Irish Attitudes to Debt & MABS Profiling

Summary Report

October 2019
Why We Did It

Rationale

MABS was seeking to conduct a strategic review of brand awareness, services provided and customer profiling. The research was carried out against three core objectives:

1) *To Understand The Debt Landscape in Ireland*

2) *To profile MABS in terms of their brand recognition.*

3) *To profile and understand the MABS target audience*

The broad remit of this study means that it will serve as a useful brand health benchmark for the future and to **shape current strategy at MABS.**

Content

Within this remit there were a number of specified objectives:

- Profile the “problem debt” population
- Look at the impact of debt on lives in Ireland*
- Explore remedial options and actions
- Gain an understanding of the debt support agencies
- Capture key drivers of engagement with debt support agencies

Research Dates

Fieldwork dates were from 10 October to 25 October 2019

*Partly reflected in the use of pictorial and graphical media throughout the report as a result of the *MABS Users* qualitative interviews.*
What we did

---

**Phase One**

"Profiling Problem Debt Holders"

- No issues with debts
- 34% Have/ Expect Problem Debt

3,695,000 Adults; 1,256,000 have problem debt

*Margin of error = +/- 3.151%*

Opinions.ie omnibus to determine the incidence and profile of those with problem debt (now or in future)

---

**Phase Two**

"Debt Holder"

- **Approach:** Online Survey
- **Sample:** n=1,001
- **Profile:** All Currently or future concerned about debts. Quotas based on Phase One
- **Length:** 15 minutes
- **Population:** Universe represented 1,256,000

This focused sample allowed us to concentrate on MABS target to provide relevant assessment of recent opinions.
Adding Some Colour & Depth

Qualitative

“MABS Users”

We encountered a number of MABS users in the main survey; we approached some of these to share their details with us so that we could conduct a short follow up interview by telephone.

This was specifically undertaken to:

- Getting real-life anecdotal tales of debt,
- Exploring User experiences with MABS,
- Getting suggestions for service improvement, and
- Adding some colour to the quantitative data.

**Approach:** Telephone In-Depth Interview

**Sample:** n=6

**Profile:** All prior MABS service users
National Spread

**Length:** 30 minutes
Setting the Scene

Debt in Ireland.....
Debt Snapshot

(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)

Concern About Debt

Now

- Very Concerned: 20%
- A little Concerned: 62%
- Fairly Comfortable: 13%
- Very Comfortable: 6%

Future

- Very Concerned: 21%
- Quite Concerned: 46%
- Potentially Concerned: 29%
- Don't expect to be concerned: 4%

Products Held

- Credit Card(s): 67%
- Savings or Deposit Account: 57%
- Mortgage, main home: 41%
- Bank Overdraft: 35%
- Pension: 31%
- Personal Motor loan: 26%
- Other Personal Loan: 25%
- Personal Home / Renovation...: 13%
- Investments (Stocks/Shares,...): 11%
- Personal Holiday Loan: 9%
- Hire Purchase/CPC Motor loan: 8%
- Debt from a Money Lender (e.g., payday loan): 6%
- Mortgage, investment/other...: 4%
- Other forms of debt (specify):

300k people are Very Concerned by their debt levels currently
### Attitude to Debt

*(Base: All debt holders with current or expected future debt distress; n= 1,001, 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>Population (people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I often make sacrifices in order to service debt</td>
<td>5% 14%</td>
<td>51%</td>
<td>29%</td>
<td></td>
<td>81%</td>
<td>1,012,336</td>
</tr>
<tr>
<td>I sometimes struggle to make ends meet</td>
<td>5% 17%</td>
<td>51%</td>
<td>27%</td>
<td></td>
<td>78%</td>
<td>983,448</td>
</tr>
<tr>
<td>The costs of big family events (birthdays, communions etc) create anxiety for me</td>
<td>8% 14%</td>
<td>49%</td>
<td>29%</td>
<td></td>
<td>78%</td>
<td>980,936</td>
</tr>
<tr>
<td>Debts put a strain on personal relationships</td>
<td>9% 19%</td>
<td>47%</td>
<td>25%</td>
<td></td>
<td>72%</td>
<td>904,320</td>
</tr>
<tr>
<td>I frequently feel fearful because of the extent of my debt</td>
<td>8% 24%</td>
<td>48%</td>
<td>20%</td>
<td></td>
<td>68%</td>
<td>854,080</td>
</tr>
<tr>
<td>I try to avoid debt completely</td>
<td>10% 24%</td>
<td>42%</td>
<td>24%</td>
<td></td>
<td>66%</td>
<td>823,936</td>
</tr>
<tr>
<td>I often have sleepless nights worrying about money</td>
<td>11% 25%</td>
<td>42%</td>
<td>22%</td>
<td></td>
<td>64%</td>
<td>807,608</td>
</tr>
</tbody>
</table>

The impact of debt is very real among this group with family events representing a challenge for many and the impact on mental health is significant.
A spiral of debt.....

- **Christmas is coming**.... A common time for triggering a debt cycle.

- But other more regular events are reported to do so too:
  - Birthdays, car breakdowns or even a school trip

- These triggers often lead them into accessing legal moneylender debt such as Provident, thus perpetuating the problem.

Photo by Ylanite Koppens from Pexels
“Pessimism & Despair”

“You Can’t Sleep”

“It affects your wellbeing”
“No matter how strong your relationship is, the stress creates a strain”
### Focus on Mental Health & Debt Distress

*(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)*

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Population</th>
<th>Most prevalent among</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Isolations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel ashamed by my debt level</td>
<td>56%</td>
<td>Pop:697,080</td>
<td>Younger 25-34, Dublin/Urban, Loans ex Mortgage, in touch with debt orgs, Strugglers</td>
</tr>
<tr>
<td>I would be reluctant to talk to anyone about problem debt</td>
<td>62%</td>
<td>Pop:772,440</td>
<td>Mid Age Males, Lower SEGs, Fearful for the future, Survivors</td>
</tr>
<tr>
<td><strong>Worry</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I often have sleepless nights worrying about money</td>
<td>64%</td>
<td>Pop:807,608</td>
<td>Mid Aged, Lower SEG with mortgages</td>
</tr>
<tr>
<td>I frequently feel fearful because of the extent of my debt</td>
<td>68%</td>
<td>Pop:854,080</td>
<td>Dublin Commuters, lower SEGs, with mortgage</td>
</tr>
<tr>
<td><strong>Relationships</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debts put a strain on personal relationships</td>
<td>72%</td>
<td>Pop:904,320</td>
<td>35-44 years, urban/suburban, with kids</td>
</tr>
</tbody>
</table>

Almost one million people in Ireland feel that debt puts a strain on their relationships, with almost as many feeling a sense of shame and fear in relation to their debt; a significant toll on mental health.
Attitude to Debt

(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)

<table>
<thead>
<tr>
<th>Perception</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>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>I struggle to see a way out of my debt</td>
<td>9%</td>
<td>28%</td>
<td>43%</td>
<td>19%</td>
<td>63%</td>
<td>787,512</td>
</tr>
<tr>
<td>I would be reluctant to talk to anyone about problem debt</td>
<td>13%</td>
<td>26%</td>
<td>43%</td>
<td>18%</td>
<td>62%</td>
<td>772,440</td>
</tr>
<tr>
<td>I am on top of my debts most of the time</td>
<td>13%</td>
<td>26%</td>
<td>48%</td>
<td>13%</td>
<td>61%</td>
<td>767,416</td>
</tr>
<tr>
<td>I tend to be overdrawn before pay/income day</td>
<td>16%</td>
<td>28%</td>
<td>36%</td>
<td>20%</td>
<td>56%</td>
<td>707,128</td>
</tr>
<tr>
<td>I feel ashamed by my debt level</td>
<td>17%</td>
<td>28%</td>
<td>37%</td>
<td>18%</td>
<td>56%</td>
<td>697,080</td>
</tr>
</tbody>
</table>

1 in 5 claim strongly that they are ashamed of their debt levels among this indebted population; a similar number don’t feel reluctant to talk to anyone about it.
Unpacking Shame

- Shame emerged from the interviews as a significant impediment to addressing debt problems:
  - A sense of isolation “You feel like you’re the only one in this position”
  - “This doesn’t happen to people like me!”

- The ensuing erosion of confidence and self-worth can be harrowing for people with problem debt.
How can “savvy debt heroes” just like them be elevated?

How did they do it?
How easy it was?
How it has freed them?
Ask for help!
We are here!
Using Cluster Analysis we see that there are three distinct groups that emerge within this indebted populace:

**Strugglers**
- Feeling a heavy weight of debt on their shoulders and often feeling helpless to find a way through.

**Strivers**
- Accept debt as a fact of life and try to manage their exposure. Tend not to feel despair to the same extent.

**Survivors**
- In significant debt which they struggle with but are focussed on finding their own way through if they can; reluctant to discuss issues.

SEGMENTATION

We can profile the attitudes to debt in order to identify attitudinal groupings within this population for subsequent analysis and targeting.
So Who Are They? *Meet the Strugglers*

(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)

- **Number in Population**: 400,000
- **Attitude to Debt**:
  - Very negative relationship with debt
  - Frequent sleepless nights, relationship troubles
  - 1 in 8 have taken a loan from a ‘moneylender’
  - 93% Concerned about current debt levels
  - 80% are concerned about future debt
- **Demographic Features**:
  - Tend to be mid-aged with kids in urban locations
  - Most likely to hold a mortgage & personal debt including holiday, motor and overdraft....
- **Relevance of MABS**:
  - Much more aware of MABs and inclined to contact them
  - Almost twice as likely as rest to contact debt relief agency

* Remember this population are those with debts, household decision makers who are currently or expect to have concerns regarding their debts. It is not the total population
So Who Are They? *Meet the Strivers*

(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)

- **Number in Population**: 234,000

- **Attitude to Debt**:
  - A fact or life that must be managed
  - Try to avoid unnecessary debt; have lowest array of debts currently
  - Most likely to have savings & an emergency option if needed

- **Demographic Features**:
  - Most likely to be single and significantly younger
  - Least likely to have kids.
  - Higher Social Grades (BC1)

- **Relevance of MABS**:
  - While have debt concerns, least likely to engage with MABS
  - Only 3% have ever contacted an organisation re: debt

* Remember this population are those with debts, household decision makers who are currently or expect to have concerns regarding their debts. It is not the total population.
So Who Are They? *Meet the Survivors*

(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)

- **Number in Population**: 615,000

- **Attitude to Debt**:
  - Represent the core of this population: have multiple debt products which causes them some concern
  - Debt is a private matter for them; they are reluctant to discuss and feel some shame.
  - They will make sacrifices to limit debt but also often have a fallback if things get tough.

- **Demographic Features**:
  - Tend to be older, more concerned for the future than now
  - Married with kids

- **Relevance of MABS**:
  - MABS not on their radar for most in terms of active consideration, but awareness of service is high

*Remember this population are those with debts, household decision makers who are currently or expect to have concerns regarding their debts. It is not the total population.*
Debt Actions

(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)

- Drawn up a household budget: 44% of those who contacted MABS
  - 54% have contacted MABS
- Sought assistance from a friend or family member: 30% of those who contacted MABS
  - 32% have contacted MABS
- Re-negotiated terms with a lender: 19% of those who contacted MABS
  - 29% have contacted MABS
- Consolidated my loans or debts to lessen payments: 19% of those who contacted MABS
  - 22% have contacted MABS
- Transferred credit card balance to avail of interest free period: 14% of those who contacted MABS
  - 15% have contacted MABS
- Sought the advice of a financial adviser: 12% of those who contacted MABS
  - 20% have contacted MABS
- Contacted a debt resolution or support organisation: 10% of those who contacted MABS
  - 20% have contacted MABS
- Took a loan from a ‘moneylending’ provider (eg Amigo, Provident etc): 9% of those who contacted MABS
  - 9% have contacted MABS

Less than half have drawn up a household budget despite financial pressures: this rises somewhat to 54% among those who have contacted MABS in the past.

Approximately 130,000 people have taken out a loan with a ‘moneylender’ to try resolve their debt problems.
Stressor & Life Events

(Base: All debt holders with current or expected future debt distress; n= 1,001, pop. 1,256,000)

<table>
<thead>
<tr>
<th>Event</th>
<th>It doesn’t cause any stress</th>
<th>Doesn’t apply</th>
<th>It causes some stress</th>
<th>It causes a lot of stress</th>
<th>NET Cause stress</th>
<th>Kids</th>
<th>No Kids</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual bills (e.g. car insurance, car tax, TV licence, etc.)</td>
<td>8% 5%</td>
<td>45%</td>
<td>42%</td>
<td></td>
<td>87%</td>
<td>88%</td>
<td>86%</td>
</tr>
<tr>
<td>Christmas present buying</td>
<td>10% 6%</td>
<td>42%</td>
<td>43%</td>
<td></td>
<td>84%</td>
<td>87%</td>
<td>82%</td>
</tr>
<tr>
<td>Family events (birthdays, weddings, etc.)</td>
<td>10% 6%</td>
<td>51%</td>
<td>34%</td>
<td></td>
<td>84%</td>
<td>89%</td>
<td>80%</td>
</tr>
<tr>
<td>Medical expenses</td>
<td>13% 9%</td>
<td>43%</td>
<td>34%</td>
<td></td>
<td>77%</td>
<td>80%</td>
<td>75%</td>
</tr>
<tr>
<td>Summer holiday period</td>
<td>15% 10%</td>
<td>45%</td>
<td>30%</td>
<td></td>
<td>75%</td>
<td>82%</td>
<td>69%</td>
</tr>
<tr>
<td>Kids returning to school</td>
<td>18% 34%</td>
<td>26%</td>
<td>23%</td>
<td></td>
<td>48%</td>
<td>79%</td>
<td>19%</td>
</tr>
<tr>
<td>Adult children going to college/university</td>
<td>16% 39%</td>
<td>19%</td>
<td>26%</td>
<td></td>
<td>45%</td>
<td>61%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Christmas is fast-approaching and represents a highly stressful time for almost half a million people in this cohort. Across the board families with kids are under particular pressure.
Debt Relief Agencies
Awareness, Attitudes, Equity
Spontaneous recall: Organisations that help with difficulties with repayment of debt
Often, when people get the courage to approach MABS they were coming from a place of feeling overwhelmed with the problem of debt, they are often ignoring letters and phone calls from lending institutions and they feel stuck.

“It is literally like you are drowning in debt and its great that MABS are there at least”.

The problem feels too big to deal with and it feels like it only getting bigger.
MABS: “A Light in the Darkness”

When they come to MABS they feel they are not being judged, someone is listening to them and is in their corner and they start to see the problem as being something they can address; that it can actually be sorted out.

They have hope and a plan back to normality.

“It felt like a weight lifted off my shoulders”

“I felt hope for the first time”
“You are not alone anymore”
Encouraging Contact with Debt Organisations:
What is Important (0-10 Scale)

(Base: All debt holders with current or expected future debt distress; n=1,001, pop. 1,256,000)

<table>
<thead>
<tr>
<th>Feature</th>
<th>0-3</th>
<th>4-7</th>
<th>8-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>They are Free of Charge</td>
<td>23</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>They are Confidential</td>
<td>22</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>They offer free legal advice</td>
<td>22</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>They are non Judgemental</td>
<td>25</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>They will contact lenders for you</td>
<td>32</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>They are independent</td>
<td>34</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>They deal with all kinds of debt</td>
<td>36</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>They are local to where you live</td>
<td>43</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>They are backed by the state</td>
<td>46</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>They will call to your home</td>
<td>49</td>
<td>32</td>
<td></td>
</tr>
</tbody>
</table>

No cost, a kind ear and discretion are key for the debt resolution and remediation sector overall.
The Last Word

- We have concentrated this study on our core target: those with current or expected future problematic debt.
  - In this group the effect of debt on their lives is alarming with most making considerable sacrifices and at least occasionally feeling debt stress.
  - For a particular group of “strugglers” who are about 400,000 in number the effects are serious with most losing sleep and debt impacting their relationships.
  - For those with kids in particular key life events create stress; Christmas, back to school etc. so these should coincide with our activity at MABS.

- Despite this only 44% have drawn up a household budget and with a claimed reluctance to address and discuss debt there is an inclination for some to avoid the issues. We need to maintain a presence and an open door.

- In this context the services provided by MABs are welcomed and they feature highly on the radar for this group of indebted citizens:
  - Highest Awareness, Openness to Contact, Actual Contact and Preference of any debt support agency.
  - It is a trusted, impartial service that is held in high esteem and helpfully caters for all forms of debt.
  - Abhaile too performs well and the recent campaign is evidently increasing its profile in the more targeted home-debt arena.