Summary Report

Attitudes to Debt & Impact of Covid-19

19th June 2020
Research Design & Methodology
A online survey of n=1,007 adults of currently or future concerned about debts. Quotas based on previous study in 2019.

*Profiling identified 34% or 1,256,000 out of a total 3,695,000 adults have(expect to have problem debt (margin for error = +/- 3.151%)

The fieldwork for this study ran from 28th May to 9th June 2020.
Why we did it?

The main objective of this survey is to gather insights to get a better understanding in people’s attitudes and needs. The target group is people under current or expected future debt distress.*

This study also looks at the impact of the Covid-19 crisis on people’s personal finances and compares results to the pre Covid-19 period (October 2019) ‘Irish Attitudes to Debt & MABS Profiling’.

This study is conducted via an online survey and this is the second wave of the research conducted to date. The fieldwork for this wave was conducted between the 28th May and 9th June 2020.
Concern with Current Debt
And when you think about your current debts, which of these best describes your level of comfort with these debts?

Current Debt Snapshot
(Base: All debt holders with current or expected future debt distress; n= 1,007, pop. 1,256,000)

Level of Comfort with Current Debts

- Very Concerned: 17%
- A Little Concerned: 58%
- Fairly Comfortable: 17%
- Very Comfortable: 7%

Although concern with current debts remains significantly high, the current period suggests people are not quite as concerned by debt as they were back in November 2019. This is especially the case for under 35 year olds and younger families in particular.
84% reported that Christmas present buying caused stress (89% among families)

Financial stress around the holiday season is real! In October 2019, Goldman Sachs found that 67% of Americans find the winter holiday season to be the most financially stressful season of the year.

Aspects of emotional stress has also fallen since October 2019 – including the sense of shame, having sleepless nights and feeling fearful regarding debt.

In October 2019, people were facing into the pressuring period of Christmas and the resultant expense that it brings – especially for families.
## Attitude to Debt

*(Base: All debt holders with current or expected future debt distress; n= 1,007, pop. 1,256,000)*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Doesn’t Apply at All</th>
<th>Doesn’t Really Apply</th>
<th>Applies Somewhat</th>
<th>Definitely Applies</th>
<th>NET Applies</th>
<th>Vs 2019</th>
<th>Population (people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I often make sacrifices in order to service debt</td>
<td>6%</td>
<td>20%</td>
<td>50%</td>
<td>24%</td>
<td>74%</td>
<td>-7%</td>
<td>929,440</td>
</tr>
<tr>
<td>I sometimes struggle to make ends meet</td>
<td>8%</td>
<td>20%</td>
<td>50%</td>
<td>22%</td>
<td>72%</td>
<td>-6%</td>
<td>904,320</td>
</tr>
<tr>
<td>The costs of big family events create anxiety for me</td>
<td>10%</td>
<td>20%</td>
<td>45%</td>
<td>25%</td>
<td>70%</td>
<td>-8%</td>
<td>879,200</td>
</tr>
<tr>
<td>Debts put a strain on personal relationships</td>
<td>9%</td>
<td>24%</td>
<td>43%</td>
<td>24%</td>
<td>68%</td>
<td>-4%</td>
<td>854,080</td>
</tr>
<tr>
<td>I frequently feel fearful because of the extent of my debt</td>
<td>11%</td>
<td>28%</td>
<td>47%</td>
<td>15%</td>
<td>62%</td>
<td>-6%</td>
<td>778,720</td>
</tr>
</tbody>
</table>

Here are some things that other people have said about their personal finances. For each of these can you please state the extent to which it applies to you, if at all?
Here are some things that other people have said about their personal finances. For each of these can you please state the extent to which it applies to you, if at all?
As we are currently in the grips of the Covid-19 pandemic, we see some mitigating actions that have financially benefitted some and created a sense of ‘everyone has been impacted’

16% of respondents claim the pandemic has had no financial impact on their household and 7% claim it has had a positive financial impact.

The sense of shame associated with the level of debt has fallen this period vs. November 2019 (down 7% to 49%).

The feeling of debt being a fact of life and not bothering them has increased since November 2019 (up 3% to 39%).
There is also evidence to suggest that we tend to **freeze in a time of crisis** – indicating that the real financial impacts are yet to come.

Just 43% have taken any actions in response to the financial impact of the current crisis – but **27% are likely to do so in the near future** and a **further 10% unsure** at this stage.

In the ‘survival arc’ in times of crisis, the initial **denial phase** is where people tend to move slowly before being hit with the subsequent deliberation and decisive moment phases where more realistic action is taken.

*Forbes, 2009*
May 2020 also gave the nation more confidence with the release of the Government’s plan for the phased reopening of society and business.

Certain economic indicators at the time of research show an increase in consumer confidence after a collapse in April 2020.
Concern with Future Debt & Impact of Covid-19
Future Debt Snapshot
(Base: All debt holders with current or expected future debt distress; n= 1,007, pop. 1,256,000)

Level of Concern with Future Debt

- Very Concerned: 19%
- Quite Concerned: 51%
- Potentially Concerned: 27%
- Not Concerned: 3%

A clear sense emerges that MABS needs to be prepared and positioned for the future fall out as a result of Covid-19 with concern around future debt up vs. October 2019 – and is especially the case for 35-54 year olds living in Dublin, the commuter belt and other urban/suburban locations.

And if you think about the future, to what extent does the prospect of future debt worry you, if at all?
The personal economic impact of Covid-19 is the **#1 most concerning aspect** among those concerned about future debt.
Aspects contributing to Concern around Future Debt

(Base: All debt holders concerned around future debt; n= 704, pop. 878,078)

The impact of COVID-19 (Coronavirus) on your economic situation 61% 532,951
Increasing cost of living in general 55% 480,270
Concerns about recession and a general economic downturn 52% 459,198
Insecurity about your job or income 39% 341,545
Buying a home or moving home 28% 248,476
A change in lifestage, such as having children, getting married etc 22% 193,162
Adult children going to college/university 19% 165,065
Something else 9% 82,533
Don’t Know / Nothing Specific 3% 28,974

You said early that you are concerned about future debt, which of the following contribute to your concerns around future debt?
To what extent has the coronavirus crisis impact on your personal financial circumstances?

- Significant negative impact: 36%
- Small negative impact: 41%
- No impact: 17%
- Positive impact: 6%

The negative impact of Covid-19 is stark among the sample – both at the individual and household level. But for over 2 in 10 there hasn’t been an impact and even some benefiting positively in financial terms.

Spending less/ reduced outgoing
Ability to save some money
Shops not open/ no socialising
No commuting/ travel expenses
Benefit of Covid-19 Payment Scheme

To what extent has the coronavirus crisis impact on your overall household’s financial circumstances?

- Spending less/ reduced outgoing
- Saving on childcare/ child activity costs
- No commuting/ travel expenses
- Benefit of Covid-19 Payment Scheme
- Fewer expensive takeaways
The negative impact on personal and household finances as a result of Covid-19 among the sample is unsurprising given the change in employment status witnessed over this time among debt holders.
Taken Action as a Result of the Covid-19 Crisis?
(Base: All those that have had a personal or household negative financial impact related with Covid 19; n= 824)

- Yes – I’ve taken action (602,880 adults)
- No – but likely to in the near future (351,680 adults)
- No – and unlikely to in the near future (200,960 adults)
- No – but don’t know if I will in the future (100,480 adults)

The sense of currently ‘freezing’ is evident given less than half of debt holders negatively impacted financially as a result of Covid-19 have taken action to date. However a significant number of those impacted are likely to act in the near future, as well as sizeable cohort unsure of whether they will. All indicative of the potential need for MABS services arising imminently.
Actions Taken as a Result of the Covid-19 Crisis?

(Base: All debt holders that have taken actions; n= 433, pop. 540,080)

- **Drawn up a household budget**: 39% (210,610)
- **Started Saving for a rainy day**: 29% (156,607)
- **Consciously reduced outgoings significantly**: 29% (156,607)
- **Sought assistance from a friend or family member**: 21% (113,405)
- **Re-negotiated terms with a lender**: 17% (91,804)
- **Lapsed or missed a loan payment**: 10% (54,002)
- **Transferred credit card balance to avail of interest free period**: 10% (54,002)
- **Borrowed from a bank or other financial institution**: 11% (59,403)
- **Consolidated my loans or debts to lessen payments**: 8% (43,202)
- **Contacted a debt resolution or support organisation**: 11% (59,403)
- **Sought the advice of a financial adviser**: 6% (32,401)
- **Took a loan from Money Lender**: 6% (32,401)
- **Had to miss a mortgage payment**: 6% (32,401)
- **Other**: 6% (32,401)
- **None of these**: 23% (124,206)

**Population (Adults)**
- **Internal Proactive Actions**: 210,610
- **External Proactive Actions**: 156,607
- **Internal Reactive Actions**: 156,607
- **External Reactive Actions**: 113,405

Among those that have taken actions, its positive to see the most frequent actions are internal proactive driven (e.g. budget, saving, reduced outgoings). However, many have reacted externally via seeking assistance from friend or family member, borrowed from financial institution or got a loan from a money lender.

11% of this group have contacted a debt resolution or support agency (its 6% among all debt holders).
6% of debt holders with current or expected future debt distress claim they have contacted a debt resolution or support organisation as a result of Covid-19, with MABS the most frequently contacted agency chosen.
Incidence of contacting a debt resolution or support organisation as a result of Covid-19?

(Base: All debt holders with current or expected future debt distress; n= 1,007, pop. 1,256,000)

Incidence of contacting debt resolution/support organisation

Who did they contact?

- MABS: 2.3% (28,692)
- Banks or Credit Unions: 2.2% (27,444)
- Support Organisation A: 1.3% (16,217)
- Support Organisation B: 0.7% (8,732)
- Support Organisation C: 0.7% (8,732)
- Support Organisation D: 0.6% (7,485)
- Support Organisation E: 0.4% (4,990)
- Other: 0.4% (4,990)
- Total Adults: 68,237

2% of adult population or 78,590 adults
12% of debt holders with current or expected future debt distress claim they are likely to contact a debt resolution organisation in the future as a result of Covid-19 – MABS is clearly the first port of call for the majority.
Future Action Takers – Likelihood to Contact Organisation as a result of Covid-19?
(Base: All debt holders with current or expected future debt distress; n= 1,007, pop. 1,256,000)

No Action Taken yet – but likely to do so in the near future
- 9% of adult population or 339,311 adults

Likelihood to Contact Debt Resolution Organisation as a result of Covid-19?

- Very likely: 10% (43% Likely, 144,706 adults)
- Quite likely: 33%
- Somewhat unlikely: 29%
- Extremely unlikely: 10% (39% Likely, 134,727 adults)
- Don’t know: 18% (59,878 adults)

Who would you contact?
(all likely to contact as a result of Covid-19, n=196)

- MABS: 54% (78,141)
- Banks or Credit Unions: 24% (34,729)
- Support Organisation A: 13% (18,812)
- Support Organisation B: 12% (17,365)
- Support Organisation C: 12% (17,365)
- Support Organisation D: 8% (11,576)
- Support Organisation E: 8% (11,576)
- Support Organisation F: 8% (11,576)
- Other: 12% (17,365)

Total Adults: 1,007
Interest in Types of Supports

(Base: All debt holders with current or expected future debt distress; n= 1,007, pop. 1,256,000)

Can you please choose the extent to which each of the following types of supports would be of interest to you, if at all?

**REACTIVE**
- Receive financial advice and guidance with current problem debt
  - Extremely Interested: 14% (34% Interested)
  - Very Interested: 20%
  - Somewhat Interested: 34%
  - No interest at all: 13%
  - Don’t know: 20%

**TENDS TO BE...**
- Under 44’s in family life-stage
- Experiencing life-stage changes and moving home
- Made permanently redundant/ reduced salary from Covid-19
- Would contact MABS in the future

**PROACTIVE**
- Preventative advice to reduce your risk of falling into problem debt in the future
  - Extremely Interested: 14% (39% Interested)
  - Very Interested: 25%
  - Somewhat Interested: 34%
  - No interest at all: 8%
  - Don’t know: 20%

**Almost 4 in 10 are very interested in the more proactive style supports and over 3 in 10 very interested in the more reactive supports. MABS tends to appear more favourably to the identified group that show interest. It is key that MABS is clear in communicating the benefits of these services.**
As of 15\textsuperscript{th} June 2020, 498,700 individuals availed of the Pandemic Unemployment Payment (PUP), with just 33,000 closing the payment vs. the previous week...

... however the PUP is likely to end on August 10\textsuperscript{th} 2020

The CSO reports that the Covid-19 Adjusted Unemployment rate in May 2020 was 26.1%

The extended Mortgage Holiday Breaks will likely finish at the end of September 2020

Ireland’s economy will contract 8% in 2020
While current traction with debt support organisations appears somewhat limited, a high future intent to engage coupled with stark economic realities emerging indicate **the busiest time is yet to come.**
Looking in detail to people that have had a Negative/Positive financial impact related to Covid-19.
Personal and Household Financial Impact as a result of Covid-19
(Base: All debt holders with current or expected future debt distress; n=1,007, pop. 1,256,000)

To what extent has the coronavirus crisis impact on your personal financial circumstances?

- Significant negative impact: 36%
- Small negative impact: 41%
- No impact: 17%
- Positive impact: 6%

- Spending less/ reduced outgoing
- Ability to save some money
- Shops not open/ no socialising
- No commuting/ travel expenses
- Benefit of Covid Payment Scheme

77% Negatively Impacted (963,045 adults)

And to what extent has the coronavirus crisis impact on your overall household’s financial circumstances?

- Significant negative impact: 35%
- Small negative impact: 43%
- No impact: 16%
- Positive impact: 7%

- Spending less/ reduced outgoing
- Saving on childcare/ child activity costs
- No commuting/ travel expenses
- Benefit of Covid Payment Scheme
- Fewer expensive takeaways

78% Negatively Impacted (974,273 adults)
# Covid-19 Negative Financial Impact

*(Base: All those that have had Covid 19 negative impact related to Covid 19)*

<table>
<thead>
<tr>
<th></th>
<th>Doesn’t apply at all</th>
<th>Doesn’t really apply</th>
<th>Applies Somewhat</th>
<th>Definitely Applies</th>
</tr>
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<tbody>
<tr>
<td>I often make sacrifices in order to service debt</td>
<td>5%</td>
<td>18%</td>
<td>51%</td>
<td>26%</td>
</tr>
<tr>
<td>I sometimes struggle to make ends meet</td>
<td>6%</td>
<td>19%</td>
<td>51%</td>
<td>23%</td>
</tr>
<tr>
<td>The costs of big family events (birthdays, communions etc) create anxiety for me</td>
<td>8%</td>
<td>19%</td>
<td>46%</td>
<td>27%</td>
</tr>
<tr>
<td>Debts put a strain on personal relationships</td>
<td>7%</td>
<td>22%</td>
<td>45%</td>
<td>26%</td>
</tr>
<tr>
<td>I would be reluctant to talk to anyone about problem debt</td>
<td>9%</td>
<td>26%</td>
<td>46%</td>
<td>18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal Finances Impacted n=772</th>
<th>Household Finances Impacted n=781</th>
</tr>
</thead>
<tbody>
<tr>
<td>76%</td>
<td>76%</td>
</tr>
<tr>
<td>74%</td>
<td>75%</td>
</tr>
<tr>
<td>73%</td>
<td>72%</td>
</tr>
<tr>
<td>71%</td>
<td>72%</td>
</tr>
<tr>
<td>64%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Here are some things that other people have said about their personal finances. For each of these can you please state the extent to which it applies to you, if at all?
74% of those that have suffered a negative financial impact in relation to Covid-19 said they struggle to make ends meet.

25% of adult population in Ireland or 941,975 adults
68% of debt holders feel that debts put a strain on their personal relationships and it rises to 71% among those that have suffered financial negative impact in relation with Covid-19.

24% of adult population in Ireland or 904,296 adults
64% of those that have suffered financial negative impact in relation with Covid-19 said they would be reluctant to talk to anyone about problem debt.

21% of adult population in Ireland or 791,259 adults
## Covid-19 Negative Financial Impact

*(Base: All those that have had Covid-19 negative impact related to Covid-19)*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Doesn’t apply at all</th>
<th>Doesn’t really apply</th>
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<th>Household Finances Impacted n=781</th>
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<tbody>
<tr>
<td>I frequently feel fearful because of the extent of my debt</td>
<td>9%</td>
<td>27%</td>
<td>47%</td>
<td>17%</td>
<td>64%</td>
<td>64%</td>
</tr>
<tr>
<td>I often have sleepless nights worrying about money</td>
<td>12%</td>
<td>27%</td>
<td>40%</td>
<td>21%</td>
<td>61%</td>
<td>62%</td>
</tr>
<tr>
<td>I struggle to see a way out of my debt</td>
<td>10%</td>
<td>31%</td>
<td>41%</td>
<td>18%</td>
<td>59%</td>
<td>60%</td>
</tr>
<tr>
<td>I tend to be overdrawn before pay/income day</td>
<td>18%</td>
<td>26%</td>
<td>40%</td>
<td>17%</td>
<td>56%</td>
<td>55%</td>
</tr>
<tr>
<td>I feel ashamed by my debt level</td>
<td>16%</td>
<td>32%</td>
<td>34%</td>
<td>18%</td>
<td>52%</td>
<td>53%</td>
</tr>
</tbody>
</table>

*Here are some things that other people have said about their personal finances. For each of these can you please state the extent to which it applies to you, if at all?*
64% of those that have suffered financial negative impact in relation with Covid-19 said they frequently feel fearful because of the extent of their debt.

21% of adult population in Ireland or 791,259 adults

And 61% often have sleepless nights worrying about money.
Covid-19 Positive Financial Impact

(Base: All those that have had Covid-19 financial positive impact or no impact)

**Why Covid-19 has had a positive impact on your finances?**

- Spending less/ reduced outgoing
- Ability to save some money
- Shops not open/ no socialising
- No commuting/ travel expenses
- Benefit of Covid Payment Scheme

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**Personal Financial Circumstances**

- No impact: 17%
- Positive impact: 6%
- Negative impact

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**Household Financial Circumstances**

- No impact: 16%
- Positive impact: 7%
- Negative impact

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- Spending less/ reduced outgoing
- Saving on childcare/ child activity costs
- No commuting/ travel expenses
- Benefit of Covid Payment Scheme
- Fewer expensive takeaway meals
Covid-19 Positive Financial Impact

(Base: All those that have had Covid-19 financial positive impact or no impact)

<table>
<thead>
<tr>
<th>I am on top of my debts most of the time</th>
<th>Doesn’t apply at all</th>
<th>Doesn’t really apply</th>
<th>Applies Somewhat</th>
<th>Definitely Applies</th>
<th>Personal Finances Not Impacted</th>
<th>Household Finances Not Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>9%</td>
<td>23%</td>
<td>53%</td>
<td>14%</td>
<td>68%</td>
<td>69%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I try to avoid debt completely</th>
<th>Doesn’t apply at all</th>
<th>Doesn’t really apply</th>
<th>Applies Somewhat</th>
<th>Definitely Applies</th>
<th>Personal Finances Not Impacted</th>
<th>Household Finances Not Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%</td>
<td>22%</td>
<td>41%</td>
<td>24%</td>
<td>65%</td>
<td>64%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debt it a fact of life; it doesn’t bother me</th>
<th>Doesn’t apply at all</th>
<th>Doesn’t really apply</th>
<th>Applies Somewhat</th>
<th>Definitely Applies</th>
<th>Personal Finances Not Impacted</th>
<th>Household Finances Not Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>34%</td>
<td>32%</td>
<td>10%</td>
<td>42%</td>
<td>44%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>If my debt gets too high I have someone that can help</th>
<th>Doesn’t apply at all</th>
<th>Doesn’t really apply</th>
<th>Applies Somewhat</th>
<th>Definitely Applies</th>
<th>Personal Finances Not Impacted</th>
<th>Household Finances Not Impacted</th>
</tr>
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<tbody>
<tr>
<td>32%</td>
<td>31%</td>
<td>33%</td>
<td>4%</td>
<td>37%</td>
<td>44%</td>
<td></td>
</tr>
</tbody>
</table>

Among with not impacted or positively impacted financially as a result of Covid-19, they tend to be averse to debt in any case with many having someone to help if necessary.
MABS - The Money Advice and Budgeting Service

MABS is the State's Money Advice and Budgeting Service. Funded and supported by the Citizens Information Board (CIB), MABS provides free, confidential and independent advice to people in debt or at risk of getting into debt. MABS will look at a client's situation as a whole and work with the client to find the best solution available. Money advisers are available on our online chat facility, or by calling the national MABS helpline on 0761 07 2000, Monday to Friday, 9am - 8pm.

For more information on what MABS can do, office locations and contact details, visit mabs.ie. Follow @MABSinfo on Facebook, Instagram and Twitter for updates.
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