 to 64 in this group had had a new child in the last three years. Almost everyone in this subgroup (99%) was the chief earner in their household (whether on their own or with another household member), underlining the pressures many of this subgroup might have been feeling.

Members of Subgroup 3 were no more likely than other subgroups to be biased significantly towards a specific MaPS segment. However, a substantial 27% of this subgroup were in the Younger Squeezed MaPS micro-segment and a further 21% were Cushioned Settled Families.

Overall, Subgroup 3 appears to have been characterised by high demands on resources (given the presence of children) combined with high engagement with money management activities, financial product use and apparent over-confidence. This appears alongside comparative longer-term financial stability combined with day-to-day juggling, including through credit across several types and very often in the context of current mental health problems. This group could apparently 'afford' the consumer borrowing they had, given that many owned their homes outright (and should not have had the direct housing costs of a mortgage or rent to pay) and typically had more money in savings than they owed in borrowing. However, they were finding their borrowing unmanageable in many cases, perhaps often as a result of new or changing circumstances and a difficulty adjusting to these as heads of households.

APPENDICES

Appendix Table 1. Predictors of the credit for essentials group

		Odds ratio	p-value	Sig	Odds ratio	p-value	Sig
Gender[1]	Male (reference)	1.0	-		1.0	-	
	Female	1.0	.854		1.1	.263	
Age group	18-24 (reference)	1.0	-		1.0	-	
	25-44	0.7	.017	*	0.7	.006	**
	45-64	0.4	.000	***	0.5	.000	***
	65-74	0.3	.000	***	0.3	.000	***
	75+	0.3	.000	***	0.4	.002	**
Living with partner	No	1.0	-		1.0	-	
	Yes	1.0	.673		1.1	.361	
Living with dependent child	No	1.0	-		1.0	-	
	Yes	2.3	.000	***	1.7	.000	***
Living in a home with a parent present	No	1.0	-		1.0	-	
	Yes	0.9	.448		0.9	.450	
Household income	Less than £6,500 (reference)	1.0	-		1.0	-	
	£6,500 to £11,499	1.1	.514		1.1	.660	
	£11,500 to £17,499	0.8	.100		0.9	.712	
	£17,500 to £24,999	0.6	.003	**	0.8	.232	
	£25,000 to £34,999	0.5	.000	***	0.7	.080	
	£35,000 to £49,999	0.5	.000	***	0.9	.615	
	£50,000 or more	0.6	.003	**	1.0	.879	
Work status	Employed full-time (reference)	1.0	-		1.0	-	
	Education or training	0.4	.000	***	0.6	.039	*
	Employed part time	0.6	.000	***	0.6	.001	**
	Self-employed	1.0	.821		1.1	.759	
	Fully or semi-retired	0.6	.026	*	0.8	.197	
	Unemployed and looking for work	0.6	.014	*	0.4	.000	***
	Other	0.0	.000	***	0.2	.000	***
Housing tenure	Own outright (reference)	1.0	-		1.0	-	
	Own it with a mortgage	0.7	.010	*	0.8	.067	
	Rent privately	0.7	.012	*	0.6	.000	***
	Rent from a social landlord	0.5	.000	***	0.3	.000	***
	Live with parents/ grandparents or other relative	0.5	.004	**	0.6	.032	*
	Some other living arrangement	0. 9	.893		0.4	.937	
	Don't know	0.4	.246		0.3	.105	
Disability	No (reference)	1.0	-		1.0	-	
	Yes	1.3	.013	*	1.0	.934	
	Don't know	1.0	.915		1.0	.950	
Mental health problem	No (reference)	1.0	-		1.0	-	
	Yes, in the last 12 months	2.7	.000	***	1.8	.000	***
	Yes, in the last 1-3 years	1.9	.000	***	1.4	.033	*
	Prefer not to say	1.2	.446		1.1	.711	
'I prefer to live for today than plan for tomorrow'	Disagree (reference)				1.0	-	
	Agree				2.1	.000	***
	Neither agree nor disagree				1.1	.520	
	Agree (reference)				1.0	-	

'I hate to borrow - I would much rather save up in advance'	Neither agree nor disagree				1.2	.216	
	Disagree				1.7	.000	***
'When I make financial plans, I do everything I can to succeed'	High (reference)				1.0	-	
	Low (0-2)				0.7	.118	
	Medium (3-7)				0.9	.284	
Confidence: managing money	High (reference)				1.0	-	
	Low (0-2)				1.6	.052	
	Medium (3-7)				1.3	.039	*
Confidence: making decisions about financial products	High (reference)				1.0	-	
	Low (0-2)				0.9	.705	
	Medium (3-7)				0.8	.074	
Confidence: protecting from financial scams	High (reference)				1.0	-	
	Low (0-2)				0.9	.744	
	Medium (3-7)				0.9	.145	
Financial Knowledge (quiz questions correct)	3 (reference)				1.0	-	
	0				1.5	.002	**
	1				1.6	.001	***
	2				1.3	.038	*
Savings (respondent and partner)	Less than £100 (reference)				1.0	-	
	£100 but less than £1,000				0.6	.000	***
	£1,000 or more				0.4	.000	***
	Don't know/prefer not to say				0.5	.000	***
Negative life event in last three years in household (no is reference)					1.6	.000	***
Missed at least three payments on any bill or credit commitment in the last six months (no is reference)					3.1	.000	***
Constant		-0.8	.000	***	0.3	.000	***
Pseudo R-Squared		0.128			0.218		

Source: 2018 Adult Financial Capability Survey, n = 5,905. Results of binary logistic regression analyses. Significance: *** p<.001 ** p<.01 * p<.05. Refers to this category compared with the reference category. Those saying 'in another way' when asked what gender they identified with are excluded from this analysis due to small numbers.

Appendix Table 2. Predictors of the credit for essentials subgroups

		Subgroup 1: Overdrawn or no other borrowing measures			Subgroup 2: Some further borrowing measures			Subgroup 3: All further borrowing measures		
		Odds ratio	p-value	Sig	Odds ratio	p-value	Sig	Odds ratio	p-value	Sig
Gender	Male (reference)	1.0	-		1.0	-		1.0	-	
	Female	1.9	.000	***	0.8	.285		0.5	.013	*
Age group	18-24 (reference)	1.0	-		1.0	-		1.0	-	
	25-44	1.4	.263		1.2	.433		0.4	.016	*
	45-64	3.0	.000	***	0.8	.500		0.1	.000	***
	65-74	1.8	.368		1.1	.891		Combined with 65s due to small n		
	75+	3.6	.080		0.8	.763				
Living with partner	No (reference)	1.0	-		1.0	-		1.0	-	
	Yes	1.2	.291		0.9	.377		0.9	.799	
Living with dependent child	No (reference)	1.0	-		1.0	-		1.0	-	
	Yes	0.3	.000	***	1.4	.043	*	3.6	.000	***
Living in a home with a parent present	No (reference)	1.0	-		1.0	-		1.0	-	
	Yes	1.4	.369		1.0	.649		0.6	.189	
Household income	Less than £6,500 (ref)	1.0	-		1.0	-		1.0	-	
	£6,500 to £11,499	1.7	.111		0.7	.180		1.1	.754	
	£11,500 to £17,499	2.2	.026	*	0.5	.028	*	0.9	.877	
	£17,500 to £24,999	2.5	.010	*	0.6	.063		0.8	.600	
	£25,000 to £34,999	3.0	.002	**	0.5	.017	*	0.8	.589	
	£35,000 to £49,999	3.2	.002	**	0.6	.065		0.5	.195	
	£50,000 or more	2.4	.016	*	0.3	.000	***	1.7	.167	
Work status	Employed full-time (ref)	1.0	-		1.0	-		1.0	-	
	Education or training	2.8	.010	*	1.0	.944		0.1	.036	*
	Employed part time	2.3	.002	**	0.7	.246		0.4	.030	*
	Self-employed	1.5	.257		1.4	.306		0.3	.055	
	Fully or semi-retired	5.2	.001	**	0.5	.127		0.1	.079	
	Unemp. looking for work	2.5	.028	*	0.7	.355		0.7	.680	
	Other	3.0	.001	**	1.0	.921		0.1	.014	*
Housing tenure	Own outright (ref)	1.0	-		1.0	-		1.0	-	
	Own it with a mortgage	1.2	.496		1.9	.002	**	0.4	.003	**
	Rent privately	1.4	.203		1.9	.007	**	0.3	.002	**
	Rent from a social landlord	1.1	.665		2.2	.003	**	0.3	.018	*
	Live with parents/ grandparents etc	1.4	.386		2.3	.025	*	0.1	.013	*
	Some other arrangement	1.4	.703		1.1	.875		1.6	.684	
Disability	No (reference)	1.0	-		1.0	-		1.0	-	
	Yes	0.3	.000	***	1.4	.103		2.2	.005	**
	Don't know	0.5	.164		1.6	.347		1.4	.685	
Mental health problem	No (reference)	1.0	-		1.0	-		1.0	-	
	Yes, in the last 12 months	1.0	.856		0.6	.020	*	1.9	.052	
	Yes, in the last 1-3 years	0.6	.100		1.3	.210		1.2	.673	
	Prefer not to say	0.9	.819		1.1	.918		1.3	.802	
Constant		0.2	.000	***	0.8	.451		0.5	.291	
Pseudo R-Squared		0.24			0.08			0.41		

Source: 2018 Adult Financial Capability Survey, n = 877. Two cases were lost due to multicollinearity. Results of three separate binary logistic regression analyses. Sig compared with reference: *** p<.001 ** p<.01 * p<.05.

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