The impact on business and consumers of a cap on the total cost of credit

Annex 1: An analysis of the Wealth and Assets Survey

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Introduction

Little empirical analysis is currently available that examines the relationship between high cost credit use and financial well-being. This report describes the results of new analysis of the 2006-08 Wealth and Assets Survey that explores the impact of high cost credit use on people's ability to manage financially. The financial well-being outcomes that are examined encompass financial difficulties (over-indebtedness and self-reported difficulties), levels of asset-holding and overall wealth.

Although, implicitly, the analysis tests the hypothesis that high cost credit is detrimental to customers in terms of these financial outcomes, it is important to note that the analysis is based on cross-sectional data only. As such, it is not possible to draw firm conclusions about the direction of any effects (i.e. causal relationships) between high cost credit use and financial well-being outcomes.

1.1 Research aim and objectives

The aim of the proposed analysis of the Wealth and Assets Survey is to identify the extent to which the use of high cost credit impacts the financial well-being of individuals and their households, if at all. The specific objectives of the analysis are:

- To identify the extent of high cost credit use
- To identify the extent of other non-mortgage credit use
- To explore the characteristics of people most likely to use high cost credit, as compared with those who use other types of credit and no credit.
- To explore the characteristics of people:
    - Most likely to experience financial difficulty
    - With higher and lower levels of financial assets
    - With higher and lower levels of total wealth.
- To examine the nature and strength of relationship between high cost credit use and:
    - The propensity to be in financial difficulty
    - Levels of financial asset-holding
    - Total wealth.

1.2 The Wealth and Assets Survey

The Wealth and Assets Survey is a large-scale and robust national survey of individuals and households living in private households in Great Britain.[1] First undertaken in 2006-2008, the survey is longitudinal in design. Each wave comprises a two-year period, with respondents to the first wave being interviewed at two-year intervals following their initial 'wave one' interview. The first wave of

[1] We would like to thank the Office for National Statistics and the survey sponsors (Department for Work and Pensions, Department for Business, Innovation and Skills, HM Revenue & Customs, Department for Communities and Local Government, Scottish Government and Financial Services Authority) and the UK Data Archive for making the data available for academic research. These organisations bear no responsibility for the authors' analysis or interpretation of the survey data.

data, relating to 2006-08, provides a sample of approximately 30,000 private households and 70,000 individuals (aged 16 and over) for use in cross-sectional analysis.[2]

The primary purpose of the survey is to provide survey-based estimates of the economic well-being of households. It measures wealth across four components, namely, property wealth, financial wealth, physical wealth and private pension wealth. In doing so the survey captures both assets and liabilities in considerable detail and the data relating to financial liabilities provides the potential for analysis of credit and in particular high cost credit use. The survey also includes a range of supplementary measures, encompassing household and individual demographics, socio-economic characteristics, and measures of financial behaviours and attitudes, which are also available for analysis.

1.2.1 The survey measures

The main measures of interest that are used in this analysis are described below.

Non-mortgage borrowing is captured across credit cards, store cards, overdrafts, mail order, hire purchase and personal and cash loans. The data provide measures of the presence and levels of current active credit use (and unused credit and store cards). Our focus throughout the analysis is on commercial credit use (that is, excluding borrowing from friends and family and from the Student Loans Company). We also focus on active credit use, that is, credit commitments with a non-zero balance and, in relation to credit and store cards, only those cards with a balance that is not paid off in full each month.[3]

High cost borrowing is captured within personal and cash loans, where home credit, pawnbroking, and payday lending can be identified separately from other credit types. Home collection hire purchase loans are also captured, and can again be identified separately from other types of hire purchase. The data provide measures of current active use of these types of borrowing and estimates of the amounts outstanding. There are not sufficient numbers in the sample to analyse the three high cost markets individually, only in combination.

Financial difficulties are captured across a number of objective and self-report measures. The data provide measures of arrears on any non-mortgage borrowing (measured at the individual level) and arrears on household bills and mortgage borrowing (which are measured at the household level). Self-report measures of financial difficulty were asked as attitudinal and behavioural questions in the survey. They relate to the frequency with which respondents report running out of money before the end of the budgeting week or month and the extent to which respondents find their non-mortgage debt (including arrears on household bills) to be a burden.

[2] The sample size is somewhat lower for attitudinal questions, which were only asked of individuals who responded to the survey in person (i.e. they were not asked of those who were interviewed 'by proxy' via another family or household member or authorised person). The sample size for overall wealth is also lower than this because one wealth component, physical wealth, was asked only of a random 50 per cent of responding households.

[3] We had proposed to include a measure of excess credit as a covariate in some analyses, based on the holding of unused credit and store cards. On investigation, however, it was found that this was only a partial measure and has therefore not been included.

Financial assets are captured in the individual-level questionnaire. The data provide measures of the amounts held in liquid savings, including those held in transaction bank accounts, saving accounts and bonds, cash ISAs and National Savings Certificates and Bonds, as well as shares, gilts and other types of investments.

Total wealth is derived from property, financial, physical wealth and private pension wealth. Due to the nature of two components (physical and property wealth), total wealth is measured in the survey at the household level, but is applied in the analysis reported here at the individual level.

Demographic and socio-economic characteristics are captured at both the individual and the household level. Relevant variables include age and income, gender, household composition, housing tenure, employment status and socio-economic group. The survey does not provide a measure of total income. However, a composite measure of income has been constructed based on total household earned income and whether or not the household is in receipt of income-replacement benefits (defined as Pension Credit, Income Support and Job Seekers Allowance).

1.3 Report structure and conventions

The results are presented in two parts. The next section explores levels of high cost credit use in the general population and identifies the characteristics of individuals using high cost credit. As such, it provides the frame for the analysis that follows. The third section focuses on financial well-being outcomes and the characteristics that drive these outcomes, including high cost and other credit use.

Each section presents the findings from new univariate, bivariate and multivariate (regression)[4] analysis. For consistency all analysis was undertaken at the individual level (all adults aged 16 or over when interviewed), drawing on household-level variables where appropriate. All analysis was carried out in SPSS using weighted data ('wave1wgt'). All bases are shown unweighted. All values based on fewer than 100 cases should be treated with caution; any based on fewer than 50 cases have been excluded from univariate and bivariate analysis or suppressed in tables (denoted by '-'). 0 denotes no cases in the sample; <1 denotes a value of less than one but greater than zero; <100 denotes a values of less than 100 but greater than zero. All regression analysis has been undertaken on weighted data, re-scaled to have a mean of 1.

[4] By simultaneously holding constant the influence of a range of characteristics, regression analysis enables the *independent* relationship that each characteristic has with an outcome measure of interest use to be assessed in turn. Characteristics that are deemed to have an independent relationship with the outcome measure are those with a p-value smaller than 0.05. These are said to be 'significant' predictors; those with a p-value of less than 0.01 are considered 'highly significant'.

High cost credit use in the general population

This section explores individuals' use of high cost credit in the context of other types of credit. We describe the prevalence of non-mortgage borrowing and, specifically, high cost borrowing, and the types and numbers of credit commitments held. We also explore the characteristics of individuals who use high cost credit compared to those who use non-mortgage credit more generally.

1.4 Levels of credit and high cost credit use

The main results from the first wave of the Wealth and Assets Survey examined credit use at the household level (Daffin, 2009). In this analysis, we consider credit use by individuals. More than a third (37 per cent) of all adults in 2006-08 had one or more active commercial credit commitments of some kind. Credit and charge cards were the most common type of commitment held (18 per cent), while mail order and store cards were held by only a very small minority of people (five per cent and three per cent respectively; Table 1).

Table 1 Active credit commitments, all adults in Great Britain 2006-08

Column percentages (%)	Percentage (%) with this type of account
Credit and charge cards	18
Overdrafts (in use)	13
Personal loans	12
Hire purchase	9
Mail order	5
Store cards and charge accounts	3
Any type	**37**
Unweighted base	*53,298*

See Technical Note 1.

A half of those with any type of credit commitment had only one commitment (52 per cent; equivalent to 19 per cent of all adults). A further quarter (24 per cent) had two commitments and the remainder (24 per cent) had three or more. The mean number of commitments held by those with any was 1.9 commitments.

Table 2 Active high cost commitments, all adults in Great Britain 2006-08

Cell percentages (%)	Percentage (%) with this type of account
Pawnbroking Loan	<1
Payday Loan	<1
Home Collection Loan	1
Any type	**1**
Unweighted base	*53,298*

The use of high cost credit was very uncommon (Table 2). One per cent of people had one or more types of high cost credit across the three types: one per cent had home credit accounts (cash loans or hire purchase), and less than one per cent had pawnbroking or payday loans. It is clear that high

cost credit use was dominated, in terms of numbers in the sample, by home collected credit.[5] Among those with any type of high cost credit, a large majority had only one commitment (79 per cent), 17 per cent had two and four per cent had three or more.

When high cost credit commitments are excluded from the measure of active credit commitments, we observe a small decrease in the rate of borrowing overall, from 37 per cent for all types to 36 per cent for mainstream types of credit. The percentage of adults holding mainstream personal loans and hire purchase agreements reduced to nine per cent and eight respectively.

1.5 Characteristics of high cost credit users

The socio-demographic characteristics of high cost credit users, compared with all adults as a whole, are quite striking (Table 3). Reflecting the findings from previous research with users of home-collected credit (e.g. Kempson et al, 2009), high cost credit users were, as a whole in 2006-08, disproportionately likely to be women (66 per cent compared with 52 per cent all adults), although women were not disproportionately likely to use non-mortgage commitments generally (51 per cent). Conversely men were underrepresented among high cost credit users (34 per cent).

High cost credit users were also highly likely to be in their young-to-middle years (60 per cent were aged 25 to 44 even though these age groups make up only 36 per cent of all adults). This was more marked than for credit use generally (where 25-44 year olds make up 50 per cent of users).

It is interesting to note that householders, reported here as a proxy for people living independently, were highly over-represented among high cost credit users (making up 57 per cent of high cost credit users compared with 28 per cent of all adults).[6] This was not the case for non-mortgage borrowing as a whole (30 per cent). This suggests that high cost credit use was not disproportionately prevalent among non-householders, such as non-dependent children who are still living at home. People living with dependent children were also disproportionately likely to use high cost credit. This was particularly marked for lone-parent families. Adults in lone parent families comprised 27 per cent of high cost credit users compared with only seven per cent of all credit users and five per cent of all adults.

Lone-parent families are among the poorest in the Britain (Daffin, 2009, DWP, 2011), and the results for the remaining characteristics shown in Table 3 emphasise the relationship between poverty and high cost credit use. Most striking is that nearly seven in 10 (69 per cent) people who used high cost credit lived in a home that was rented from a social landlord, compared with only 17 per cent of all adults. Again, social tenants were not over-represented among credit users generally (17 per cent). This compares with people living in a home owned on a mortgage (42 per cent of all adults) who were highly unlikely to be using high cost credit but made up a large share of those with any non-mortgage borrowing (56 per cent).

[5] Of the 436 cases in the sample with any high cost credit commitments, 416 had home credit, 18 had pawnbroking loans and six had payday loans. As such, there were insufficient numbers to undertake analysis for individual types of high cost credit.

[6] A householder is defined here as the person in whose name the accommodation is owned or rented, either solely or jointly.

Table 3 Socio-demographic characteristics of credit users, all adults in Great Britain

Column percentages (%)		Has a high cost credit commitment	Has any active non-mortgage borrowing	**All**
Sex	Male	34	49	**48**
	Female	66	51	**52**
Banded age	16-24	11	10	**10**
	25-34	31	23	**16**
	35-44	29	27	**20**
	45-54	19	21	**17**
	55-up to State Pension Age	4	10	**12**
	Over State Pension Age	5	9	**25**
Householder	Yes	57	30	**28**
	No	43	70	**72**
Household type	Single adult	13	13	**16**
	Partnered, no children	9	25	**32**
	Partnered, dependent children	33	33	**26**
	Partnered, non-dependent children	3	9	**10**
	Lone parent, dependent children	27	7	**5**
	Lone parent, non-dependent children	5	5	**5**
	Other	9	7	**7**
Housing tenure	Own outright	2	13	**30**
	Mortgage or shared ownership	10	56	**42**
	Renting from a social landlord	69	17	**17**
	Renting from a private landlord	17	13	**11**
	Other	1	1	**1**
Highest qualification[1]	Degree level or above	1	23	**21**
	Other qualification	60	63	**56**
	No qualification	38	14	**23**
Employment Status	Employee	37	67	**53**
	Self-employed	3	8	**7**
	Unemployed	8	3	**3**
	Student	<1	2	**2**
	Looking after family home	26	6	**6**
	Sick or disabled	18	5	**5**
	Retired	5	8	**23**
	Other	2	1	**1**
Socio-economic class	Large employers and higher managerial occupations	3	12	**11**
	Lower managerial and professional occupations	5	26	**23**
	Intermediate occupations	5	12	**12**
	Small employers and own account workers	5	8	**7**
	Lower supervisory & technical occupations	10	9	**9**
	Semi-routine occupations	32	16	**17**
	Routine occupations	31	11	**13**
	Never worked and long term unemployed	9	2	**4**
	Not classified	1	4	**4**
Household income	No earned income, receiving income-replacement benefits	40	8	**9**
	No earned income, no income-replacement benefits	8	7	**19**
	Lowest earnings quintile	22	11	**11**

Table continues on next page

Table 3 continued

	Second earnings quintile	11	15	**12**
	Third earnings quintile	12	18	**14**
	Fourth earnings quintile	4	20	**16**
	Highest earnings quintile	3	20	**17**
Unweighted base		*436*	*18,388*	***53,298***

1. Due to missing data the unweighted bases are lower (at 435, 18,371 and 53,248 respectively)

Other groups who were considerably over-represented among high cost credit users were those who were not working because they were looking after the family home (26 per cent compared with six per cent overall), or were permanently sick or disabled (18 per cent compared with five per cent), those from semi-routine (32 per cent) and routine (31 per cent) occupations, those in the lowest quintile for household earnings (22 per cent) and, notably, those with no earned income and dependent on income-replacement benefits (40 per cent). None of these groups were over-represented among credit users generally. As such, these findings are suggestive of mainstream credit exclusion among these socio-economic groups. Though less marked than for other measures, it is also of note that those without any educational qualifications were over-represented among high cost credit users (38 per cent) but under-represented as credit users generally (14 per cent) compared with their share of the population as a whole (23 per cent).

There was also some variation by self-assessed mathematical ability, which may be conceived as a measure of confidence. Here, those describing their ability as moderate or poor were over-represented among high cost credit users (34 per cent and 16 per cent respectively) but not among credit users as a whole, compared with their shares of 25 per cent and six per cent in the population generally.

Table 4 Attitudinal characteristics of credit users, all adults in Great Britain

Column percentages (%)		Any high cost credit commitment	Any credit commitment	**All**
Orientation to spending	Strong spending orientation	16	7	***3***
	Moderate spending orientation	20	14	***7***
	Neutral spending orientation	36	36	***24***
	Moderate non-spender	18	25	***26***
	Strong non-spender	9	19	***40***
Unweighted base		*413*	*16,230*	***45,815***
Self-assessed mathematical ability	Excellent	10	23	***22***
	Good	39	48	***47***
	Moderate	34	24	***25***
	Poor	16	5	***6***
Unweighted base		*413*	*16,219*	***45,691***

The unweighted bases is lower than cited in previous tables as attitudinal question were asked only of individual responding to the survey in person and some respondent were unable or unwilling to rate their mathematical ability.

Finally, previous research has shown that attitudes towards spending, saving and credit use are highly predictive of credit use generally (e.g. Finney et al, 2007). Based on three questions asked in the Wealth and Assets Survey, we constructed a summary measure of respondents' general spending orientation (see Technical Note 2). Analysis of this measure confirms that people with a strong or moderate spending orientation were over-represented among users of credit generally,

compared with adults overall, by a factor of about 2 (Table 4). Those with a neutral spending orientation were also somewhat over-represented (making up 36 per cent of credit users compared with 24 per cent of all adults). The relationship between spending orientation and credit use was stronger still for high cost credit use. Some 16 per cent of high cost credit users had a strong spending orientation and a further 20 per cent had a moderate spending orientation, even though they comprise only three per cent and seven per cent of the general population as a whole.

1.6 Overlaps in the use of high cost credit and other credit types

As previous figures have shown, credit use in Great Britain was dominated by the mainstream types of borrowing. Among all credit users, 98 per cent had *only* mainstream credit (credit products that were not classed as high cost; Table 5). There was some overlap, with two per cent of credit users using both high cost and other types. One per cent had only high cost types of credit.

Table 5 Types of credit held, among all credit users in Great Britain

Column percentages (%)	Percentage (%) with this type of account
High cost credit and other borrowing	2
Other borrowing only	98
High cost credit only	1
Unweighted base	*18,388*

Figures do not sum to 100 due to rounding.

In terms of the profiles of these three types of credit users, the most interesting comparison is between those using high cost credit only and those who additionally have other types (the first and third columns in Table 6). Compared with those using both types of credit, those who used *only* high cost credit types were significantly more likely to be those without qualifications (50 per cent compared with 32 per cent), non-householders (52 per cent compared with 38 per cent), and partnered without children (14 per cent compared with seven per cent). They were also more likely to be retired (eight per cent compared with three per cent).

Table 6 Demographic characteristics of credit users by type of credit, adults with any credit

Column percentages (%)		High cost and other types	Other borrowing only	High cost credit only	**All**
Sex	Male	31	49	40	**49**
	Female	69	51	60	**51**
Banded age	16-24	11	10	12	**10**
	25-34	32	23	30	**23**
	35-44	30	27	27	**27**
	45-54	20	21	16	**21**
	55-up to State Pension Age	3	10	6	**10**
	Over State Pension Age	4	9	8	**9**
Householder	Yes	62	29	48	**30**
	No	38	71	52	**70**
Household	Single adult	11	13	16	**13**
	Partnered, no children	7	26	14	**25**

Table continues on next page

Table 6 continued

	Partnered, dependent children	34	33	32	**33**
	Partnered, non-dependent children	4	9	1	**9**
	Lone parent, dependent children	32	7	18	**7**
	Lone parent, non-dependent children	4	5	7	**5**
	Other	8	7	12	**7**
Housing tenure	Own outright	2	13	4	**13**
	Mortgage or shared ownership	11	57	9	**56**
	Renting from a social landlord	69	16	70	**17**
	Renting from a private landlord	17	13	18	**13**
	Other	1	1		**1**
Highest qualification[1]	Degree level or above	1	23	2	**23**
	Below degree level	67	63	49	**63**
	No qualifications	32	14	50	**14**
Employment Status	Employee	40	68	30	**67**
	Self-employed	3	9	5	**8**
	Unemployed	8	2	10	**3**
	Student		2	1	**2**
	Looking after family home	28	5	22	**6**
	Sick or disabled	16	5	21	**5**
	Retired	3	8	8	**8**
	Other	2	1	2	**1**
Socio-economic class	Large employers and higher managerial occupations	3	12	2	**12**
	Lower managerial and professional occupations	5	27	5	**26**
	Intermediate occupations	5	12	4	**12**
	Small employers and own account workers	3	8	7	**8**
	Lower supervisory & technical occupations	10	9	10	**9**
	Semi-routine occupations	34	16	28	**16**
	Routine occupations	30	11	35	**11**
	Never worked and long term unemployed	9	2	9	**2**
	Not classified	1	4	1	**4**
Household income	No earned income, income-replacement benefits	39	8	42	**8**
	No earned income, no income-replacement benefits	8	7	8	**7**
	Lowest earnings quintile	23	11	20	**11**
	Second earnings quintile	11	15	11	**15**
	Third earnings quintile	11	18	13	**18**
	Fourth earnings quintile	5	21	3	**20**
	Highest earnings quintile	4	20	2	**20**
Unweighted base		*281*	*17,952*	*155*	***18,388***

1. Due to missing data the unweighted bases are smaller (at

Re-examination of the breakdown by spending orientation shows that moderate non-spenders were significantly over-represented among those who were using only high cost credit (27 per cent) compared with those also using other types (14 per cent; Table 7). The group who were using high cost alongside other types of borrowing (21 per cent) were much more likely than the high cost only users (seven per cent) to have a strong orientation towards spending. These findings suggest that people who only use high cost credit do so largely to make ends meet and compensate for income inadequacy rather than to support a spending habit.

Meanwhile, the group who were using high cost credit only (23 per cent) were more likely to self-report poor mathematical ability than those using both types (13 per cent).

Table 7 Attitudinal characteristics of credit users by type of credit, adults with any credit

Column percentages (%)		High cost and other types	Other borrowing only	High cost credit only	**All**
Orientation to spending	Strong spending orientation	21	7	7	***7***
	Moderate spending orientation	22	14	17	***14***
	Neutral spending orientation	36	36	37	***36***
	Moderate non-spender	14	25	27	***25***
	Strong non-spender	8	19	13	***19***
Unweighted base		*273*	*15,817*	*140*	***16,230***
Self-assessed numerical ability	Excellent	9	23	12	***23***
	Good	41	48	34	***48***
	Moderate	36	24	31	***24***
	Poor	13	5	23	***5***
Unweighted base		*273*	*15,806*	*140*	***16,219***

Base is all adults responding in person and providing valid responses

1.7 Drivers of high cost credit use

The previous analysis, described in section 2.2, considered the relationship between high cost credit use and individuals' and households' other characteristics. We would, however, expect some of these characteristics to be correlated with each other. Therefore, we use regression analysis to identify the characteristics that relate to high cost credit use independently of other things.

Table 8 shows the results of a first regression model. This focuses on a range of demographic and socio-economic characteristics. The results confirm that the greater propensity for women to use high cost credit compared with men holds true when these other characteristics are included.

Compared with men, the odds of using high cost credit are 1.4 times higher among women.

Other characteristics, particularly those reflecting socio-economic status, were stronger drivers of high cost credit use than gender, however. Housing tenure was the strongest predictor overall. People living in a rented home were considerably more likely than those owning their homes outright to have high cost credit commitments, all other things being equal, the odds being higher by 6.8 times among those renting privately and 12.0 times among those renting from a social landlord. Given the statistical significance of household income in the analysis over and above that of housing tenure, the strong relationship between living in social rented accommodation and high cost credit use is likely to reflect targeting by home credit companies of areas with dense social housing stock.

Table 8 Regression predicting high cost credit use, all adults in Great Britain

		Significance (p-value)	Odds ratio (ExpB)
Gender	Female (ref is male)	.003	1.4
Age	Ref: Over state pension age (SPA)	.000	
	16-24	.000	4.5
	25-34	.000	9.5
	35-44	.000	7.6
	45-54	.000	6.9
	55 up to SPA	.002	2.7
Household composition	Ref: Partnered, no children	.000	
	Single adult	.730	1.1
	Partnered, dependent children	.003	1.8
	Partnered, non-dependent children	.681	.9
	Lone parent, dependent children	.000	2.1
	Lone parent, non-dependent children	.551	1.2
	Other	.017	1.7
Housing tenure	Ref: Own outright	.000	
	Mortgage or shared ownership	.202	1.6
	Renting from a social landlord	.000	12.1
	Renting from a private landlord	.000	6.8
	Other	.033	4.1
Highest qualification	Degree level or above	.000	
	Other qualification	.000	6.9
	No qualifications	.000	8.7
Employment status	Ref: Employed	.429	
	Unemployed	.198	1.3
	Not economically active	.361	1.2
Socio-economic class	Ref: Managerial and professional occupations	.000	
	Intermediate occupations	.758	1.1
	Routine and manual occupations	.001	1.9
	Other	.222	.7
Household income	Ref: Highest earnings quintile	.000	
	No earned income, income-replacement benefits	.000	3.5
	No earned income, no income-replacement benefits	.061	2.0
	Lowest earnings quintile	.002	2.6
	Second earnings quintile	.214	1.5
	Third earnings quintile	.038	1.9
	Fourth earnings quintile	.830	.9
Constant		.000	.000
Unweighted Base		53,298	
Nagelkerke R^2		.25	

'Ref' indicates the reference category which, by definition, has an odds ratio of 1. 1. The results for 50 missing cases on this measure are not reported.

There were strong variations by highest qualification achieved. Compared with those with degree level qualifications or above, those with other qualifications had 6.9 times and those with no qualifications at all had 8.7 times the odds of having high cost credit. With relative odds of 3.5, those in the lowest earnings quintile and those without earnings and in receipt of income-replacement benefits were significantly more likely to have high cost credit commitments than those in the highest earnings quintile. And those with backgrounds in routine occupations were more likely than those in the managerial and professional occupations to be using high cost credit.

Age was also a significant predictor of high cost credit use. All other things being equal, the propensity to use high cost credit was significantly higher in every age group, compared with adults over state pension age. The relative odds were highest among 25 to 34 year olds (odds ratio of 9.5), remaining high among the 35 to 44 and the 45 to 54 age groups (odds ratios of 7.6 and 6.9 respectively). There were also some differences by household composition, with people living in a lone parent household with dependent children being at the higher end of the range (odds ratio of 2.1 compared with those living in a partnered household without children).

A second model was run, including these same characteristics, but also incorporating a measure of other non-mortgage borrowing into the model. This analysis showed that the use of mainstream consumer credit was also strongly predictive of high cost credit use (see Appendix Table A1). The odds of using high cost credit were 2.3 times higher among those with other types of credit compared to those without. The inclusion of this measure moderated the effects of some of the other characteristics described above. Nonetheless, the same measures remained significant in the analysis and the same overall pattern of effects held true.

A third model additionally included the measures of spending orientation and self-assessed mathematical ability described above. Mathematical ability was statistically significant but only weakly so in this model. Spending orientation in contrast was highly significant (see Appendix Table A1). Compared with the strong non-spenders, the odds of using high cost credit were 8.7 times higher among strong spenders and 5.5 times higher among moderate spenders. They were also higher for those with a neutral spending orientation and moderate non-spenders, but less markedly so.

The inclusion of spending orientation into the model moderated the strength of influence of the other variables in the analysis, particular age and other borrowing. Nonetheless, all remained statistically significant and the general pattern of influence remained.

Given the continued importance of having other types of borrowing in predicting high cost credit use after the strong influence of attitudes towards spending was taken into account, we were also interested to explore the extent to which particular patterns of mainstream borrowing related to high cost credit use. A variation on the regression described above (Model 3) was therefore run to include the types of mainstream credit commitments held in place of the single 'any' other borrowing variable previously included (see Appendix Table A2).[7] This showed that having mainstream personal loans, hire purchase agreements and mail order accounts increased the odds

[7] It is not possible to include both measures in the same regression as by definition the measures share the common category of 'no holding'.

of having high cost credit significantly, by between 1.6 and 1.8 times.[8] It is notable that overdraft and credit card use were not predictive of high cost credit use. A further variation of the analysis showed that the odds ratio of having high cost credit tended to increase slightly the more types of other credit commitments individuals had, rising from 1.5 among those with one to 2.0 among those with 4 or more compared with those with none (see Appendix Table A2).

1.8 Summary

This section has shown that the use of high cost credit in the general population was very uncommon in 2006-08, with only one per cent of adults in Great Britain having one or more outstanding commitments at the time of the interview. High cost credit users were, on the whole, a particular type of person, being predominantly poor, dependent on income-replacement benefits, living in rented accommodation and drawn from routine and semi-routine occupational groups. They were also disproportionately in their middle years (25 to 55), even after the influence of other characteristics were controlled. Attitudinally, high cost credit users tended to be people who had a positive orientation towards spending (although the direction of the relationship is unclear; it is possible that people can justify their borrowing by reporting positive attitudes to spending *post hoc*). They were also likely to have other non-mortgage borrowing commitments, all other things being equal, but with the exclusion of overdrafts and credit cards.

[8] It is important to note, however, that the survey does not collect information about the type of personal and cash loan held. Given the length and ordering of the list of response categories (which is 11 items long and with a first category of 'A personal loan, e.g. with bank, building society, finance house') it is possible that some high cost credit commitments were reported as a mainstream personal loan, even for those types of borrowing that were specified lower down on the list.

The role of high cost credit use in financial well-being

This section explores the distribution of financial well-being outcomes among individuals, and the extent to which these vary depending on the borrowing commitments individuals have and their other characteristics. Initial exploratory univariate and bivariate analysis provide the context for subsequent regression analyses which estimate the strength of the independent relationship between credit use (with a particular focus on high cost credit) and financial difficulties, asset-holding and total wealth. For consistency with the previous section, all these outcomes are analysed at the individual level, although some of the measures (notably total wealth) are measured in the survey at the household level.

1.9 Financial difficulties among individuals

In this analysis, we examine five measures of financial difficulties (or over-indebtedness) among individuals. These comprise three measures that relate specifically to individuals who had non-mortgage credit commitments – the extent to which people found their credit commitments to be a burden at all, a heavy burden or who were in arrears with any of them. Two others – arrears on any type of household bill or credit commitment (including mortgages on the main home) and running out of money – are analysed for all adults.

1.9.1 Drivers of non-mortgage borrowing difficulties

Respondents to the survey were asked to what extent they found their credit commitments were a 'heavy burden, somewhat of a burden or not a problem at all'.[9] More than a half of people with any type of non-mortgage borrowing said it was at least somewhat of a burden (52 per cent), with 18 per cent reporting that it was a heavy burden. The propensity to report that their commitments were at all a burden varied considerably by socio-economic status and attitudinal characteristics (see Appendix Table A3). Compared with the average, those at the higher end of the range included people who were unemployed (72 per cent), sick or disabled (71 per cent) or looking after the family home (70 per cent), those living in a household with no earned income and who were dependent on income-replacement benefits (71 per cent) and those who lived in a home rented from a social landlord (68 per cent). The vast majority of those with a strong or moderate orientation towards spending (79 per cent and 70 per cent respectively) reported that their credit commitments were a burden. Additionally, lone parents with dependent children were also much more likely than average to report finding their commitments a burden (74 per cent).

These same groups were also far more likely than the average to report finding their commitments a *heavy* burden. For example, 42 per cent of credit users who had never worked or were long term unemployed and 41 per cent of those who were not working because they were sick or disabled reported that their commitments were a heavy burden.

Moreover, these same groups were all more than twice as likely as the average to have fallen behind with one or more of their credit commitments. Eight per cent of individuals overall were in arrears

[9] This attitudinal question was asked only of those who responded to the survey in person. For the first respondent in the household, the question also referred to the burden of household bills if the respondent had previously reported falling behind on any of these.

with one or more credit commitments.[10] This ranged up to 21 per cent among the unemployed and 19 per cent among those with no household earnings who were receiving income-replacement benefits as well as those with a strong orientation towards spending.

Of most interest here is the propensity for individuals to report difficulties depending on the type of credit commitments they had. Table 9 shows the full breakdown. The propensity to report being in difficulty on each of these three measures among those with any type of mainstream consumer credit was consistent with the average (52 per cent, 18 per cent and eight per cent respectively), reflecting that the sample was dominated by this group.

Table 9 Difficulties with non-mortgage borrowing by credit use, credit users in Great Britain

Cell percentages (%)		A burden at all (%)[1]	A heavy burden (%)[1]	*Unweighted base*	Any arrears (%)	*Unweighted base*
Has high cost credit	Yes	84	55	*413*	34	*436*
	No	51	17	*15,549*	8	*17,952*
Number of high cost credit commitments	None	51	17	*15,549*	8	*17,952*
	One	82	52	*329*	33	*349*
	Two or more[2]	92	63	*84*	38	*87*
Has mainstream credit	Yes	52	18	*15,822*	8	*18,233*
	No	74	44	*140*	20	*155*
Number of mainstream credit commitments	None	75	47	*148*	21	*164*
	One	39	11	*8,114*	4	*9,731*
	Two	55	17	*3,921*	9	*4,418*
	Three	70	26	*1,939*	13	*2,121*
	Four or more	82	40	*1,840*	21	*1,954*
Has active credit or charge card	Yes	59	20	*7,779*	13	*8,784*
	No	46	16	*8,183*	3	*9,604*
Has overdraft (in use)	Yes	65	27	*5,455*	9	*6,548*
	No	45	14	*10,507*	8	*11,840*
Has (mainstream) formal loan	Yes	63	25	*4,143*	9	*4,570*
	No	48	16	*11,819*	8	*13,818*
Has (mainstream) hire purchase	Yes	47	15	*3,844*	7	*4,281*
	No	54	19	*12,118*	9	*14,107*
Has mail order account	Yes	57	23	*2,499*	11	*2,654*
	No	51	17	*13,463*	8	*15,734*
Has active store card or charge account	Yes	64	26	*1,357*	18	*1,471*
	No	51	18	*14,605*	7	*16,917*
All		***52***	***18***	***15,962***	***8***	***18,388***

Base is adults with any non-mortgage borrowing. 1. Limited to those interviewed in person. 2. Treat with caution due to low base.

In contrast, the percentage of individuals in difficulty was much higher among those with any type of high cost credit commitment. Some 84 per cent reported finding their credit commitments a burden. Three times as many as the average described them as a heavy burden (55 per cent). And, compared with the average (eight per cent), four times as many people with high cost credit commitments were in arrears on at least one commitment (34 per cent).[11] These percentages also increased

[10] See Technical Note 3.

[11] It is important to note that individuals were not necessarily in arrears with the high cost credit commitments they had. The measure relates to any of their non-mortgage borrowing commitments.

steadily and significantly the more high cost credit commitments they had, such that among those with two or more commitments, 92 per cent found their commitments a burden, 63 per cent a heavy burden and 38 per cent were in arrears.

Nonetheless, the experience of financial difficulty did vary significantly depending on the nature of their mainstream credit holding. Individuals with more than one type of mainstream commitment were significantly more likely than the average to report feeling burdened by their commitments, increasing to 82 per cent among those with four or more mainstream commitments. A similar pattern was found for the measure of heavy burden (rising to 40 per cent) and being in arrears with credit commitments (21 per cent).

Across all three measures, financial difficulty was more prevalent than average among users of every type of mainstream credit commitment with the exception of mainstream hire purchase agreements. The percentages in difficulty were at the high end of the range among active store card users for each measure (64 per cent, 26 per cent and 18 per cent respectively), among users of formal personal loans for the self-reported measures of burden (63 per cent and 25 per cent respectively), and among active use of credit cards for the measure of arrears (13 per cent).

As we have already seen, however, high cost credit use overlaps with mainstream credit use. Moreover, the same socio-economic characteristics that relate to financial difficulty among borrowers also predict high cost credit use. Only by controlling for these influences can the true effect of high cost credit use on financial difficulties be understood. Logistic regression analysis was undertaken for each of the three measures of difficulty, including the full range of socio-demographic characteristics and credit holding (Table 10). With the exceptions of gender, qualifications and employment status, all measures included in the model significantly predicted reporting that credit commitments were a burden at all. A similar picture emerged for reporting a heavy burden although the use of mail order catalogues was also non-significant while employment status reached significance. Interestingly, the unemployed were, in this second model, less likely than other groups to report a heavy burden.

Notably, the use of credit cards, overdrafts and mainstream personal loans all increased the odds of financial difficulties on these well-being outcomes by about two times or higher (rising to 2.7 times for overdrafts in the model predicting a heavy burden). Additionally, all other things being equal, (including economic circumstances), using high cost credit increased the odds of reporting both credit commitments to be a burden at all and that they were a heavy burden. Compared with those without any high cost credit commitments, the odds of reporting any burden were 3.2 times higher among those with one high cost credit commitment, and 6.0 among those with two or more.

There was a similar pattern of findings for reporting commitments to be a heavy burden, with relative odds of 3.0 and 4.0 respectively. In other words, high cost credit use was a significant risk factor for self-reported financial strain as a result of borrowing over and above the influence of a range of other characteristics, including mainstream credit use, which were in themselves significant risk factors. Nonetheless, it is important to stress that the direction of the relationship between high cost credit use and self-reported difficulty cannot be tested. While it seems intuitive that the use of high cost credit precedes and even leads to financial strain, it is also possible that financial strain precedes and leads to high cost credit use. It is not possible to determine the direction of the effect using regression analysis (see Technical Note 4 for further consideration of this point).

Table 10 Predicting difficulties on non-mortgage borrowing, credit users in Great Britain

		Burden at all		Heavy burden		Arrears	
		Significance (p-value)	Odds ratio (ExpB)	Significance (p-value)	Odds ratio (ExpB)	Significance (p-value)	Odds ratio (ExpB)
Gender	Female (ref is male)	.891	1.0	.525	1.0	.017	.9
Age	Ref: Over state pension age (SPA)	.000		.000		.000	
	16-24	.000	1.5	.000	1.6	.000	4.4
	25-34	.000	1.9	.000	2.0	.000	2.9
	35-44	.000	1.8	.000	1.9	.000	2.6
	45-54	.000	1.7	.000	2.1	.000	2.4
	55 up to SPA	.001	1.3	.000	1.6	.000	2.0
Household composition	Ref: Partnered, no children	.000		.000		.000	
	Single adult	.681	1.0	.000	.7	.004	.7
	Partnered, dependent children	.000	1.3	.830	1.0	.841	1.0
	Partnered, non-dependent children	.014	1.2	.361	.9	.692	.9
	Lone parent, dependent children	.000	1.5	.005	1.3	.084	1.2
	Lone parent, non-dependent children	.001	1.3	.147	1.2	.176	1.2
	Other	.348	1.1	.934	1.0	.200	1.2
Housing tenure	Ref: Own outright	.000		.000		.000	
	Mortgage or shared ownership	.000	2.1	.000	1.8	.137	1.2
	Renting from a social landlord	.000	2.6	.000	2.8	.000	2.2
	Renting from a private landlord	.000	2.1	.000	2.4	.000	1.9
	Other	.050	1.5	.357	1.3	.625	1.2
Highest qualification	Ref: Degree level of above	.344		.271		.004	
	Other qualification	.229	.9	.083	1.1	.011	1.3
	No qualification	.241	.9	.079	1.2	.000	1.6
Employment status	Ref: Employed	.054		.000		.001	
	Unemployed	.073	.9	.000	.6	.031	.8
	Not economically active	.237	1.2	.164	1.2	.014	1.4
Socio-economic class	Ref: Managerial and professional occupations	.000		.000		.001	
	Intermediate occupations	.000	.8	.000	.8	.007	.8
	Routine and manual occupations	.009	1.1	.260	1.1	.834	1.0
	Other	.416	.9	.183	.9	.012	.7
Household income	Ref: Highest earnings quintile	.000		.000		.000	
	No earned income, income-replacement benefits	.000	3.0	.000	3.0	.000	3.0
	No earned income, no income-replacement benefits	.000	2.1	.000	2.3	.010	1.6
	Lowest earnings quintile	.000	2.1	.000	2.6	.000	1.9

Table continues on next page

Table 10 continued

	Second earnings quintile	.000	1.8	.000	1.9	.001	1.5
	Third earnings quintile	.000	1.4	.000	1.7	.001	1.4
	Fourth earnings quintile	.012	.9	.420	.9	.347	.9
Orientation to spending	Ref: Strong non-spender	.000		.000		.000	
	Strong spending orientation	.000	3.9	.000	2.9	.000	1.6
	Moderate spending orientation	.000	2.5	.000	1.9	.006	1.4
	Neutral spending orientation	.000	1.6	.000	1.3	.989	1.0
	Moderate non-spender	.000	1.2	.025	1.2	.910	1.0
Self-assessed mathematical ability	Excellent	.000		.000		.267	
	Good	.003	1.1	.790	1.0	.594	1.0
	Moderate	.000	1.3	.986	1.0	.144	.9
	Poor	.000	1.4	.000	1.5	.338	1.1
Number of high cost credit commitments	Ref: None	.000		.000		.000	
	One	.000	3.2	.000	3.0	.000	5.8
	Two or more	.000	6.0	.000	4.0	.000	6.8
Active credit/charge card user (ref is no)		.000	2.2	.000	1.9	.000	8.4
Has overdraft (in use) (ref is no)		.000	2.6	.000	2.7	.000	1.4
Has mainstream formal loan (ref is no)		.000	2.2	.000	2.0	.084	1.1
Has mainstream hire purchase (ref is no)		.000	1.4	.001	1.2	.107	1.1
Has mail order (ref is no)		.000	1.3	.166	1.1	.001	1.3
Active store card user (ref is no)		.000	1.4	.000	1.4	.000	2.5
Constant		.000	0.0	.000	0.0	.000	0.0
Unweighted Base		15,961		15,961		16,230	
Nagelkerke R^2		.26		.25		.25	

Base is all adults with any non-mortgage borrowing interviewed in person. 1. The results for 50 missing cases on this measure are not reported.

The results of the model predicting any arrears on non-mortgage borrowing commitments are more striking still (Table 10). Compared with not using high cost credit at all, having one high cost credit commitment increased the odds of having consumer credit arrears by a factor of6.0, and having two or more commitments carried odds that were greater by a factor of 6.8. Setting this in context, however, the odds associated with active credit card use are even higher. Compared with non-users, those with active credit card holding had 8.4 times higher odds of being in arrears.

Notably, there is also a difference by gender, whereby men were slightly more likely than women to be in arrears all other things being equal, and by highest qualification achieved, whereby the odds increased significantly among people with other and no qualification compared with those with degree level or above.

1.9.2 Drivers of general financial difficulties

The remaining measures of financial difficulties relate to all adults, rather than just those who have non-mortgage credit commitments. The first, a measure of any arrears from the survey, has been derived by drawing on the same measure of non-mortgage borrowing used above and incorporating arrears on household bills and mortgage borrowing (see Technical Note 5). Both of these additional

components were measured in the survey at the household level but are applied at the individual level in the current analysis. Overall, eight per cent of individuals were in arrears on this measure. The second is a self-reported measure of how often individuals run out of money before the end of the week or month, where we are examining the propensity to run out always or most of the time. Across all adults, 15 per cent ran out of money always or most of the time.

When considering the propensity to be in financial difficulty according to these measures, a familiar pattern emerges (see Appendix Table A4). Again, low socio-economic status is a key risk factor, such that among those who were unemployed, 27 per cent had any arrears and 43 per cent ran out of money always or most of the time. Lone parents with dependent children were also at heightened risk. There was also considerable variation by attitudes to spending, whereby those with a stronger orientation towards spending were more likely to have experienced difficulties.

The breakdown by credit use (Table 11) also evidences considerable variation. Some 64 per cent of high cost credit users were in arrears of some kind and 61 per cent reported running out of money. The figures were also slightly higher where two or more high cost credit commitments were held.

Table 11 Any financial difficulties by credit use, all adults in Great Britain

Cell percentages		Any arrears (%)	*Unweighted base*	Run out of money (%)	*Unweighted base*[2]
Has high cost credit	Yes	64	*436*	61	*413*
	No	7	*52,862*	15	*45,295*
Number of high cost credit commitments	None	7	*52,862*	15	*45,295*
	One	63	*349*	59	*329*
	Two or more[1]	70	*87*	68	*84*
Has mainstream credit	Yes	14	*18,233*	25	*16,069*
	No	4	*35,065*	10	*29,639*
Number of mainstream credit commitments	None	4	*35,074*	10	*29,647*
	One	10	*9,731*	20	*8,349*
	Two	16	*4,418*	26	*3,933*
	Three	19	*2,121*	31	*1,939*
	Four or more	26	*1,954*	38	*1,840*
Has credit or charge card	Yes	17	*8,784*	24	*7,795*
	No	6	*44,514*	13	*37,913*
Has overdraft (in use)	Yes	17	*6,548*	38	*5,678*
	No	7	*46,750*	12	*40,030*
Has (mainstream) formal loan	Yes	17	*4,570*	28	*4,149*
	No	7	*48,728*	14	*41,559*
Has (mainstream) hire purchase	Yes	12	*4,281*	19	*3,846*
	No	8	*49,017*	15	*41,862*
Has mail order account	Yes	22	*2,654*	30	*2,500*
	No	7	*50,644*	15	*43,208*
Has store card or charge account	Yes	23	*1,471*	28	*1,361*
	No	7	*51,827*	15	*44,347*
All		***8***	***53,298***	***15***	***45,708***

1. Treat with caution due to low base. 2. Base is all adults responding in person.

In contrast to the earlier analysis, mainstream credit use was also significantly associated with heightened risk of difficulty, albeit not to such a marked extent as observed among high cost credit users. Users of mainstream credit were almost twice as likely as the average to be in arrears (14 per cent compared with 8 per cent) and 25 per cent ran out of money (compared with the average of 15

per cent). Having any arrears was particularly likely among those who had a store card (23 per cent) or mail order account (22 per cent), and running out of money was most common among those using an overdraft (38 per cent).

The strong relationship between high cost credit use and difficulties held true when the influence of other characteristics (including economic circumstances) was controlled in regression analysis (Table 12). The relationship with any arrears was particular strong: compared with those with no high cost credit, the odds were 5.1 times higher among people with one commitment and 5.7 times higher among those with two or more. Still, mainstream credit use of all types was also significant in this analysis, the relationship with credit card use being especially strong (odds ratio of 2.6).

The odds of running out of money all or most of the time were 2.3 times higher for those with one high cost credit commitment and 2.7 times for those with more than one. The independent relationship of overdraft use was stronger still, however, the odds of running out of money being 3.1 times higher among those with an overdraft than those without. The use of mainstream loans and credit cards were also significantly predictive of running out of money.

Table 12 Predicting any financial difficulties, all adults in Great Britain

		Any arrears		Run out of money	
		Significance (p-value)	Odds ratio (ExpB)	Significance (p-value)	Odds ratio (ExpB)
Gender	Female (ref is male)	.076	.9	.194	1.0
Age	Ref: Over state pension age (SPA)	.000		.000	
	16-24	.000	7.2	.000	4.1
	25-34	.000	5.8	.000	3.0
	35-44	.000	5.4	.000	3.0
	45-54	.000	4.7	.000	2.8
	55 up to SPA	.000	3.0	.000	2.3
Household composition	Ref: Partnered, no children	.000		.000	
	Single adult	.000	.7	.001	.9
	Partnered, dependent children	.886	1.0	.002	1.2
	Partnered, non-dependent children	.001	.7	.001	1.2
	Lone parent, dependent children	.000	1.4	.000	1.3
	Lone parent, non-dependent children	.071	1.2	.000	1.3
	Other	.588	1.0	.000	1.3
Housing tenure	Ref: Own outright	.000		.000	
	Mortgage or shared ownership	.000	1.9	.000	1.6
	Renting from a social landlord	.000	5.2	.000	2.2
	Renting from a private landlord	.000	3.7	.000	1.6
	Other	.141	1.4	.029	1.4
Highest qualification[1]	Ref: Degree level or above	.000		.005	
	Other qualification	.000	1.5	.021	1.1
	No qualifications	.000	1.8	.001	1.2
Employment status	Ref: Employed	.000		.000	
	Unemployed	.000	.8	.000	.7
	Not economically active	.000	1.6	.000	1.7

Table continues on next page

Table 12 continued

Socio-economic class	Ref: Managerial and professional occupations	.000		.000	
	Intermediate occupations	.000	.8	.000	.8
	Routine and manual occupations	.006	1.2	.012	1.1
	Other	.002	.8	.512	1.0
Household income	Ref: Highest earnings quintile	.000		.000	
	No earned income, income-replacement benefits	.000	3.0	.000	2.6
	No earned income, no income-replacement benefits	.000	1.7	.000	2.0
	Lowest earnings quintile	.000	2.3	.000	2.1
	Second earnings quintile	.000	1.9	.000	1.4
	Third earnings quintile	.000	1.5	.000	1.5
	Fourth earnings quintile	.017	.8	.001	.8
Orientation to spending	Ref: Strong non-spender	.000		.000	
	Strong spending orientation	.000	2.7	.000	5.6
	Moderate spending orientation	.000	2.3	.000	3.4
	Neutral spending orientation	.000	1.8	.000	2.2
	Moderate non-spender	.000	1.6	.000	1.6
Self-assessed mathematical ability	Ref: Excellent	.015		.000	
	Good	.412	1.0	.422	1.0
	Moderate	.736	1.0	.000	1.2
	Poor	.029	1.2	.000	1.6
Number of high cost credit commitments	Ref: None	.000		.000	
	One	.000	5.1	.000	2.3
	Two or more	.000	5.7	.000	2.7
Active credit/charge card user (ref is no)		.000	2.6	.000	1.2
Has overdraft (in use) (ref is no)		.000	1.6	.000	3.1
Has mainstream formal loan (ref is no)		.000	1.3	.000	1.3
Has mainstream hire purchase (ref is no)		.000	1.2	.530	1.0
Has mail order (ref is no)		.000	1.3	.534	1.0
Active store card user (ref is no)		.000	1.7	.264	.9
Constant		.000	0.0	.000	0.0
Unweighted Base		45,815		45,703	
Nagelkerke R^2		0.33		0.27	

Base is all adults responding in person. 1. The results for 50 missing cases on this measure are not reported.

In addition to these, socio-economic status and attitudes towards spending were again strong predictors of any arrears and running out of money among all adults. Age, biased towards younger adults, was also a very strong predictor of both measures of overall difficulty.

1.10 Drivers of asset and wealth holding

This section considers two measures of asset and wealth holding, both analysed at the individual level. The first of these relates to individuals' formal financial assets and the second to total

household wealth including pension wealth. The mean asset holding across all adults in Great Britain in 2006-08 was £22,300 and mean total wealth was £401,600.[12]

As might be expected, the variation in average asset and wealth holding by demographic and socio-economic characteristics was considerable (see Appendix Table A5). Mean average financial assets ranged from as low as £2,400 among people aged 16-24 to a high of £54,600 among people with occupational backgrounds as large employers or higher managerial occupations. And total wealth ranged from a mean of £53,300 among those living in social rented accommodation to £740,000 among those with backgrounds as large employers or higher managerial occupations. There are familiar patterns in well-being for these measures as was found for the financial difficulty measures. As such, the lowest average financial assets and total wealth were held by those living in a household without earned income and reliant on income-replacement benefits (£2,100 and £76,300 respectively), those living in social rented accommodation (£2,900 and £53,300 as mentioned) or the private rented sector (£9,000 and £90,300), and lone parents with dependent children (£6,00 and £101,200). There was also significant and marked variation by people's spending orientation, self-assessed mathematical ability and age (in the expected direction) for each outcome measure, such that the youngest adults and those with a strong spending orientation had the lowest levels of assets and wealth holding.

The variations in average asset and wealth holding are again marked where analysed by credit use (Table 13). People who used any type of mainstream credit had lower levels of assets and wealth than non-users, and the levels fell the more credit commitments they had. This pattern held regardless of the type of mainstream credit they used although the effect was most marked for use of mail order catalogues and overdrafts. Those without mainstream credit (£28,300) had more than twice the amount in financial assets than those with any type of mainstream credit (£11,900), with those with mail order accounts holding £5,000 on average. The variation is even more stark in relation to high cost credit. The mean financial assets held among those with no high cost credit was £22,500, compared with £700 among those with any high cost credit commitment, falling to £100 among those with two or more commitments. This includes any positive balances of current or basic bank accounts and Post Office Card Accounts, but it excludes any informal savings such as cash saved at home. The equivalent figures for total household wealth were £404,500 for those with no commitments and £60,200 for those with one commitment, that is, nearly seven times the holding.

When other factors likely to have an effect on financial difficulties were controlled in regression analysis, however, the relationship between high cost credit use and asset and wealth disappeared, despite its apparent (Table 14) strength in the bivariate analysis.[13] High cost credit use was not a significant predictor of the amounts individuals held in financial assets, neither was it predictive of total wealth held by the household.[14] In other words, high cost credit users' asset-holding and wealth was no lower than other people in the same circumstances.

[12] The median values were £2,300 and £233,000 respectively. Unless otherwise noted, 'averages' given are the arithmetic means. All values are rounded to the nearest £100.

[13] This analysis uses multiple linear regression. We have retained the reference categories used in previous regressions for consistency.

[14] The number of high cost credit commitments was not included in this analysis due to small number cases with two or more commitments, particularly in the model predicting total wealth.

Table 13 Assets and wealth by credit use, adults in Great Britain

£		Financial assets			Total wealth		
		Mean	Median	*Unweighted base*	Mean[1]	Median[1]	*Unweighted base*
Has high cost credit	Yes	700	2,400	*436*	53,200	14,100	*243*
	No	22,500	<100	*52,862*	404,500	236,500	*29,979*
Number of high cost credit commitments	None	22,500	2,409	*52,862*	404,500	236,500	*29,979*
	One	800	<100	*349*	60,200	14,100	*197*
	2 or more	100	<100	*87*	-	-	*46*
Has mainstream credit	Yes	11,900	900	*18,233*	303,700	173,900	*10,247*
	No	28,300	4,000	*35,065*	456,900	275,700	*19,975*
Number of mainstream credit commitments	None	28,300	4,000	*35,074*	456,800	275,300	*19,978*
	One	13,700	1,200	*9,731*	333,600	198,600	*5,501*
	Two	10,400	900	*4,418*	293,000	163,700	*2,474*
	Three	9,600	600	*2,121*	254,900	158,100	*1,146*
	4 or more	8,800	400	*1,954*	235,700	121,600	*1,123*
Has credit or charge card	Yes	11,200	1,000	*8,784*	297,000	183,400	*4,955*
	No	24,700	3,000	*44,514*	424,100	248,100	*25,267*
Has overdraft (in use)	Yes	8,800	200	*6,548*	282,800	142,900	*3,645*
	No	24,400	3,000	*46,750*	419,500	250,000	*26,577*
Has (mainstream) formal loan	Yes	9,000	800	*4,570*	251,200	135,600	*2,559*
	No	23,700	2,600	*48,728*	416,900	245,600	*27,663*
Has (mainstream) hire purchase	Yes	18,500	2,000	*4,281*	347,700	210,800	*2,378*
	No	22,600	2,400	*49,017*	406,400	235,400	*27,844*
Has mail order account	Yes	5,000	250	*2,654*	180,200	92,900	*1,496*
	No	23,200	2,600	*50,644*	413,600	243,900	*28,726*
Has store card or charge account	Yes	9,400	600	*1,471*	267,700	156,200	*823*
	No	22,700	2,500	*51,827*	405,500	236,400	*29,399*
Total		22,300	2,300	***53,298***	401,600	233,000	***30,222***

Values are rounded to £100. 1. Base is limited to the half sample that was asked all four wealth components.

In contrast, several of the measures of mainstream credit use *were* predictive of assets and wealth independently of the other characteristics included in the analyses. Active credit use was associated with a decrease in asset holding of an estimated £6,346 and in wealth of some £61,118 (compared with the 'constants' of £90,246 and £1,125,547 respectively). Having one or more mainstream loans reduced asset holding by £5,433 and wealth by £48,429 all other things being equal and overdraft use reduced asset holding by £4,763.

Aside from credit use, many of the other measures included in the regression analysis were also significant. Moreover, these were often associated with far larger coefficients than found in relation to credit use. Many of these were in the expected direction. Those without any household earnings and reliant on income-replacement benefits had £28,125 less in assets and £408,525 in total wealth than those in the highest earnings quintile, all other things being equal. Those in routine and manual occupations owned £18,037 less in assets and £174,610 in total wealth. Notably, women had £3,475 less saved in financial assets than men all other things being equal (gender was not significant in the total wealth regression). In contrast to previous analysis, lone parents with dependent children had £6,667 *more* in financial assets and £11,136 in total wealth than those who were partnered with no children (the reference category in the analysis).

Table 14 Predicting assets and wealth, adults in Great Britain

		Financial assets		Total wealth	
		Significance (p-value)	Coefficient	Significance (p-value)	Coefficient
Gender	Female (ref is male)	0.00	-3475	.866	1331
Age	Ref: Over state pension age (SPA)				
	16-24	0.00	-10926	.000	-153611
	25-34	0.00	-13313	.000	-280763
	35-44	0.00	-5774	.000	-145779
	45-54	0.05	2657	.360	14304
	55 up to SPA	0.00	10933	.000	167372
Household composition	Ref: Partnered, no children				
	Single adult	0.00	5267	.000	-137933
	Partnered, dependent children	0.05	1990	.014	28616
	Partnered, non-dependent children	0.00	-9125	.725	-5506
	Lone parent, dependent children	0.00	6667	.582	11136
	Lone parent, non-dependent children	0.03	-3554	.000	-100746
	Other	0.00	-5930	.174	-22210
Housing tenure	Ref: Own outright				
	Mortgage or shared ownership	0.00	-28413	.000	-252420
	Renting from a social landlord	0.00	-25749	.000	-387080
	Renting from a private landlord	0.00	-25794	.000	-426688
	Other	0.00	-21835	.000	-370738
Highest qualification[2]	Ref: Degree level or above				
	Other qualification	0.00	-14714	.000	-160643
	No qualifications	0.00	-25495	.000	-282054
Employment status	Ref: Employed				
	Unemployed	0.03	4838	.000	93889
	Not economically active	0.00	6377	.000	89581
Socio-economic class	Ref: Managerial and professional occupations				
	Intermediate occupations	0.00	-9839	.000	-103070
	Routine and manual occupations	0.00	-18037	.000	-174610
	Other	0.00	-13920	.000	-123771
Household income	Ref: Highest earnings quintile				
	No earned income, income-replacement benefits	0.00	-28125	.000	-408525
	No earned income, no income-replacement benefits	0.00	-12968	.000	-327329
	Lowest earnings quintile	0.00	-14494	.000	-300457
	Second earnings quintile	0.00	-17342	.000	-307747
	Third earnings quintile	0.00	-15410	.000	-272513
	Fourth earnings quintile	0.00	-13702	.000	-238309
Orientation to spending	Ref: Strong non-spender				
	Strong spending orientation	0.07	-3619	.792	-6024
	Moderate spending orientation	0.00	-4560	.585	-8828
	Neutral spending orientation	0.00	-6355	.731	3520
	Moderate non-spender	0.00	-5903	.079	-16695

Table continues on next page

Table 14 continued

Self-assessed mathematical ability	Ref: Excellent				
	Good	0.00	-4181	.000	-38107
	Moderate	0.00	-5739	.001	-39233
	Poor	0.00	-4573	.406	-15341
Has high cost credit		0.13	0.13	5233	.211
Active credit/charge card user (ref is no)		0.00	0.00	-6346	.000
Has overdraft (in use) (ref is no)		0.00	0.00	-4763	.158
Has mainstream formal loan (ref is no)		0.00	0.00	-5433	.000
Has mainstream hire purchase (ref is no)		0.97	0.97	-43	.023
Has mail order (ref is no)		0.57	0.57	-826	.071
Active store card user (ref is no)		0.65	0.65	872	.852
Constant		0	90,246	0	1,225,547
Unweighted Base		45,815		26,022	
Adjusted R^2		0.12		0.23	

Base is all adults responding in person. 1. Limited to the half sample that was asked all four wealth components. 2. The results for 50 missing cases on this measure are not reported.

1.11 Summary

The results of the analyses in this section evidence a strong link between credit use generally, and high cost credit use in particular, and financial difficulties. Even after controlling for the influence of socio-economic and attitudinal predictors of financial difficulties (many of which were in themselves strongly related to these outcome measures), high cost credit use increased the odds of being in arrears on any household commitment by a factor of 5.1 among those with one high cost credit commitment, rising to 5.7 among those with more than one. Among those with any non-mortgage borrowing, high cost credit use also strongly predicted being in arrears on one or more credit commitments, with relative odds of 5.8 and 6.8 respectively. And high cost credit also increased the likelihood of finding borrowing a burden or a heavy burden and running out of money always or most of the time independently of other characteristics.

Nonetheless, while the results show clearly that there is a relationship between high cost credit use and these outcomes, the direction of that relationship remains unknown; it is possible not only that high cost credit use may lead to financial difficulty, but also that financial difficulty may lead to the use of high cost credit. We should also note that high cost credit, as measured here, was dominated by home collected credit and that the findings should be interpreted in this context.

The use of high cost credit was not predictive of asset or wealth holding once the full range of characteristics were controlled, however. This suggests that although high cost credit is independently related to current and recent difficulties it did not impact, positively or negatively, on measures of well-being that might indicate or reflect the longer-term situations of individuals and households. This is in contrast to the use of mainstream credit, which did have an impact on these measures and was independently associated with a reduction in both the levels of assets and total wealth.

References

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DWP (2011) Family Resources Survey United Kingdom 2009-10. London: Department for Work and Pensions

Finney, A, Collard, S and Kempson E (2007) *Easy come easy go? Borrowing over the lifecycle*. Edinburgh: Standard Life.

Kempson, E, Ellison A, and Jones, P (2009) Is a not-for-profit home credit business feasible? York: Joseph Rowntree Foundation.

Technical Notes

1. The bases for credit cards and store cards include a small number of cases for which data were missing (60 and 54 respectively). These have been set to zero (i.e. no credit/store card). An unknown, but assumed to be small, number of cases who did not hold credit or store cards in their own right (i.e. as a sole or joint account holder) may be included in these figures when in fact they were only additional cardholders. This applies only to cases for which there was no balance on these cards or they were settled in full each month. This is because the questionnaire routing does not enable the type of cardholder status to be determined where balances on cards were zero.

2. Spending orientation is derived from three questions which respondents were asked to rate the level of agreement to: "I tend to buy things when I can't really afford them"; "I am more of a saver than a spender"; "I tend to buy things on credit and pay it off later". As part of the analysis undertaken for the main results from the Wealth and Assets Survey (Daffin, 2009) the composite measure of spending orientation was derived based on these three individual and highly correlated questions, scoring responses based on strength of agreement (or disagreement) and summed together. This composite measure has been re-constructed in the current analysis using the same methodology used for that earlier report.

3. The measure of arrears on non-mortgage borrowing commitments is defined as being two consecutive months or more behind with the payments on fixed term credit commitments. It also includes being unable to make the minimum repayment on any credit or store card at any time in the last 12 months. The measure excludes the use of unauthorised overdrafts (a measure of default for overdraft use) as this was not captured in the survey.

4. The option of including an 'instrument' in the regression equation, to assist in making conclusions about the causal relationship between high cost credit use and financial difficulty, has been explored. An instrument is a variable or set of variables that correlates with the predictor variable of interest (here high cost credit) but not the outcome of interest (financial difficulty). The purpose of the instrument is to control for the (unobserved) correlation, known as endogeneity, between the predictor and the portion of the variance in the outcome measure that remains unexplained by the observed measures (that is the 'residual' or 'error' term in the regression equation). This unobserved correlation arises in situations where there is circularity in the causal relationship between the predictor and outcome variables. However, it is only possible to control for this potential circularity where an adequate instrument exists. Based on the survey measures available and the analysis undertaken so far, we have concluded that it is not possible to construct an instrument that can adequately address the question about the causal relationship between the two measures.

5. The measure of any arrears encompasses arrears on non-mortgage borrowing, as described above, and arrears on household bills and mortgages on the main home. Both of these additional measures were captured at the household level. Consistent with the definition of arrears on fixed term non-mortgage credit (see Technical Note 3), default on household bills was also defined as being two consecutive months or more behind with the payments. For mortgage borrowing, however, slightly more detail was captured, and we have included arrears of one month or more in the definition used here. This is because mortgage payments are generally considered to be priority bills, therefore default on these at all is assumed to be indicative of serious financial strain.

Appendix Tables

Table A1: Regressions predicting high cost credit use, all adults in Great Britain

		Model 1 (also Table 8)		Model 2		Model 3	
		Sig (p-value)	Odds ratio (ExpB)	Sig (p-value)	Odds ratio (ExpB)	Sig (p-value)	Odds ratio (ExpB)
Gender	Female (ref is male)	.003	1.4	.012	1.3	.019	1.3
Age	Ref: Over state pension age (SPA)	.000		.000		.000	
	16-24	.000	4.5	.000	3.9	.002	2.5
	25-34	.000	9.5	.000	7.6	.000	4.7
	35-44	.000	7.6	.000	6.1	.000	4.1
	45-54	.000	6.9	.000	5.7	.000	4.1
	55 up to SPA	.002	2.7	.008	2.3	.053	1.9
Household composition	Ref: Partnered, no children	.000		.001		.004	
	Single adult	.730	1.1	.800	1.1	.946	1.0
	Partnered, dependent children	.003	1.8	.003	1.8	.006	1.7
	Partnered, non-dependent children	.681	.9	.705	.9	.863	.9
	Lone parent, dependent children	.000	2.1	.002	1.9	.005	1.9
	Lone parent, non-dependent children	.551	1.2	.445	1.2	.457	1.2
	Other	.017	1.7	.013	1.8	.015	1.8
Housing tenure	Ref: Own outright	.000		.000		.000	
	Mortgage or shared ownership	.202	1.6	.414	1.3	.748	1.1
	Renting from a social landlord	.000	12.1	.000	10.4	.000	10.4
	Renting from a private landlord	.000	6.8	.000	5.9	.000	5.5
	Other	.033	4.1	.046	3.7	.034	4.2
Highest qualification[1]	Ref: Degree level or above	.000		.000		.000	
	Other qualification	.000	6.9	.000	6.6	.000	6.6
	No qualifications	.000	8.7	.000	9.0	.000	8.2
Employment status	Ref: Employed	.429		.303		.251	
	Unemployed	.198	1.3	.132	1.4	.128	1.4
	Not economically active	.361	1.2	.244	1.2	.152	1.3
Socio-economic class	Ref: Managerial and professional occupations	.000		.000		.000	
	Intermediate occupations	.758	1.1	.715	1.1	.725	1.1
	Routine and manual occupations	.001	1.9	.000	2.0	.002	1.8

	Other	.222	.7	.473	.8	.743	.9
Table A1 continued							
Household income	Ref: Highest earnings quintile	.000		.000		.003	
	No earned income, income-replacement benefits	.000	3.5	.001	3.3	.017	2.4
	No earned income, no income-replacement benefits	.061	2.0	.066	2.0	.348	1.5
	Lowest earnings quintile	.002	2.6	.004	2.5	.053	1.9
	Second earnings quintile	.214	1.5	.291	1.4	.523	1.2
	Third earnings quintile	.038	1.9	.055	1.8	.154	1.6
	Fourth earnings quintile	.830	.9	.730	.9	.767	.9
Any active	Yes (ref is no)			.000	2.3	.000	1.6
Orientation to spending	Ref: Strong non-spender					.000	
	Strong spending orientation					.000	8.0
	Moderate spending orientation					.000	5.2
	Neutral spending orientation					.000	3.2
	Moderate non-spender					.000	2.0
Self-assessed mathematical ability	Ref: Excellent					.037	
	Good					.756	1.1
	Moderate					.527	1.1
	Poor					.012	1.7
Constant		.000	.000	.000	.000	.000	.000
Unweighted Base		53,298		53,298		45,815	
Nagelkerke R^2		.25		.27		.30	

1. The results for 50 missing cases on this measure are not reported.

Table A2: Regressions (variations) predicting high cost credit use, all adults in Great Britain

		Model 3 Variation 1		Model 3 Variation 2	
		Sig (p-value)	Odds ratio (ExpB)	Sig (p-value)	Odds ratio (ExpB)
Gender	Female (ref is male)	.031	1.3	.024	1.3
Age	Ref: Over state pension age (SPA)	.000		.000	
	16-24	.002	2.5	.002	2.5
	25-34	.000	4.6	.000	4.7
	35-44	.000	4.0	.000	4.1
	45-54	.000	4.0	.000	4.1
	55 up to SPA	.063	1.8	.054	1.9
Household composition	Ref: Partnered, no children	.004		.005	
	Single adult	.934	1.0	.955	1.0
	Partnered, dependent children	.004	1.8	.006	1.7
	Partnered, non-dependent children	.867	.9	.868	.9
	Lone parent, dependent children	.006	1.8	.006	1.8
	Lone parent, non-dependent children	.437	1.2	.459	1.2
	Other	.019	1.8	.016	1.8
Housing tenure	Ref: Own outright	.000		.000	
	Mortgage or shared ownership	.616	1.2	.756	1.1
	Renting from a social landlord	.000	10.0	.000	10.3
	Renting from a private landlord	.000	5.7	.000	5.5
	Other	.030	4.3	.033	4.2
Highest qualification[1]	Ref: Degree level or higher	.000		.000	
	Other qualification	.000	6.2	.000	6.6
	No qualification	.000	7.6	.000	8.3
Employment status	Ref: Employed	.296		.201	
	Unemployed	.145	1.4	.102	1.5
	Not economically active	.193	1.3	.122	1.3
Socio-economic class	Ref: Managerial and professional occupations	.000		.000	
	Intermediate occupations	.707	1.1	.697	1.1
	Routine and manual occupations	.003	1.8	.002	1.9
	Other	.823	.9	.786	.9
Household income	Ref: Highest earnings quintile	.007		.004	
	No earned income, income-replacement benefits	.019	2.4	.018	2.4
	No earned income, no income-replacement benefits	.271	1.6	.349	1.5
	Lowest earnings quintile	.042	2.0	.052	1.9
	Second earnings quintile	.488	1.3	.533	1.2
	Third earnings quintile	.144	1.6	.156	1.6
	Fourth earnings quintile	.808	.9	.769	.9

Table A2 continued					
Active credit or charge card (ref is No)		.202	.8		
Has overdraft (in use) (ref is No)		.971	1.0		
Has (mainstream) formal loan(ref is No)		.000	1.6		
Has (mainstream) hire purchase (ref is No)		.000	1.8		
Has mail order (ref is No)		.000	1.7		
Active store card (ref is No)		.057	.6		
Mainstream non-mortgage borrowing commitments	Ref: None			.000	
	One			.002	1.5
	Two			.005	1.6
	Three			.000	1.9
	Four or more			.000	2.0
Orientation to spending	Ref: Strong non-spender	.000		.000	
	Strong spending orientation	.000	8.2	.000	7.4
	Moderate spending orientation	.000	5.3	.000	5.0
	Neutral spending orientation	.000	3.3	.000	3.2
	Moderate non-spender	.000	2.1	.000	2.0
Self-assessed mathematical ability	Ref: Excellent	.051		.035	
	Good	.897	1.0	.751	1.1
	Moderate	.693	1.1	.535	1.1
	Poor	.022	1.6	.012	1.7
Constant		.000	.000	.000	.00
Unweighted Base			45,815		45,815
Nagelkerke R^2			0.31		0.30

1. The results for 50 missing cases on this measure are not reported.

Table A3 Difficulties with non-mortgage borrowing by socio-demographic and attitudinal characteristics, adults in Great Britain

Cell percentages (%)		A burden at all (%)	A heavy burden (%)	*Unweighted base*[1]	Any arrears (%)	*Unweighted base*
Sex	Male	50	16	*7,309*	8	*8,774*
	Female	54	20	*8,653*	9	*9,614*
Banded age	16-24	57	22	*1,225*	12	*1,601*
	25-34	59	21	*3,297*	9	*3,837*
	35-44	57	19	*4,331*	9	*5,017*
	45-54	51	19	*3,375*	8	*3,857*
	55-up to State Pension Age	41	13	*1,889*	6	*2,121*
	Over State Pension Age	36	11	*1,845*	4	*1,955*
Householder	Yes	59	25	*5,499*	12	*5,635*
	No	49	15	*10,463*	7	*12,753*
Household type	Single adult	52	21	*2,514*	9	*2,523*
	Partnered, no children	43	11	*4,230*	5	*4,820*
	Partnered, dependent children	56	18	*5,025*	8	*6,153*
	Partnered, non-dependent children	44	12	*1,159*	5	*1,531*
	Lone parent, dependent children	74	39	*1,453*	18	*1,490*
	Lone parent, non-dependent children	58	23	*666*	11	*769*
	Other	53	21	*915*	11	*1,102*
Housing tenure	Own outright	29	7	*2,376*	4	*2,735*
	Mortgage or shared ownership	51	14	*8,551*	6	*10,123*
	Renting from a social landlord	68	34	*2,908*	15	*3,180*
	Renting from a private landlord	60	25	*1,998*	12	*2,204*
	Other	46	14	*129*	7	
Highest qualification[2]	Degree level or higher	47	19	*3,629*	5	*4,174*
	Other qualification	54	24	*9,938*	9	*11,489*
	No qualification	55	15	*2,390*	11	*11,2708*
Employment Status	Employee	51	15	*10,218*	7	*11,959*
	Self-employed	51	16	*1,370*	7	*1,668*
	Unemployed	72	39	*421*	21	
	Student	55	24	*256*	9	
	Looking after family home	70	35	*1,046*	16	*1,139*
	Sick or disabled	71	41	*900*	17	
	Retired	34	10	*1,586*	4	*1,671*
	Other	59	28	*165*	12	
Socio-economic class	Large employers and higher managerial occupations	40	9	*1,881*	4	*2,162*
	Lower managerial and professional occupations	47	13	*4,195*	6	*4,794*
	Intermediate occupations	51	17	*1,981*	8	*2,243*
	Small employers and own account workers	54	19	*1,227*	9	*1,490*

Table A3 continued						
	Lower supervisory & technical occupations	53	19	*1,440*	9	*1,651*
	Semi-routine occupations	59	24	*2,626*	10	*2,952*
	Routine occupations	62	27	*1,743*	13	*2,048*
	Never worked and long term unemployed	72	42	*347*	17	*421*
	Not classified	56	20	*522*	8	
Household income	No earned income, receiving income-replacement benefits	71	39	*1,587*	19	*1,644*
	No earned income, no income replacement benefits	43	17	*1,428*	7	*1,526*
	Lowest earnings quintile	60	27	*1,990*	12	*2,184*
	Second earnings quintile	58	21	*2,366*	9	*2,692*
	Third earnings quintile	54	18	*2,779*	8	*3,253*
	Fourth earnings quintile	47	11	*2,980*	6	*3,549*
	Highest earnings quintile	41	9		4	*3,540*
Orientation to spending	Strong spending orientation	79	38	*1,062*	19	*1,077*
	Moderate spending orientation	70	27	*2,194*	13	*2,221*
	Neutral spending orientation	55	18	*5,621*	8	*5,713*
	Moderate non-spender	45	15	*3,976*	7	*4,054*
	Strong non-spender	35	11	*3,108*	5	*3,165*
Self-assessed mathematical ability	Excellent	46	15	*3,630*	7	*3,680*
	Good	52	17	*7,586*	8	*7,708*
	Moderate	57	20	*3,929*	9	*4,002*
	Poor	64	32	*804*	13	*829*
All		*52*	*18*	*15,962*	*8*	*18,388*

Base is all adults with any active non-mortgage borrowing commitments. 1. Base is limited to those responding to the survey in person. 2. The results for 50 missing cases on this measure are not reported.

Table A4 General financial difficulties by socio-demographic and attitudinal characteristics, all adults in Great Britain

Cell percentages (%)		Any Arrears (%)	*Unweighted base*	Run out of money (%)	*Unweighted base*
Sex	Male	8	*25,365*	14	*21,015*
	Female	8	*27,933*	16	*24,693*
Banded age	16-24	15	*4,477*	30	*3,033*
	25-34	12	*7,418*	20	*6,121*
	35-44	11	*10,118*	20	*8,536*
	45-54	8	*9,221*	16	*7,906*
	55-up to State Pension Age	4	*7,058*	12	*6,183*
	Over State Pension Age	2	*15,006*	6	*13,929*
Householder	Yes	12	*15,163*	18	*14,729*
	No	6	*38,135*	14	*30,979*
Household type	Single adult	8	*8,710*	14	*8,658*
	Partnered, no children	3	*18,710*	8	*16,511*
	Partnered, dependent children	10	*13,129*	19	*10,481*
	Partnered, non-dependent children	4	*4,685*	14	*3,337*
	Lone parent, dependent children	30	*2,494*	38	*2,363*
	Lone parent, non-dependent children	12	*2,227*	22	*1,812*
	Other	11	*3,343*	22	*2,546*
Housing tenure	Own outright	1	*18,618*	6	*16,351*
	Mortgage or shared ownership	6	*20,926*	15	*17,168*
	Renting from a social landlord	21	*8,262*	29	*7,351*
	Renting from a private landlord	15	*4,908*	23	*4,322*
	Other	4	*584*	12	*516*
Highest qualification[1]	Degree level or higher	4	*11,771*	11	*10,132*
	Other qualification	9	*29,422*	17	*25,111*
	No qualification	9	*12,055*	16	*10,453*
Employment Status	Employee	7	*804*	15	*21,718*
	Self-employed	7	*4,148*	13	*3,371*
	Unemployed	27	*1,253*	43	*1,038*
	Student	9	*930*	29	*680*
	Looking after family home	20	*3,018*	29	*2,729*
	Sick or disabled	21	*2,649*	34	*2,357*
	Retired	1	*14,105*	6	*13,211*
	Other	16	*735*	27	*604*
Socio-economic class	Large employers and higher managerial occupations	2	*6,556*	8	*5,638*
	Lower managerial and professional occupations	5	*12,545*	11	*11,004*
	Intermediate occupations	6	*6,402*	14	*5,630*
	Small employers and own account workers	7	*4,347*	13	*3,637*
	Lower supervisory & technical occupations	9	*4,426*	15	*3,839*
	Semi-routine occupations	11	*8,595*	20	*7,451*

Table A4 continued					
	Routine occupations	13	*6,683*	21	*5,658*
	Never worked and long term unemployed	18	*2,155*	31	*1,630*
	Not classified	8	*1,589*	24	*1,221*
Household income	No earned income, receiving income-replacement benefits	21	*4,832*	29	*4,588*
	No earned income, no income replacement benefits	3	*11,688*	9	*10,884*
	Lowest earnings quintile	13	*6,218*	22	*5,522*
	Second earnings quintile	11	*6,468*	17	*5,490*
	Third earnings quintile	8	*7,265*	18	*5,988*
	Fourth earnings quintile	5	*8,008*	13	*6,495*
	Highest earnings quintile	3	*8,819*	10	*6,741*
Orientation to spending	Strong spending orientation	25	*1,327*	48	*1,325*
	Moderate spending orientation	18	*3,035*	34	*3,033*
	Neutral spending orientation	12	*10,618*	22	*10,565*
	Moderate non-spender	8	*11,598*	14	*11,589*
	Strong non-spender	3	*19,237*	7	*19,191*
Self-assessed mathematical ability	Excellent	6	*10,439*	12	*10,419*
	Good	8	*21,283*	14	*21,229*
	Moderate	9	*11,498*	18	*11,475*
	Poor	14	*2,471*	27	*2,464*
All		8	*53,298*	15	*45,708*

1. The results for 50 missing cases on this measure are not reported.

Table A5 Assets and wealth by socio-demographic and attitudinal characteristics, all adults in Great Britain

£		Financial Assets			Total wealth		
		Mean	Median	*Unweighted base*	Mean[1]	Median[1]	*Unweighted base*
Sex	Male	24,700	2,500	*25,365*	417,600	243,900	*14,347*
	Female	20,000	2,200	*27,933*	386,800	225,100	*15,875*
Banded age	16-24	2,400	200	*4,477*	244,200	63,000	*2,550*
	25-34	7,700	800	*7,418*	175,200	93,800	*4,177*
	35-44	15,800	1600	*10,118*	324,200	212,000	*5,753*
	45-54	26,300	3,100	*9,221*	508,100	336,600	*5,168*
	55-up to State Pension Age	39,700	8,000	*7,058*	689,200	457,800	*4,031*
	Over State Pension Age	34,500	7,600	*15,006*	470,900	298,300	*8,543*
Householder	Yes	23,100	2,000	*15,163*	246,900	117,400	*8,543*
	No	22,000	2,400	*38,135*	462,100	288,700	*21,679*
Household type	Single adult	28,400	4,100	*8,710*	244,000	133,100	*4,878*
	Partnered, no children	32,000	6,200	*18,710*	537,000	335,800	*10,661*
	Partnered, dependent children	17,200	1,200	*13,129*	389,500	237,700	*7,356*
	Partnered, non-dependent children	16,700	1,900	*4,685*	556,500	414,100	*2,598*
	Lone parent, dependent children	6,000	100	*2,494*	101,200	24,300	*1,417*
	Lone parent, non-dependent children	11,300	500	*2,227*	226,100	111,000	*1,334*
	Other	9,300	500	*3,343*	314,300	112,700	*1,978*
Housing tenure	Own outright	46,900	13,300	*18,618*	689,800	439,300	*10,566*
	Mortgage or shared ownership	16,000	2,400	*20,926*	428,600	293,400	*11,709*
	Renting from a social landlord	2,900	100	*8,262*	53,300	21,600	*4,705*
	Renting from a private landlord	9,000	500	*4,908*	90,300	24,600	*2,886*
	Other	18,471	2,000	*584*	179,400	65,700	*356*
Highest qualification	Degree level or	42,800	8,200	*11,771*	646,700	401,300	*6,732*
	Other qualification	18,700	1,800	*29,422*	371,800	232,800	*16,611*
	No qualifications	11,700	900	*12,055*	240,700	146,400	*6,857*
Employment Status	Employee	18,300	2,200	*26,460*	398,200	244,700	*14,955*
	Self-employed	32,300	4,200	*4,148*	498,900	314,200	*2,318*
	Unemployed	5,500	<100	*1,253*	191,700	33,100	*753*
	Student	5,900	200	*930*	294,100	41,300	*510*
	Looking after family home	14,400	100	*3,018*	258,500	59,000	*1,742*
	Sick or disabled	5,900	100	*2,649*	163,300	35,600	*1,505*
	Retired	37,300	8,200	*14,105*	500,800	308,800	*8,045*
	Other	24,200	200	*735*	412,600	120,400	*394*

Table A5 continued							
Socio-economic class	Large employers and higher managerial occupations	54,600	13,800	*6,556*	740,000	481,700	*3,660*
	Lower managerial and professional occupations	32,900	6,200	*12,545*	551,000	363,100	*7,108*
	Intermediate occupations	21,000	3,400	*6,402*	417,100	286,500	*3,638*
	Small employers and own account workers	25,200	3,100	*4,347*	411,200	274,100	*2,451*
	Lower supervisory & technical occupations	11,800	1,500	*4,426*	279,600	179,400	*2,564*
	Semi-routine occupations	9,700	700	*8,595*	257,600	155,800	*4,853*
	Routine occupations	6,700	400	*6,683*	191,200	106,200	*3,796*
	Never worked and long term unemployed	8,500	<100	*2,155*	224,700	39,400	*1,250*
	Not classified	7,300	400	*1,589*	267,100	62,000	*902*
Household income	No earned income, receiving income-replacement benefits	2,100	100	*4,832*	76,300	18,500	*2,716*
	No earned income, no income replacement benefits	40,200	10,000	*11,688*	496,700	315,000	*6,687*
	Lowest earnings quintile	19,500	900	*6,218*	306,800	125,700	*3,565*
	Second earnings quintile	13,200	1,000	*6,468*	269,300	155,300	*3,643*
	Third earnings quintile	13,700	1,300	*7,265*	311,800	197,300	*4,041*
	Fourth earnings quintile	16,600	2,500	*8,008*	392,300	284,400	*4,635*
	Highest earnings quintile	34,300	5,900	*8,819*	706,300	476,300	*4,935*
Orientation to spending	Strong spending orientation	9,100	200	*1,327*	231,400	91,000	*751*
	Moderate spending orientation	10,700	500	*3,035*	274,300	150,000	*1,738*
	Neutral spending orientation	14,500	1,000	*10,618*	338,700	178,400	*6,009*
	Moderate non-spender	21,100	2,500	*11,598*	384,700	225,700	*6,596*
	Strong non-spender	33,300	6,800	*19,237*	462,500	283,200	*10,928*
Self-assessed mathematical ability	Excellent	35,500	6,000	*10,439*	531,100	324,500	*5,868*
	Good	22,800	2,800	*21,283*	386,200	233,900	*12,201*
	Moderate	16,100	1,500	*11,498*	311,900	179,800	*6,503*
	Poor	12,000	400	*2,471*	260,400	95,800	*1,386*
Total		22,300	2,300	***53,298***	401,600	233,000	***30,222***

Values are round to £100. 1. Base is limited to the half sample who were asked all wealth components.