

**An Exploratory Analysis of Financial
Difficulties among Those Living Below
the Poverty Line in Ireland**

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Abstract

This is an exploratory analysis of financial difficulties among those living below the poverty line in Ireland.¹ In comparison to other countries, relatively little is known about financial difficulties, for example whether those below the poverty line are more likely to experience debt problems, whether their problems are different from those of others and what triggers them.

The present study has three main objectives. Firstly, to identify the extent and characteristics of those experiencing financial difficulties below the poverty line in Ireland; secondly, to identify the severity and nature of their debt problems; thirdly, to identify the causes of these difficulties. It uses existing datasets to address the first two objectives and an interview survey to address the third.

The conclusions indicate firstly, that financial difficulties are more widespread and persistent among those below the poverty line; secondly, that their problems are different and distinctive; finally, that they are predominantly caused by “external” or unforeseen circumstances as opposed to “internal” or behavioural factors.

In terms of policy, therefore, the current approach that focuses predominantly on assisting people and particularly those on low income, to budget and manage their money better, may not be entirely appropriate.

Key words: Poverty; over-indebtedness; debt

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¹ This paper is drawn from a thesis “Personal Debt, Poverty and Policy in Ireland: The impact of the Money Advice and Budgeting Service on Over-indebtedness among those in Poverty”, submitted towards the award of Doctor of Philosophy at NUI Maynooth in October 2008.
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Abbreviations

CSO: Central Statistics Office.
DSFA: Department of Social and Family Affairs.
ECHP: European Community Household Panel.
ESRI: Economic and Social Research Institute.
ESB: Electricity Supply Board.
EU: European Union.
EU-SILC: EU Survey on Income and Living Conditions.
FDD: Financial Difficulty Database.
FDP: In Financial Difficulty and Poor.
FDNP: In Financial Difficulty but Non-Poor.
IBF: Irish Banking Federation.
ILCU: Irish League of Credit Unions.
IMC: Irish Mortgage Council.
ISSDA: Irish Social Science Data Archive.
LIIS: Living in Ireland Surveys.
MABS: Money Advice and Budgeting Service.
NAPS: National Anti-Poverty Strategy.
OSI: Office for Social Inclusion.
PSI: Policy Studies Institute (UK).
SEI: Sustainable Energy Ireland.
UK: United Kingdom.

Glossary of Terms

Credit Unions: not for profit co-operatives available to people throughout Ireland who live or work within a common bond. Credit unions provide loans and other financial services to members who regularly save with them.

European Community Household Panel (ECHP): a panel survey into living conditions in member states co-ordinated by Eurostat (the statistical office of the European Communities) and conducted annually from 1994 –2001. The Irish element of the ECHP was the series of Living in Ireland Surveys (LIIS) conducted by the ESRI over this period.

EU Survey on Income and Living Conditions (EU-SILC): a European-wide survey into the incomes and living conditions of private households. The Irish surveys are carried out by the Central Statistics Office for the principal purpose of measuring and monitoring poverty in Ireland. These surveys are the successor to the Living in Ireland Surveys.

Living in Ireland Surveys (LIIS): a series of eight panel surveys or ‘waves’ into poverty trends conducted by the Economic and Social Research Institute between 1994 and 2001 as the Irish element of the European Community Household Panel.

Money advice: the provision of advice and information on rights and options to do with personal finances (excluding investments), and on personal over-indebtedness in particular.

National Anti-Poverty Strategy (NAPS): a strategic plan to combat poverty in Ireland adopted by the Irish government in 1997. Now superseded by the National Action Plan for Social Inclusion.

Shared ownership: a scheme to enable people who cannot afford to buy a home outright, to purchase it in stages in partnership with their local authority.

Sheltered housing: a housing scheme for older people provided by way of supervised accommodation units.

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Social housing: rental housing provided through local authorities, sometimes in partnership with voluntary housing associations.

Social tenancy: Local authority and housing association tenancies.

Social welfare: the term used in Ireland for income maintenance services provided by the Department of Social and Family Affairs (DSFA), previously called the Department of Social Welfare (DSW).

Special account scheme: a budgeting facility, operated in partnership with credit unions, available to clients of Money Advice and Budgeting Services (MABS) for the weekly or monthly payment of bills and debts.

Tenant Purchase: a scheme whereby tenants of local authority houses can apply to purchase the home they have been renting after a certain period.

List of Organisations

Central Bank of Ireland: the regulatory body for the financial services sector in Ireland. The Bank is part of the Central Bank and Financial Services Authority of Ireland (CBFSAI).

Central Statistics Office (CSO): the statutory body responsible for the collection and dissemination of statistical information on social and economic activities in Ireland.

Department of Social and Family Affairs (DSFA): the Government Department responsible for income support services in Ireland.

Economic and Social Research Institute (ESRI): an independent social science research centre with a specific focus in informing policy making in Ireland in relation to economic and social issues.

Irish Banking Federation (IBF): the representative body for the vast majority of clearing banks and associated financial institutions in Ireland.

Irish League of Credit Unions (ILCU): the representative body for the vast majority of credit unions in Ireland.

Irish Mortgage Council (IMC): the representative body for mortgage lenders, mainly Building Societies, affiliated to the IBF. Formerly known as the Irish Mortgage and Savings Association.

Irish Social Science Data Archive (ISSDA): based in University College Dublin (UCD), ISSDA holds data from a range of official surveys and makes these data available for academic research purposes.

Money Advice and Budgeting Service (MABS): a government established and funded network of money advice centres, aimed principally at those on low-incomes.

MABS National Development Limited: a company established to assist the work of MABS services through the provision of technical support, training, promotion, information/education resources and information technology.

Office for Social Inclusion (OSI): the Irish Government Office responsible for implementing and monitoring the National Action Plan for Social Inclusion, which incorporates the Government's targets for reducing and eliminating poverty.

Society of St Vincent de Paul (SVP): a voluntary Catholic charity that provides financial and other assistance to people in poverty.

Sustainable Energy Ireland (SEI): Ireland's national energy agency established by the Government in 2002 to promote sustainable energy, formerly known as the Irish Energy Centre.

1. Introduction and Background to the Study

Consumer financial difficulties or debt problems are recognised as a growing problem both within Ireland and throughout the European Union (Council of Europe, 2007; European Commission, 2008). There has been unprecedented consumer credit growth in Ireland in recent years as documented by economists in the Central Bank (Kelly and Reilly, 2005), by the Central Bank itself (Central Bank of Ireland, 2007) and by Ireland's leading stockbrokers (O'Leary, 2005; Davy Stockbrokers, 2007). The Table in Appendix 1 shows that during this boom, there was an increase of between 400 and 500% in the amounts borrowed by Irish residents for mortgages, revolving loans and credit cards.

There have, however, been signs for some time that this growth is beginning to result in an increase in people experiencing difficulties repaying their debts (Hughes and Duffy, 2004; Hughes and Duffy, 2005). Financial difficulties are generally recognised as affecting all sectors of society and all income groups (Berthoud and Kempson, 1992; Kempson 2002). International research, however, has identified a specific relationship between problems repaying debts and low income (Berthoud and Kempson, 1992; Kempson, 2002; Kempson *et al.*, 2004; Parker, 1986; Hutton, 1986; Department for Social Justice and Regeneration in Wales, 2005; Woods, 2006). In comparison, little is known, however, about financial difficulties among those living below the poverty line in Ireland and the issue has not been much discussed here. To some, debt problems among people on low incomes may be seen as the result of an inability to manage money ("the feckless poor"). To others, those on low incomes may be considered as excellent money managers, making the best of the limited resources available to them: from this perspective, debt problems are seen as not having enough income to start with.

1.1. Aim and objectives

The main aim of this study is to explore the overlap between financial difficulties and those living below the poverty line in Ireland. It has three specific objectives Firstly, to identify the extent and characteristics of those experiencing financial difficulties below the poverty line in Ireland; secondly, to identify the severity and nature of their debt problems; thirdly, to identify the causes of these financial difficulties.

1.2. Defining “the poverty line” and “financial difficulties”

There is an official or accepted definition of poverty in Ireland which reads as follows:

People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living, which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities, which are considered the norm for other people in society (National Anti-Poverty Strategy, 1997, p.3)

Thus poverty is officially defined in Ireland as a conventional or relative concept as opposed to an absolute one (Callan *et al.*, 1996; Whelan *et al.*, 2003). There are two key concepts used to measure poverty in Ireland. These are “at risk of poverty” and “consistent poverty” (Office for Social Inclusion, 2007). People are considered to be *at risk of poverty* if their net income is below 60% of the median average. People are considered to be in *consistent poverty* if their income is below 60% of the median and they are experiencing an enforced lack of certain items defined as *basic deprivation* (see footnote 5 below). For the purposes of this study, people are considered to be *living below the poverty line* if they are “at risk of poverty”: that is to say, if their income is less than 60% of the median average.

There is no official definition or way of measuring *financial difficulties* or *debt problems* in Ireland. At a European level, the concept of *over-indebtedness* has been much discussed and a number of analysts, researchers and commentators in other countries have proposed various definitions. These various definitions have been recently reviewed by a Consortium of researchers appointed by the European Commission (2008) and a number of common features of the problem identified. These are as follows:

- Persistency (a prolonged as opposed to a once-off problem)
- Lack of payment capacity (an inability to meet debt-related repayments and other commitments)
- Problems with a range of contractual financial commitments (defined broadly to include mortgages, household bills and consumer credit)

- An inability to maintain a reasonable standard of living (i.e. an inability to live reasonably and to repay debts)
- Illiquidity (an inability to realise assets to discharge outstanding debts).²

As discussed in Section 2, the data currently available in Ireland do not readily enable those with persistent financial difficulties (i.e. those who may be said to be *over-indebted*) to be identified. So for the purposes of this research working paper, people with financial difficulties are defined as those who have experienced arrears or gone into debt to meet ordinary living expenses, and those who have approached an Irish money advice service (one of the state-funded network of Money Advice and Budgeting Services or MABS) with at least one reported debt.

1.3. Research on the relationship between poverty and financial difficulty

The studies into debt problems that have been carried out in Ireland have tended to be more qualitative than quantitative in nature (Daly and Walsh, 1988; Daly and Leonard, 2002; Conroy and O'Leary, 2005). Each of these studies has however identified a link between debt problems and low income.

In the international literature, financial difficulties are strongly and statistically associated with poverty and low income (Berthoud and Kempson, 1992; Kempson, 2002; Kempson *et al.*, 2004; Parker, 1986; Hutton, 1986; Department for Social Justice and Regeneration in Wales, 2005; Woods, 2006). People who are not in employment such as those who have been made redundant, are unemployed, are in ill-health, or have a disability, are at particular risk of financial difficulty (Kearns, 2003; Berthoud and Kempson, 1992; Kempson, 2002; Ford, 1991; Parker, 1986; Department for Social Justice and Regeneration in Wales, 2005).

People may be able to manage on low incomes for a short period, but are unable to do so adequately over the longer-term as a result of the continuous demands placed upon them. The combination of these two factors, namely lack of resources and recurring demands, makes it difficult for people to cope with unexpected occurrences or even relatively modest demands on an ongoing basis (Berthoud and Kempson, 1992, p.179).

² People may thus be considered to be over-indebted if their net resources (income and realisable assets) render them persistently unable to meet essential living expenses and debt repayments as they fall due. Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

A recent UK study has found that a significant number of people, and in particular those on lower incomes, do *not* have provisions or resources in place to cope with a substantial drop in income; further, that the making of such provision is strongly associated with those on higher, as opposed to lower, incomes (Atkinson *et al.*, 2006, p.65). Lack of income and resources is also closely associated with an inability to access low cost or affordable credit and as a result, people can find themselves with little alternative but to use more expensive sources for essential borrowing (Rowlingson, 1994, p.166).

Tenancy status, and in particular social tenancy³, has also been found to be closely associated with financial difficulty. The consensus within the literature is that the principal reason for this is that social tenants in general have lower resources than other householders (Bridges and Disney, 2004; Kempson 2002; Hutton, 1986; Kempson *et al.*, 2004).

A relationship between debt problems and particular compositions of households such as lone parents, families with children, and younger families in particular, is also noted in the literature in the UK (Berthoud and Kempson, 1992; Kempson, 2002; Kempson *et al.*, 2004; Department for Social Justice and Regeneration in Wales, 2005) and Ireland (Kearns, 2003). The presence and number of children within such households has been found for example to increase the risk of debt problems (Ford, 1991; Berthoud and Kempson, 1992; Kempson *et al.*, 2004). As with social tenancy however, the consensus appears to be that it is the combination of low income and family composition that leads to a greater risk of experiencing financial difficulty (Bridges and Disney, 2004; Kearns, 2003).

Where debt problems occur, research from the UK suggests that those on lower incomes are more likely to owe different types of debts to those on higher incomes. Research carried out by Parker (1990) shows that those below the poverty line are more likely to owe housing and utility debts rather than debts relating to consumer credit agreements. Recent research for the Joseph Rowntree Trust found that in the UK, people below the poverty line have higher amounts of debt relative to their incomes than those of the population as a whole (Joseph Rowntree Foundation, 2005) i.e. they are more deeply in debt. Whether a similar pattern exists in Ireland is as yet unknown.

³ Social tenancy refers both to local authority and housing association tenancies. Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

The evidence shows however, that financial difficulties are not solely confined to those on low incomes. People at *all levels of income* experience debt problems for a variety of reasons to do with circumstances both within, and outside of, their control (Berthoud and Kempson, 1992; Kempson 2002; Department for Social Justice and Regeneration in Wales, 2005). In some cases people on relatively higher incomes experience more severe debt problems when things go wrong. A survey of European Community Household Panel (ECHP) data, conducted in 2001 by OCR Macro, concluded that debt problems were not found to be particularly associated with low income; further that in relation to loans, problems were more related to those on *higher* incomes (Betti *et al.*, 2001, p.73). These findings were based on people's subjective feelings about their financial situation.⁴

In Ireland too, there is a growing recognition among poverty analysts that financial difficulties are a much broader issue. In recent work involving a multi-dimensional analysis of poverty, the ESRI suggest that the time has come to revise the consistent poverty measure it has pioneered, and specifically, the list of 'basic deprivation' items it has developed as part of this measure.⁵ The ESRI argues that one of these items, the 'debt indicator', is no longer valid as an indicator of basic deprivation, and therefore as a measure of consistent poverty. The reason given for the need to drop the debt indicator is that it is being reported more and more by people on incomes *above* the poverty line, and is therefore no longer a reliable indicator of consistent poverty (Maitre *et al.*, 2006; Whelan, 2008, p.19).

⁴ The subjective measure used in this study was based on whether people reported the repayment of debts other than a mortgage to be "a heavy burden" or "somewhat of a burden" (Betti *et al.*, 2001, p. 71-72).

⁵ Basic deprivation was defined until recently as an enforced lack of at least one of the items from the following list: - new not second hand clothes; a meal with meat, fish or chicken every second day; a warm, waterproof overcoat; two pairs of strong shoes; a roast joint or its equivalent once a week; having to go without heating during the last year through lack of money; having had a day in the last two weeks without a substantial meal due to lack of money; experienced debt problems arising from ordinary living expenses (Whelan *et al.*, 2003, p.55).

The Office for Social Inclusion, on the advice of the ESRI in particular, has now revised the list of items that make up the basic deprivation index. Persons or households lacking two or more items from what is now referred to as the (revised) Consistent Poverty Deprivation Index, are considered to be in consistent poverty. The revised index reads as follows: - new not second hand clothes; a meal with meat, fish, chicken (or vegetarian equivalent) every second day; a warm, waterproof overcoat; two pairs of strong shoes; a roast joint or its equivalent once a week; having to go without heating during the last year through lack of money; keep the home adequately warm; buy presents for family or friends once a year; replace any worn out furniture; have family or friends for a drink or meal once a month; have a morning, afternoon or evening out in the last fortnight for entertainment (Office for Social Inclusion, 2007, p.93).

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The Office for Social Inclusion (OSI) has taken account of this viewpoint, and the ‘debt indicator’ is no longer officially an indicator of basic deprivation or poverty in Ireland. The focus of these debates has been on poverty (and how to measure it accurately) rather than on financial difficulties. Nonetheless, the inference that may be drawn is that financial difficulties are now being seen, albeit indirectly in Ireland, as a broader issue rather than one that is almost exclusively related to poverty. The question of interest to this study is whether there is any evidence that financial difficulties are specifically associated with poverty and if so, in what ways.

1.4. The causes of financial difficulties

There is evidence that financial difficulties are sometimes caused by a lack of personal responsibility. Examples of this are poor budgeting and money mismanagement (Daly and Walsh, 1988, p.91; Berthoud and Kempson, 1992, p.127; Elliott, 2005); heavy use of credit and over-borrowing (Berthoud and Kempson, 1992, p.135; Mannion, 1992, p.51; Elliott, 2005); over-spending (Webley and Nyhus, 2001); negative attitudes towards paying bills (Elliott, 2005) and unwillingness to pay debts (Caplovitz, 1974, p.86; Dominy and Kempson, 2003). In other cases, behavioural factors such as these, although not the root cause, have been identified as compounding debt problems (Hinton and Berthoud, 1988, p.31).

There is also, however, a body of evidence that shows that financial difficulties are often caused by things that are not behavioural, and that happen outside of an individual's control. These causes include unemployment and redundancy (Berthoud and Kempson, 1992, p.109); domestic violence and relationship breakdown (Ford, 1991, p.54; Kempson, 2002, p.32); illness or disability (Balmer *et al.*, 2005; Department for Social Justice and Regeneration in Wales, 2005, p.6; Kempson, 2002, p.31; Edwards, 2003, p.58); unexpected increase in needs or demands (Daly, 1989, p.31; Ford, 1991, p.73; Conroy and O'Leary, 2005, p.93); and business failure due to economic circumstances (Mannion, 1992, p.51; Edwards, 2003, p.61).

These causes may be grouped into two categories, namely *behavioural* factors and *force majeure* factors. These two types of factors correspond to a distinction that is made within the French system for dealing with over-indebtedness, based on the reasons why over-indebtedness has occurred. The French system distinguishes between ‘*active*’ over-

indebtedness, where the debtor is at fault to some degree, through for example over borrowing or poor money management, and ‘passive’ over-indebtedness, where external factors such as loss of income or unemployment, have occurred (Huls *et al.*, 1994, p.63). The latter circumstances imply an absence of control on the part of the debtor or consumer i.e. things happen *to* them unexpectedly. In contrast, behavioural factors such as money management, budgeting and over-borrowing imply at least some element of control on the part of the debtor i.e. things are done *by* them. The evidence suggests therefore that money mismanagement is but one of a range of causes of financial difficulties. Others are lack of access to affordable credit (Conroy and O’Leary, 2005) and irresponsible lending (Elliott, 2005).

1.5. The policy response to financial difficulties in Ireland

Initial responses to financial difficulties in Ireland centred around the issue of moneylending. A government-backed loan guarantee scheme (in partnership with the Society of St Vincent de Paul and the credit union movement) was tried relatively unsuccessfully in the late 1980s as a means of removing people’s dependence on money lenders.⁶ An alternative approach, centred around budgeting and money management, piloted in the early 1990s proved to be much more successful (Dillon and Redmond, 1993). This pilot (anti) moneylending programme, renamed the Money Advice and Budgeting Service (MABS) in the mid-1990s, is now a nationwide service funded entirely by the Department of Social and Family Affairs.

Ireland is now unique among European countries in having a centrally government funded, dedicated, national network of money advice services designed principally to help people (and particularly those on low incomes) to cope with debt problems and become financially independent in the long term (Eustace and Clarke, 2000, p.22-23). A *Good Practice Manual for Money Advisers*, written by practitioners, describes in detail the three key components of the process used by money advisers in Ireland to assist service clients, namely:

- (i) Research into, and assessment of, the client’s situation, including the identification of any unclaimed rights and entitlements;

⁶ Moneylending in Ireland involves the lending and collection of money at relatively high interest rates on a door-to-door basis.
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- (ii) The planning and implementation of a debt repayment programme in partnership with the client;
- (iii) The monitoring and reviewing of the client's progress (MABS National Development Ltd, 2006, p.9).

A distinctive feature of these services is their relationship with the Irish credit union movement, a relationship which provides a facility for MABS clients to access payment, loan and savings facilities through their local credit union.⁷ National and international evaluations of MABS services have all been extremely positive in terms of their impact in helping people gain or regain control of their finances (Dillon and Redmond, 1993; Eustace and Clarke 2000; Korczak, 2004).

However, two small-scale local studies into the experiences of clients, carried out by individual MABS services in Dublin in the mid to late 1990s, concluded that MABS has significant limitations as a long-term response to financial difficulties among those on low income. Both came to very similar conclusions, namely that although MABS alleviates crises and helps clients to budget, its overall effect in cases of low income is often to help people 'manage their poverty' (Hogan, 1998, p.40) or 'cope with their situations a little better' (National Social Service Board, 1996, p.28).

A recent European Commission report (2008), which compared policy responses to *over-indebtedness* across Europe, found the policy response overall in Ireland to be largely one-dimensional even though MABS was acknowledged as being an example of good practice (p.85). Ireland was classified as one of a small number of countries (along with the accession states and Southern European countries such as Greece, Italy, Portugal and Spain), with limited policy interest overall in *over-indebtedness* (p.58). These are countries that (unlike Scandinavian and many other Northern European countries) have made few or no changes to their legal, administrative and personal insolvency systems, to deal with increasing debt problems. The Irish approach prioritises budgeting, money management, saving and borrowing i.e. it places the responsibility for resolving debt

⁷ Credit unions in Ireland are mutual societies involving groups of people who save together and lend to each other at reasonable rates of interest. They are a significant provider of loans and other financial services to members in communities throughout Ireland who live or work within a common bond. There are currently 521 credit unions in Ireland affiliated to the Irish League of Credit Unions. These credit unions have a combined membership of nearly 3 million people and an asset-base, in the form of members' savings, of over €13 billion (Irish League of Credit Unions 2008, p.24).
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problems squarely on the consumer or borrower. Other countries take a broader, more multi-dimensional view and some, such as the Netherlands, have a national strategy for dealing with over-indebtedness which incorporates a range of both preventative and remedial measures. Ireland has no such strategy.

Apart from MABS, there have been few policy measures put in place to address financial difficulties or debt problems. Debt settlement, a legally-backed scheme that enables people to part-repay their debts at a rate that they can afford over a realistic period, is a measure introduced by many Northern European countries in the late 1980s /early 1990s. Ireland has no such scheme, nor have any personal insolvency measures been introduced to assist those in severe financial difficulty (Joyce, 2003). The Irish legal system for dealing with outstanding civil debt remains inappropriate and inadequate: 276 people were jailed for defaulting on civil debt repayments in 2008.⁸

Policy responses to financial difficulties should directly relate to the factors that give rise to them in the first place. Thus, responses based on helping individuals to modify their behaviour may only work successfully if errant behaviour or money mismanagement was the cause in the first place. If a combination of socio-economic and external factors caused these difficulties to occur however, more “structural” policy measures may be required to resolve them.

1.6. The policy response to income poverty in Ireland.

The policy response to (income) poverty in Ireland is also relevant to the policy response to financial difficulties. The first study into poverty in Ireland was undertaken in the early 1970s (Ó Cinnéide, 1972). The first major national survey into poverty was carried out in the late 1980s⁹, around the same time as a seminal study on moneylending was being undertaken by Daly and Walsh (1988). Since then, a number of national studies into the extent and nature of poverty have been carried out in Ireland. There is a statutory body responsible for advising the Government on policy issues to do with poverty, namely the Combat Poverty Agency, established in 1986. Combat Poverty is, however, due to be abolished on July 1st 2009 and its staff merged with those in the Office for Social Inclusion

⁸ ‘Courts jail 276 people for debt default’, *Irish Examiner*, 30th January, 2009.

⁹ The ‘Survey of Income Distribution, Poverty and Use of State Services 1987’, carried out by the Economic and Social Research Institute.

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in a new Division within the Department of Social and Family Affairs (DSFA). There is a strategic approach towards dealing with poverty in Ireland underpinned by two national strategies: the National Anti-Poverty Strategy 1997 and its successor, the National Action Plan for Social Inclusion 2007-2016. A number of targets have been set within these strategies in relation to consistent poverty, unemployment, income adequacy, educational and urban disadvantage, and rural poverty (National Anti-Poverty Strategy, 1997; Office for Social Inclusion, 2007). The key target is to reduce the number of those experiencing consistent poverty to between 2% and 4% by 2012, and to eliminate consistent poverty entirely by 2016 (Office for Social Inclusion, 2007, p.13).

The available evidence as to the extent of poverty, derived from national surveys conducted by the Central Statistics Office each year as part of the EU Survey on Income and Living Conditions (EU-SILC), suggests that consistent poverty levels in Ireland have reduced to around 5-6%, having declined significantly from a much higher level during the 1990s (Whelan *et al.*, 2003; Central Statistics Office, 2007; 2008). Another indicator of whether poverty is increasing or decreasing is the 'at risk of poverty' figure. This figure has also declined over time but now appears to be declining more slowly: from 18.5% in 2005, to 17% in 2006 and to 16.5% in 2007 (Central Statistics Office, 2007, p.7; 2008, p.5).

The Government's main way of dealing with poverty in recent years has been to increase social welfare rates for those on the lowest incomes. In a recent paper, a leading poverty analyst (Walsh, 2008) describes how considerable increases in unemployment, pension and child welfare payments have all combined to significantly reduce rates of poverty in Ireland during the 1990s and more recently. For example, in comparison with the UK where a similar system exists, Walsh notes that Irish social welfare payments are 160% higher in respect of "Jobseekers Allowance" (formerly "Unemployment Assistance"), 94% higher in respect of state pensions, and 60% higher in the case of children's allowances. The basic safety-net payment for Irish households, namely Supplementary Welfare Allowance (SWA) has also increased significantly, by 40% in real terms over the last four years. The SWA scheme contains provision for discretionary payments or grants to be made to enable recipients to cope with essential "once-off" expenses, referred to as "exceptional" or "urgent needs" payments. An example of where such a payment may be made is where utility bills are exceptionally high or where a household appliance is in need of repair or replacement. The system differs from a similar scheme in the UK, as the focus

in Ireland is exclusively on grants and payments and there is no provision for the granting of loans (Buck and Smith, 2003).

The SWA scheme also contains provisions for rights-based payments to be made in particular circumstances. One such example is a supplement to help social welfare recipients with the interest portion of their mortgage repayments. Another is an allowance to help recipients cope with the costs of clothing and footwear when children return to school. Such once-off payments are designed to avoid the need for claimants to have to borrow the money for such costs, possibly from moneylenders. The main focus of (income) anti-poverty policy has thus been on the provision of additional cash income or once-off grants and payments, rather than on the provision of services such as childcare. Walsh also notes that the cost of living in Ireland is also significantly higher than the UK, and that there is no free, universal health care system in Ireland as there is in the UK.¹⁰ Thus these income increases need to be considered in terms of what they will enable a person to consume. Nonetheless, Ireland's social welfare provisions are often considered to be generous although the extent to which these provisions help to prevent or address financial difficulties remains largely unknown.

1.7. Layout of the study.

Section 2 describes the methods used to gather information for the purposes of this research. In Section 3 the findings in relation to the extent of financial difficulties among those below the poverty line are presented together with the significant characteristics of this group. Section 4 considers the persistency of debt problems experienced by those below the poverty line, the amounts of money owed relative to the disposable income to repay it and the types of debt owed. Section 5 presents the findings from the interview survey of MABS clients as to what caused them to experience financial difficulties and what compounded these difficulties. Section 6 presents the conclusions and recommendations arising out of this research.

¹⁰ Social welfare recipients and others on a low income who satisfy a means test are however entitled to free GP visits, prescriptions and other services by way of a medical card.
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2. Research Methods

Two methods are used for the purposes of this study, namely secondary data analysis (Babbie, 1990) and an interview survey (McQueen and Knussen, 2002). Two main data sources, identified as being particularly relevant to the study's objectives, are used to determine the extent, characteristics and nature of financial difficulties among those living below the poverty line in Ireland. These are: (i) a set of surveys on poverty in Ireland, namely the *Living in Ireland Surveys* (LIIS), conducted by the Economic and Social Research Institute (ESRI) between 1994 and 2001; and (2) administrative data on clients collected by MABS services nationwide and collated electronically in a database referred to as 'MABSIS'. Both sets of data are analysed to identify whether there are any significant differences between those below the poverty line and the remainder of the general population in relation to the experience of financial difficulties; also, whether there are differences between those in financial difficulty in general and those that use MABS services. Other data (kept for administrative purposes or gathered by other researchers) are used to corroborate or illuminate the findings wherever appropriate. In relation to the causes of financial difficulties, data are gathered through a survey of a random sample of MABS clients undertaken during the summer of 2007.

2.1. The Living in Ireland Surveys (LIIS)

The Living in Ireland Surveys (LIIS) consist of a series of eight panel surveys or 'waves' that were conducted by the Economic and Social Research Institute (ESRI), between 1994 and 2001, as the Irish element of the European Community Household Panel Surveys (Whelan *et al.*, 2003, p.5). The basic aim of the surveys is to measure and monitor poverty trends in Ireland. The surveys are based on a random, representative sample of private Irish households and the results "weighted" to the population as a whole (p.1). The set of households followed each year was supplemented in 2000 to address the decline in the overall sample size which had occurred due to attrition since 1994. A total of 4,048 households were successfully interviewed for the first wave in 1994, whilst 2,865 households were successfully interviewed for the eighth and final wave conducted by the ESRI in 2001 (p.6).

The surveys use a lengthy household questionnaire to gather information on, among other things, income, savings, demographic characteristics, experience of financial hardship, arrears, and deprivation (Watson, 2004). The surveys thus contain a significant amount of

information that is directly relevant to the experience of financial difficulty and enables it to be related to the poverty line.

The data do however have three main limitations in relation to determining the extent and nature of those experiencing financial difficulty, which is understandable given that this was not the main purpose of the surveys. Firstly, the debt and arrears questions are not worded in such a way as to reflect persistency. Households were asked solely whether they had gone into arrears *at any time* during the previous 12 months rather than being asked to specify whether this was on just one occasion or on more than one occasion. As a result, it is not possible to identify whether financial difficulties were “once off” or “longer-term”. Secondly, the arrears questions do not make a clear distinction between different types of arrears. Hire purchase instalments and credit card debts, which are two entirely separate things, are combined in one of the questions for example. Thirdly and finally, there are no questions in relation to determining the amount of debt repayments that the respondent has to pay each week or each month. As a result, it was not possible to identify the proportion of income being devoted towards debt repayments and therefore to identify those paying more than certain proportions of income towards their debts¹¹ (Kempson, 2002; Department for Social Justice and Regeneration in Wales, 2005).

The raw data itself, that is to say coded responses to the various questionnaires, are lodged by the ESRI with the Irish Social Science Data Archive (ISSDA) at University College Dublin (UCD) from where it is available to researchers on request. The information relevant to this study was contained in two separate SPSS files for each year of the LIIS. The first of these was a “household file” which contained information on arrears, deprivation indicators, household size, tenure status, net income, main income source and size of location. The second was an “individual file” which contained the date of birth of each individual within the household and the nature of their relationship to the head of the household (or “household reference person”). For the 2001 wave, there were 2,865 household files and 6,521 files on the individuals within these households. No variable was included as to whether or not each of these households or individuals was below or above the poverty line. No specific variables on household composition and age were used.

¹¹ The ‘income threshold’ approach involves the specification of a threshold as regards an acceptable proportion of income that can realistically be devoted to credit repayments. Above this threshold, a household is considered to be in financial difficulty, below this threshold, it is not. The suggested threshold is the spending of more than 50% of gross income on consumer credit and mortgage repayments or alternatively, the spending of more than 25% of gross income on consumer credit excluding mortgage repayments (Kempson, 2002, p.39)
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As referred to in the abstract which accompanies this paper, the principal focus of the thesis from which the findings contained within this paper are drawn, was on the impact of MABS as a response to debt problems. It was, therefore, not realistic in this context to derive the poverty line for every household given that this would involve analysis of every “individual” file where there was more than one person present, to ascertain the age of each resident.¹² Nor was it realistically possible to ascertain the ages of household heads and the compositions of each household as this would also necessitate examining thousands of individual and household files. Thus it was decided to focus on extrapolating this information solely in relation to households deemed to be in financial difficulties and to compare the profiles in respect of a number of key variables with the population as a whole i.e. to focus on how poverty and financial difficulties *overlap* rather than on causalities. In any event, the relatively small sample size of those identified as experiencing financial difficulties or debt problems (184) mitigated against the use of statistical regressions. To get a deeper perspective into the experience of financial difficulty, in-depth qualitative research into the root and compounding causes of debt problems was subsequently undertaken by way of a sample of (36) MABS clients, reflective of the overall client base.

2.2. Money Advice and Budgeting Service (MABSIS) data

A nationally networked, computerised payments and recording system has been used by all MABS services nationally since 2005 and is referred to as ‘MABSIS’. It serves two main purposes. Firstly, the system enables each local service to keep a record of the profile of each individual client and the debts that they owe, and of each contact between the client and the service. Secondly, the system facilitates the making of payments to creditors through a MABS client account referred to as a “special account scheme”. Each service is connected to a central network and various records can be collated nationally. This is one of the functions of the national company established in 2005, MABS National Development Limited (MABSndL), which also maintains the MABSIS database.

There are two main sets of data kept on the MABSIS system. Firstly, data is kept on all service clients in relation to gender, first and other sources of income, marital status, age group, types of creditor, types of debt and amounts of debt. Secondly, there is a set of

¹² For the purpose of deriving relative income poverty lines, a “child” is defined as a person under 14, everyone else is considered “an adult”. Hence, it would have been necessary to identify the age of each individual in each household in order to derive the poverty line in each case. Stuart Stamp ‘An exploratory analysis of financial difficulties among those living below the poverty line in Ireland’. April 2009.

data on the system that relates to another sub-group of clients. These are clients in respect of whom additional details are kept with regard to income and expenditure. This information is sometimes required either in a legal context, or by particular creditors, in the form of a financial statement to justify repayment proposals that may be less than the original contractual instalments or agreed amounts (MABS National Development Limited, 2006, section 6, p.1-11). MABSIS data are therefore useful in terms of identifying the characteristics, severity and nature of financial difficulties among MABS clients.

Again there are limitations in using these data. The principal difficulty is that although MABS services have been operating since 1992, the MABSIS system has only been fully operational since 2005, hence it was not possible to track clients over long periods as it was with the households that participated in the LIIS. Three further limitations are that there is limited information on income, the figures in relation to mortgage debt are unreliable¹³, and that it is impossible to identify what distinguishes those MABS clients who experience debt problems from other similar households who do not. The interview survey of a reflective sample of (36) MABS clients, was used to explore how effective MABS proved to be in helping each deal with financial difficulties over time. The findings in this regard are, however, beyond the scope of this paper.

2.3. Analysis of LIIS data.

2.3.1. Extent of financial difficulties or debt problems

The most recent LIIS survey, the eighth one, which was conducted in 2001, was relied on, but relevant data from previous waves were drawn to supplement the 2001 data.

Households with financial difficulties were identified from the answers given to six *objective* questions which are listed in Appendix 2.¹⁴ These were questions as to what actually happened or not in relation to different categories of arrears and debt during the previous twelve months. Five of these questions ask whether the household experienced a specific category of arrears in payments at any time during the previous year in relation to rent, mortgage, utility bill, hire purchase or credit card, and/or a hospital or medical bill; the sixth

¹³ In some cases the amount of arrears is recorded, in others the full loan balance outstanding is recorded. Hence it was decided to exclude mortgage data from the analysis.

¹⁴ The LIIS questionnaire also contained four *subjective* questions as to respondents' views and feelings about their housing costs, debts and ability to make ends meet. These questions, also listed in Appendix 2, were not used as indicators of financial difficulty for the purpose of this study. Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

question asks whether the household had to go into debt for ordinary living expenses during this period.

Households that had answered “yes” to at least one of these six questions were therefore identified as being “in financial difficulty” or “in debt problems” for the purposes of this study on the basis that a “yes” answer was an (objective) indicator of difficulties. There were 184 such households identified in the 2001 survey. These households are referred to as the “financial difficulty sample”. Applying the respective individual ‘weights’ assigned to these households by the ESRI enabled both the proportion and number of these households within the population as a whole to be estimated.

2.3.2. Characteristics of households in financial difficulty

Relevant data in relation to the profile and experiences of each household in financial difficulty were extracted from the relevant LIIS data files, re-coded and a database of those in financial difficulty created (a ‘Financial Difficulty Database’ - FDD). Wherever possible, the characteristics of the sample were compared with those of the population as a whole using the most recently available Census data at the time, namely that for 2002 (Central Statistics Office, 2003). Appropriate statistical tests were used to ascertain whether any differences between the sample and the population were significant or not.¹⁵ The null hypothesis for analysis of the LIIS data was that there was presumed to be no relationship between being below the poverty line and being in financial difficulty. The risk of certain categories reporting financial difficulties was also calculated in accordance with the method used by the ESRI in their analyses of poverty.¹⁶

2.3.3. Identifying “deprived” households

Basic deprivation, as discussed in Section 1, is a key component of the consistent poverty measure used to monitor the extent of poverty in Ireland. The experience of basic deprivation among those in the financial difficulty sample was ascertained by identifying those households that had reported a lack of at least one of the items in the original deprivation index of eight items discussed in Section 1.4 (footnote 2). Data with regard to the ‘substantial meal’ indicator was omitted from the ‘household’ data file provided by

¹⁵ A *chi square test* (Bryman and Cramer, 1995, p.159) or *goodness of fit test* (Hinton, 2001, p.242) was used to compare findings in respect of category variables at the 99% (or 0.01) confidence level. A *z-test* was applied for numerical or quantity variables using the same confidence level (Rowntree, 2004, p.32).

¹⁶ “Risk” is defined in this context as the proportion of a particular group that are experiencing or reporting a particular problem (Nolan and Callan, 1994, p.63).
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ISSDA. Given that the 'debt indicator' has already been categorised as one of the six indicators of financial difficulty, the remaining six indicators were thus used to identify the experience of deprivation among the sample.¹⁷ Again a comparison was made with the proportion of the population as a whole that reported deprivation in the same year, 2001. This analysis was undertaken in 2005/6, hence it was based on the original deprivation index (at least one item out of eight), rather than on the revised deprivation index now used (at least two items out of eleven, as described in footnote 2).

2.3.4. Identifying persistent financial difficulties

As stated above, the wording of the questions used in the LIIS did not facilitate the identification of whether difficulties were persistent or not. The degree to which financial difficulties persisted was, therefore, ascertained by identifying the number of waves the sampled households had been reporting at least one of the six objective indicators since they first entered the LIIS. An issue here was attrition: it transpired that a substantial number of the financial difficulty sample had only entered the LIIS in 2000. Furthermore, only just over half the sample had been interviewed for 5 waves or more, thus the analysis in this regard is based on a sub-sample of the FDD consisting of 102 households.

2.3.5 Identifying the nature of financial difficulties

The LIIS was of more limited use in determining the nature of financial difficulties. As previously discussed, the six indicators chosen represent different categories of debt but are very broad. For example, 'hire purchase instalments and credit card debts' are two entirely different things but are combined in one of the arrears questions. It was however possible to identify the number and nature of the specific indicators reported by each household that comprised the financial difficulty sample. This was not of much use in itself, but became more useful as part of the next stage of analysis of the LIIS data, namely the drawing of a distinction between "poor" and "non-poor" households in financial difficulty, and subsequent comparison between these two groups.

2.3.6. Determining a "poverty line"

The issue of how to determine a "poverty line" has always been keenly contested. There are two main kinds of definition of poverty, subsistence definitions and relative definitions

¹⁷ Deprivation for the purposes of this study thus refers to the enforced lack of at least one of the following six items: new not second hand clothes; a meal with meat, fish or chicken every second day; a warm, waterproof overcoat; two pairs of strong shoes; a roast or its equivalent once a week; having to go without heating during the last year through lack of money.

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(McCashin, 2004; Holman, 1978). The latter (“relative”) approach is now favoured in Ireland, and throughout the EU as a whole. The consensus is that poverty exists where there is an inadequacy of resources to meet conventional, or customary, needs at a given point in time (Townsend, 1979; Mack and Lansley 1985; Ringen 1988). Attempts were made in the 1970s to identify a “Holy Grail” in the form of an actual point or poverty line on the income distribution where deprivation began to increase markedly (Townsend, 1979, p.57). In Ireland, the ESRI, who have led the way in research in this area, take the view that there is no “Holy Grail” or totally reliable method for calculating such a poverty line.

Poverty is a rather loose and ill-defined term... searching for a unique, objective, scientific measure of poverty on which everyone can agree is not likely to be fruitful and has certainly not been successful anywhere else. (Nolan and Callan, 1994, p.9).

Although the Institute does not specify a preferred poverty line, the most commonly used is 60% of median income. This is the poverty line used to facilitate comparison between European countries (Whelan *et al.*, 2003) and to determine those “at risk of poverty” in Ireland (Central Statistics Office, 2007). This is therefore the threshold that is used as the poverty line for the purposes of this study.¹⁸

The specific poverty line for households of different sizes and compositions was derived separately for each household in the “financial difficulty” sample, using the concept of equivalised or individualised income (Townsend, 1979, p.262-267). The scale used for this study is the one most commonly used namely: - 1.0; 0.66; 0.33. Thus 66% of household income was assigned to each extra adult within it, and 33% of household income to each child under 14. Where individualised or equivalised income was below the threshold, the household was considered to be in poverty or “poor”. If individualised or equivalised income was found to be above the threshold, the household was considered to be not in poverty or “non-poor”. Comparisons could then be made between two groups of households that comprise the financial difficulty sample: those who are in financial difficulty and “poor” (FDP) and those who are in financial difficulty but not “poor” (FDNP).¹⁹ A

¹⁸ The 60% of median threshold for a single adult in 2001 was €161.28 (this equates to IR£127.02 at the time the last wave of the LIIS was undertaken, as the Euro was not introduced until January 2002: the survey results are therefore recorded in Irish pounds or punts).

¹⁹ OIP households are those within the 2001 LIIS that are identified as being over-indebted and poor; OINP are those that are identified as over-indebted and “non-poor”.
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statistical test using the concept of “odds ratios”²⁰ was applied to the results of such comparisons to ascertain the significance of any differences between the two groups.

2.4. Analysis of MABSIS data

Given that the MABSIS system has only been fully operational since 2005, A decision was taken (as with the LIIS analysis) to concentrate the analysis of MABSIS data on a specific year, in this case 2006, the most recent year for which data were available at the time this analysis was carried out. Data were sought and provided therefore only in respect of clients who were registered as having a start date between 1st January and 31st December 2006 i.e. clients that were “new” that year.²¹ Many of the individual client records contained no reference to any outstanding debts. Given that the focus of this research is on financial difficulty, only clients who were recorded as having *at least one outstanding debt* at the time of their approach to MABS were selected for analysis. There were 4,212 such clients identified and this is therefore the *MABSIS sample*. A sub-set of clients was also identified from within this group. This was a set of 1,430 clients in respect of whom financial statement or budget details were kept. These are referred to as the *financial statement sample*.

2.4.1. Characteristics of MABS clients

The MABSIS sample was subjected to a number of analyses to identify the various *characteristics* of MABS clients in pursuance of this research objective. Straight counts were undertaken in respect of the following profile categories: gender, income source, marital status, tenure type and age group. Additional work was also carried out in relation to the financial statement sample. Average incomes were calculated and equivalised in line with the numbers of adults and children recorded on MABSIS. This enabled comparisons to be made with the corresponding figure calculated for the LIIS 2001 financial difficulty sample.

2.4.2. MABS clients and fuel poverty

In terms of *poverty*, the amounts of income that members of the financial statement sample were spending on fuel each week were compared with net income in order to

²⁰ Odds ratios have been consistently used by the ESRI as a means of calculating the chances of one group reporting poverty as compared to another (Watson *et al.*, 2005, p.120-121).

²¹ Clients are regarded as “new” clients by MABS when they approach MABS for the first time. Clients are also considered “new” if they have approached MABS before but their case has been closed. Thus it may be that some of the “new” clients are returning clients. The majority however would be first-time clients. Stuart Stamp ‘An exploratory analysis of financial difficulties among those living below the poverty line in Ireland’. April 2009.

identify the extent of fuel poverty among MABS clients. The issue of fuel poverty has been highlighted as being of great concern both in Ireland and the UK (Boardman, 1995). Fuel poverty is defined as a situation where a household spends more than ten percent of its weekly income on fuel costs (Sustainable Energy Ireland, 2003). There is some debate about whether housing costs should be deducted from income before this calculation is applied but within this study, no such deductions were made. Thus a MABS client household is deemed to be in fuel poverty for the purposes of this study, if it is spending more than ten percent of its total net income on fuel; 'fuel' being the sum of 'gas', 'electricity' and 'other fuel costs', the three headings used in relation to fuel costs within the MABSIS database.

2.4.3. Depth of financial difficulties among MABS clients

In pursuance of the research objective relating to *severity*, the data were analysed as follows. Firstly, the difference between net income and essential expenditure²² was calculated for each client and the extent of any surplus identified. These surpluses, or "uncommitted income", were then related to the amount of debt outstanding to determine the "depth" of financial difficulty among MABS clients. The relationship between uncommitted income and household debt, expressed as a "debt to income ratio", is one possible measure of debt problems advocated in a report on behalf of the European Commission (2007, p.6).

2.4.4. Nature of the financial difficulties of MABS clients

In relation to the *nature* of the debts owed by clients, straight counts were carried out in respect of the following: firstly, the different types of creditor to whom clients owed money; secondly, the different types of debt in respect of which money was owed; and thirdly, the number of different debts involved in each case. The amounts of debt owed overall by clients, and in respect of each individual type of debt were also identified. Given the fact that there was a huge difference between the highest and lowest amounts of debts owed by individual clients, the median was used to ascertain the average amount of debt owed among the sample.

²² Essential expenditure is defined by MABS as spending on housing, utilities, food, clothing and other household and domestic expenses. Clients estimate these respective amounts themselves. Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

2.4.5. Identification of “lower” and “higher” income MABS clients

The majority of the MABSIS data did not contain details on the actual amounts of client income and hence clients were divided into income groups on the basis of income source. A working assumption was made, on the basis of the preliminary results coming through from the LIIS analysis, that *in general* MABS clients in receipt of social welfare payments as their only recorded source would be on the lower incomes (and below the poverty line), whereas those recorded as being in receipt of a wage plus a second source of income would *in general* be on the higher incomes.

To test this assumption, the only set of clients on whom income details were recorded (the financial statement sample) was divided into four groups and their average incomes compared. The four groups were: those in receipt of a social welfare income only (referred to as “social welfare only”); those in receipt of a social welfare income as their first source but who also had another source of income either themselves or through a partner (referred to as “social welfare plus other”); those who were in receipt solely of a wage (referred to as “wage only”); finally those who were in receipt of a wage plus other income (referred to as “wage plus other”).

The average net and equivalised incomes were then calculated for each group. As shown in Table 2.1 below, the data support both the initial LIIS data findings and the working assumption to divide MABS clients into income groups. The data confirm that *on average* or *in general*, incomes rise across the four groups. The four groups were therefore used for the purposes of comparing the different characteristics and experiences of debt between lower and higher income MABS clients.

Table 2.1: Average Net and Equivalised Incomes of MABS Financial Statement Clients by First Income Source, 2006

Group of MABS Clients (n=1430)	Average Net Income	Average Equivalised Income
Social welfare only	261.10	169.55
Social welfare plus other	366.42	194.91
Wage only	502.83	326.25
Wage plus other income	659.03	328.65

Source: MABSIS

The findings of analysis of both the MABSIS and LIIS data are now presented in Sections 3 and 4. By presenting the findings in this way, similarities and differences between those in financial difficulties in general (the LIIS sample) and the sub-set of these that use MABS services (the MABSIS sample), can be identified.

2.5. Interview survey of MABS clients

The LIIS and MABSIS data were useful in addressing certain specific research objectives, namely identification of the extent, characteristics, severity and nature of financial difficulties among those in poverty in Ireland. However a gap remained in relation to the remaining research objective, namely the causes of financial difficulties among those in poverty. An interview survey of a random sample of 36 MABS clients, chosen to reflect the profile of the MABS client-base and undertaken in the summer of 2007, was designed to address this objective.

The objective of the sample design was to obtain a sample of money advice clients in Ireland (i.e. clients of MABS) that reflected the overall client profile. A process of “quota sampling” was used. Five MABS services that could be said to be broadly reflective of all MABS services nationally, were chosen.

Anonymised data files (encrypted) were provided on request in respect of all clients. Clients were chosen at random and contacts made by the client's money adviser for reasons of confidentiality. There were a large number of potential respondents (128 in all) identified from the anonymised data who did not participate in the survey for various reasons. The response rate was therefore very low, 22% or 36 out of 164, which reflects the sensitivities encountered in attempting to carry out research on such a delicate subject.

The final sample and its profile relative to the overall MABS client base are shown in the following Table.

Table 2.2: Comparison of Interview Sample and Overall MABS Client Base, 2006

Feature	Final sample (36) (%)	MABS Client Base (%)
Urban	42	45
Rural	58	55
Female	61	64
Male	39	36
Social welfare income	69	70
Families with children	69	57
Tenants	53	52
Purchaser/owner	31	26

"Semi-structured" interviewing (McQueen and Knussen, 2002; Kumar, 1996) was used, based on the use of specific questions or a 'script' with some flexibility to diverge from the script if particular points or issues arise which are relevant. A questionnaire was designed as the research instrument most suited to the needs of this survey, and for the purpose of recording and collating the subsequent responses (Cresswell, 2003, p.157). An initial draft of the questionnaire was piloted in April 2007 with a MABS office that had not been selected as one of the five services. The fieldwork was undertaken during May to July 2007.

3. Extent and Characteristics of Financial Difficulties among those in Poverty

This section deals with the first issue or research question: what is the overlap between financial difficulties and poverty? Where possible, findings from a number of data sources are presented, both to corroborate and to add value to these findings (Ritchie and Lewis, 2003). Comparisons are also made with the findings of other national and international research where relevant. The findings are based principally on analysis of the two datasets discussed in the previous section, namely the Living in Ireland Surveys (LIIS) and MABS computerised client records (MABSIS). As regards estimating the extent of financial difficulty in Ireland, data contained in previous research reports (the Irish National Survey of Housing Quality 2003, the EU-Survey on Income and Living Conditions 2006 and a study undertaken for the European Commission (2008), and in the most recent annual report of the Irish League of Credit Unions (2008), are also used.

3.1. Extent of financial difficulties among the general population

How extensive are financial difficulties in Ireland? We have information from four sources. These are the Living in Ireland Surveys; the Irish National Survey of Housing Quality; the EU Survey on Income and Living Conditions; and finally, the Irish League of Credit Unions.

Six indicators of financial difficulty, described in the previous section, were used to determine the number of households in financial difficulties from those who took part in the Living in Ireland Surveys. In the LIIS survey of 2,865 households in 2001, 184 households, 6.4%, were in such difficulties. Applying the relevant household weighting of the ESRI, it is estimated that 7.5% of private households in Ireland were in financial difficulties in 2001, which comes to a total of about 97,000.

A major national survey into housing quality conducted for the Department of Environment, Heritage and Local Government in 2001-2002 produced similar results (Watson and Williams, 2003). This was a survey of over 40,000 householders on the nature, characteristics and problems associated with their dwellings. As part of the survey, information was gathered on arrears on rent, mortgage and utility bills, and 9% of

households reported that they had been in arrears with these payments at some time during the previous 12 months (p.40).

More recent research corroborates these findings. A study of EU-SILC data for 2005, undertaken on behalf of the European Commission (2008), found that 8% of Irish households were in arrears of some type at that stage (p.11). The EU-SILC survey by the CSO in 2006 found that 8.8% of the population experienced debt problems arising from ordinary living expenses that year (Central Statistics Office, 2007, p.9). This figure is however based solely on the responses to the “debt indicator”.²³ Data on credit unions are similar. The amount of the total loan portfolio of member credit unions that was in arrears in 2007 was 6%, a drop of 2% from 2004 when the figure stood at almost 8% (Irish League of Credit Unions, 2008, p.83).

One can conclude, therefore, from the evidence of the four sources of data above that financial difficulties affect 6 to 10 percent of private Irish households. More recent data suggest that this figure is now likely to be considerably higher. Enquiries to MABS services increased by 33% in 2008 compared to 2007 (MABS National Development Limited, 2009, p1); further, according to the Genworth Index of Financial Vulnerability, the Irish population has moved from a position of feeling relatively financially secure in summer 2007 to being the third most financially vulnerable (of the 12 countries surveyed) by autumn 2008.²⁴ Finally, the incidence of residential mortgage accounts in arrears of three months or more, had increased by nearly 24% in June 2008 as compared to the end of December 2006 (Financial Regulator, 2008).

3.2. Extent of financial difficulties among households in poverty

Are poor people more likely to be in financial difficulty? As described in the previous section, the 184 households comprising the “financial difficulty” sample in the 2001 LIIS were divided into those below the poverty line (FDP) and those above (FDNP), as shown in Table 3.1. The findings indicate that 39% of “financial difficulty” households were below the poverty line whereas nearly 61% of households were above it. Are poorer households more likely to be in financial difficulty than households generally? The percentage of

²³ The corresponding figure for the “debt indicator” in the 2001 LIIS was 6%.

²⁴ Genworth Financial, 2008, p.14-15. The Genworth Index is compiled from responses to survey questions on current financial difficulties and future financial prospects. Stuart Stamp ‘An exploratory analysis of financial difficulties among those living below the poverty line in Ireland’. April 2009.

“financial difficulty” households in poverty was compared to the proportion of the general household population in poverty that same year i.e. 2001. The respective figures are included in Table 3.1 below. The total proportion of persons living in households that were at risk of poverty²⁵ or “poor” was estimated to be 21.9% in 2001 (Whelan *et al.*, 2003, p.12). Thus there were a considerably higher percentage of “poor” households (over 39%) in the “financial difficulty” sample than in the general population at that point.

Table 3.1: Extent of Poverty: All Households and Households Experiencing Financial Difficulties, 2001 (n =184)

	All households	Households in financial difficulty	
	%	%	(n)
At risk of poverty ²⁶	21.9	39.1	(72)
In consistent poverty	4.1	15.2	(28)

Source: Living in Ireland Survey, 2001

To assess the significance of this difference, “odds ratios” were used to determine the likelihood of a poor household being in financial difficulty as compared to a non-poor one. A poor household was three times more likely to be in financial difficulty than a non-poor household. This strongly suggests that there is a relationship between financial difficulties and poverty in Ireland. By applying relevant household weights to the FDP group, we can conclude that around 3.1% of all households, around 38,000 households, were both in financial difficulty and in poverty in 2001.

3.3. Consistent poverty and financial difficulty

These data also strongly suggest that there is a relationship between consistent poverty and financial difficulty (Table 3.1). Just over 4% of the general population were in consistent poverty in 2001. These were households that were in receipt of income below 60% of the median and also reported at least one indicator of basic deprivation (Whelan *et al.*, 2003, p.39). The corresponding figure for the “financial difficulty” sample was just over 15%. Thus a household in financial difficulty was over 3 times more likely to be in consistent poverty than a private household in general.

²⁵ i.e. Below the 60% median income poverty line

²⁶ A household or person is said to be ‘at risk of poverty’ if their net income is below 60% of the national average

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3.4. Fuel poverty and financial difficulty

Is fuel poverty in particular associated with financial difficulty? From the analysis of data in MABSIS records (namely the financial statements of 2006 MABS clients), the answer appears to be “yes”. The amounts being spent by MABS clients on electricity, gas and other fuel costs were ascertained and a household deemed to be experiencing fuel poverty if it was spending more than ten per cent of its total recorded household net income on electricity, gas and/or solid fuel.

Table 3.2: Percentage of MABS Clients Experiencing Fuel Poverty in Comparison with the General Population, 2006 (n =1430)

Group	Experienced fuel poverty
	%
General population	17.8
MABS Clients (n=1430)	40.5
MABS Clients -Social welfare first income (n=912)	55.7
MABS Clients -Wage first income (n=518)	13.7

Source: MABSIS/Sustainable Energy Ireland

Once again a strong relationship between financial difficulty and poverty is indicated by this analysis. Over 40% of clients were found to be affected by fuel poverty thus defined, as shown in Table 3.2 above. This figure is over twice as high as that estimated for Ireland as a whole (Sustainable Energy Ireland, 2003, p.3)²⁷ and would be even higher if housing costs were deducted before carrying out the calculation. As might be expected, it was those on lower incomes who appeared to be most affected by fuel poverty. Over half of clients in receipt of social welfare incomes were found to be spending more than ten per cent of their net income on fuel, compared to around 1 in 7 of those in receipt of a wage as their first income source.

²⁷ Research carried out for Sustainable Energy Ireland by University College Dublin (UCD) estimated that in 2001, 4.7% of Irish households (62,000) were experiencing persistent fuel poverty and an additional 12.7% (165,000) intermittent fuel poverty. The figure used for the sake of comparison by this study is the combined estimate for 2001 i.e. 227,000 households or 17.8% of the private household population at that time (1,279,617) as estimated by the 2002 Census (Central Statistics Office, 2003). Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

3.5. Income and assets

The findings presented in this Paper in relation to resources strongly indicate that there is a relationship between financial difficulty and a real lack of resources. There are three distinct but related factors that have a bearing on adequacy. Firstly, *the amounts* of income that households in financial difficulty receive in comparison to the rest of the population; secondly, the *source(s)* of that income; and finally, *the availability or not of other resources* by way of savings or assets.

3.5.1. Equivalised income

To explore these issues, income data from two groups of households were compared both with one other, and with corresponding data for the population as a whole. The two groups of households were: (i) The “financial difficulty sample” of 184 households identified from the 2001 LIIS (ii) The “financial statement sample” of 1430 clients identified from MABSIS records. The median equivalised income figures were calculated for both groups and the respective figures are shown in Table 3.3 below. These figures were then compared in each case with the respective figures for the population as a whole at the relative times.²⁸ The findings indicate that the net equivalised income of the two groups of households was around **30% lower** in each case than the equivalised income of households in general.²⁹

Table 3.3: Average Weekly Equivalent Income Comparison: Financial Difficulty Sample, MABS Clients, and the General Population, 2001 and 2006

2001	Median equivalised income (€)
General Population	268.80
Financial difficulty sample (n=184)	185.80
Percentage difference between population and sample	30.9%
2006/7	
General population	337.50
Financial statement sample (n=1430)	241.03
Percentage difference between population and sample	28.6%

Source: Living in Ireland Survey, 2001; MABSIS; EU-SILC 2006

²⁸ The median figure for 2001 (€268.80) was provided by the ESRI. The median figure for 2006 (€337.50) was provided by the CSO.

²⁹ The equivalence scale used in respect of each dataset was 1 0; 0.66; 0.33. i.e. total net household income was divided by 0.66 for each additional adult and 0.33 for each child under 14 resident in the household. Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

3.5.2. Income source

Analysis of LIIS (2001) data revealed that there is a strong relationship between financial difficulties and the main income source of the household (Table 3.4). The “financial difficulty sample” was found to contain significantly more households than would have been expected where social welfare was the main source of income (chi-square = 29.4; $p=0.01$). The expected number of households in each income category was calculated on the basis of the weighted proportions of households in each income category in the 2001 LIIS as a whole.³⁰ The income category most at risk of financial difficulty was the group of households in receipt of social welfare as their main income source.

Table 3.4: Observed Frequencies, Incidence and Risk of Financial Difficulty in Comparison to the General Population by Main Household Income Source: Financial Difficulty Sample, 2001 (n =184)

Main income source	Observed frequency	Incidence	Risk of reporting financial difficulty
	(n)	%	(%)
Wage/salary	93	50.5	6.7
Self- employment	7	3.8	4.0
Farming/other	8	4.4	8.2
Private pension/investments	1	0.5	0.5
Social welfare	75	40.8	11.7
Totals	184	100	N/a

Source: Living in Ireland Survey, 2001

³⁰ Nine categories were used to classify the main household income source for the purpose of this analysis. The income categories used by the ESRI to differentiate between different types of income for the purposes of the LIIS are as follows: ‘wages/salaries’; ‘self-employed’; ‘farming’; ‘private pension’; ‘unemployment benefit or assistance’; ‘other social welfare payment’; ‘investments’; ‘children’s allowance’ and ‘other’ (Watson, 2004).

It was necessary to combine categories in some instances for the purpose of analysis as no frequencies at all were observed in the over-indebted sample in respect of two categories, namely ‘investments’ and ‘children’s allowance’. Further, the “expected” frequencies were less than five in some cases, which meant that a chi square test would not work (Hinton, 2001, p.242). Three sets of categories were therefore combined. ‘Unemployment benefit or assistance’, ‘other social welfare payment’ and ‘children’s allowance’ were combined to form one category, namely *social welfare payments*. ‘Farming’ and ‘other’ were combined to form *farming/other*. Finally, ‘private pension’ and ‘investments’ were also combined to form *private pension/investments*.

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Analysis of the MABSIS sample of 4,212 households also contains evidence of a relationship between financial difficulty and income source. The MABSIS database contains details of each client's "first income source". Where a client, partner or other adult living in the household has income from another source, this is categorised as a "secondary" source of income. Table 3.5 below shows the first and second income source of every new client who approached MABS in 2006. Over half of all clients received some form of social welfare payment as their first source of income, and almost 68% of clients in all were in receipt of some form of social welfare payment. Further, nearly 70% of clients had only one source of income.

Table 3.5: Percentages of MABS Clients by First and Second Income Source, 2006 (n =4212)

Income source	First income source	Second income source
	(%)	(%)
Social welfare	54.3	13.6
Wage/employment scheme/FAS	31.8	9.2
None, other, maintenance, self-employed	13.9	8.2
None	0	69.0
Totals	100	100

Source: MABSIS

Are "financial difficulty" households below the poverty line more likely to be in receipt of social welfare payments? As shown in Table 3.6 below, the answer to this question is clearly "yes". Nearly three quarters of "poor" households in financial difficulty (FDP) were in receipt of social welfare as their main source of income. In comparison, only a fifth of "non-poor" households in financial difficulty (FDNP) relied on social welfare. The figures were reversed in terms of wages or salaries. In this case, over 70% of FDP households were reliant on a wage or salary in comparison to only a fifth of FDNP households. Thus again, a relationship between financial difficulty and lack of resources is evident.

Table 3.6: Percentages of Financial Difficulty Sample Relative to the (60% Median) Poverty Line by Main Income Source, 2001 (n=184)

Main source of Income	Households below poverty line (n=72)		Households above poverty line (n=112)	
	%	(n)	%	(n)
Social welfare	72.2	(52)	20.5	(23)
Wage or salary	18.0	(13)	71.4	(80)
Self-employment	4.2	(3)	3.6	(4)
Farming/other	5.6	(4)	3.6	(4)
Private pension/investments	0.0	(0)	0.9	(1)
Total	100	(72)	100	(112)

Source: Living in Ireland Survey, 2001

3.5.3. Savings

Another aspect of a household's resources, often neglected in discussions about financial difficulty, is that of its "realisable assets". The possession of savings is a key part of a household's assets. The question of interest in this study is whether households in financial difficulty are different from households in general in relation to savings. A limitation of the LIIS data in this regard is that it does not seek details of the amount of savings people have. It does however contain details of responses to a question regarding whether the household is able to save some of its income on a regular basis.³¹ Sixty six percent of those in the "financial difficulty" sample who responded to this question (116 respondents: there were 9 non-respondents) said they were not able to save regularly. This compares to a figure of 29.6% for the population as a whole in 2001. Again as might be expected, an inability to save is more evident among the FDP households that make up the "financial difficulty sample" in comparison with their FDNP counterparts. As illustrated by Table 3.7, three quarters of FDP households reported an inability to save compared to just over half of FDNP households. What is interesting is that just under 1 in 5 of those below the poverty line report that they are able to save. This suggests that they are either

³¹ The actual question (H.28.19) used in the LIIS asks respondents whether they are able to save some of their income regularly.

particularly good money managers, have other (perhaps undeclared?) income, or are in receipt of other (e.g. charitable or family) assistance.

Table 3.7: Percentages of Financial Difficulty Sample and Ability to Save Relative to the (60% Median) Poverty Line, 2001 (n=184)

Ability to save some income regularly	Households below poverty line (n=72)		Households above poverty line (n=112)	
	%	(n)	%	(n)
Able to save	18.0	(13)	41.1	(46)
Unable to save	75.0	(54)	55.3	(62)
No response	6.9	(5)	3.6	(4)
Total	100	(72)	100	(112)

Source: Living in Ireland Survey, 2001

3.6. Housing tenure

The issue of resources in the form of assets also arises in relation to housing tenure status. A house is clearly a significant asset given the rises in Irish house prices over recent years, although house values are now on the decline. In the context of financial difficulties, tenure status is particularly important: home-ownership has been found to be the gateway to a range of credit options (Bridges, Disney and Henley, 2006). Thus those who do not have such an asset and associated collateral may find themselves excluded from many of the traditionally cheaper loan products. The question of interest in this study is whether there is a relationship between financial difficulty and tenure status, particularly for those in poverty.

Table 3.8: Percentages of Financial Difficulty Sample and Risk of Financial Difficulty by Tenure Type in Comparison to the General Population, 2001 and 2002 (n =184)

Tenure Type	General population	Financial difficulty sample		Risk of financial difficulty
	%	%	(n)	%
Owner/purchaser private	74.0	41.8	(77)	4.3
Owner/purchaser local authority	6.5	14.7	(27)	31.9
Local authority tenant /rent-free	7.5	38.6	(71)	45.8
Private tenant	12.0	4.9	(9)	3.4
Totals	100	100	(184)	N/a

Source: Living in Ireland Survey, 2001 / Census 2002

Analysis of the LIIS data suggests that there is a strong relationship between financial difficulty and housing tenure status. Table 3.8 above indicates the tenure types of the “financial difficulty” sample in comparison to the population. There were over twice as many tenants, and five times more local authority tenants, in the “financial difficulty” sample as would be expected relative to the population at large. There were also over twice as many local authority purchasers in the sample as would be expected. These differences were highly significant (chi-square = 83.29; p=0.01). Local authority tenants were also found to be the tenure group most at risk of financial difficulties followed by local authority purchasers/owners. Households purchasing their own home, or owning it outright, were those least likely to experience financial difficulty.

The relationship between financial difficulty and tenure type is particularly strong in the case of those households that are below the poverty line. Table 3.9 below clearly illustrates the distinction in tenure type between the two sets of households that comprise the financial difficulty sample, namely FDP and FDNP households. The proportion of households above the poverty line that are private homeowners or purchasers is twice that of households below the poverty line. Tenancy on the other hand is considerably more prevalent below the poverty line. This indicates that “poor” households in financial difficulty

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are more likely to lack both a sizeable asset in the form of the family home and the wider range of credit options that goes with it.

Table 3.9: Percentages of Financial Difficulty Sample Relative to the (60% Median) Poverty Line by Tenure Type, 2001 (n=184)

Tenure Type	Households below poverty line (n=72)		Households above poverty line(n=112)	
	%	(n)	%	(n)
Owner/purchaser: private	26.4	(19)	51.8	(58)
Owner/purchaser: local authority	16.7	(12)	13.4	(15)
Tenant /rent-free	56.9	(41)	34.8	(39)
Totals	100	(72)	100	(112)

Source: Living in Ireland Survey, 2001

The association between tenancy status and financial difficulty among those in poverty is corroborated by analysis of the MABSIS data. Because the headings used by MABS are somewhat different to those used in the LIIS, it is not possible to make direct comparisons. The MABSIS categories used to record tenure type are combined in some instances in Table 3.10 to facilitate comparison with the LIIS data at least to some degree. Five categories are used, as follows:

‘Owner-purchaser private’, comprises the MABSIS categories “mortgage” and “owned”;

‘Owner-purchaser: local authority’, comprises the MABSIS categories “shared ownership” and “tenant purchase”;

‘Local authority tenant’, comprises the MABSIS categories “rented LA”, “social housing” and “sheltered housing”;

‘Private tenant’, comprises the MABSIS category “rented PR”;

‘Other tenure’, comprises the MABSIS categories “other”, “homeless”, “hostel”, “residential” and “living with parents.”

Table 3.10: Percentages of MABS Clients and Tenure Type by First Income Source, 2006 (n =4212)

Tenure Type	Social welfare only %	Social welfare plus other %	Wage only %	Wage plus other %	All clients %
Owner/purchaser-private	17.3	23.3	35.4	53.1	26.3
Owner/purchaser –local authority	0.8	0.6	0.2	0.4	1.2
Local authority tenant	33.0	35.3	12.0	18.2	25.6
Private tenant	33.9	32.5	28.5	18.7	28.1
Other tenure	15.0	8.3	23.9	9.6	18.8
Totals	100	100	100	100	100

Source: MABSIS

These data appear to confirm the relationship between debt problems and tenancy. The proportion of MABS clients (nearly 54%) who were tenants was twice the proportion that were owner/purchasers (that there appear to be as many private as public tenants using MABS services, is unexpected on the basis of the LIIS analysis and suggests the need for further research). There also appears to be a much smaller proportion of local authority purchasers/owners than would be expected from the LIIS analysis. The reason for this appears to be that many such purchasers and owners are being recorded within the “mortgage” or “owned” categories.

What is more relevant in the context of this research is whether different types of tenure are associated with different levels of income of MABS clients. As discussed in the previous section, a “working” distinction was made for the purpose of analysis between four groups of MABS clients on the basis that, in general these groups correspond to gradations of income groups.³² The results of making such a distinction in relation to

³² The four client groups are: - those in receipt of a social welfare income only (“Social Welfare only”: 1812 clients); those in receipt of social welfare plus other income (“Social Welfare plus other”: 1026 clients); those in receipt of a wage only (“Wage only” 844 clients); finally, those in receipt of a wage plus other income (“Wage plus other”: 530 clients).

tenure type are also shown in Table 3.10 above. Over two thirds of MABS clients in receipt of a social welfare payment were tenants, compared to considerably less than half of “waged” clients. Thus, as is the case with the results of the LIIS analysis, the MABSIS data also strongly suggest that tenancy is associated with financial difficulty among those on lower incomes.

3.7. Household size and composition

In relation to household size and composition, the findings indicate that there is a relationship between financial difficulties and the size and composition of households, but suggest that these relationships do not relate specifically to households in poverty.

Table 3.11: Observed Frequencies, Incidence and Risk of Financial Difficulty by Household Composition in Comparison to the General Population: Financial Difficulty Sample, 2001 (n =184)

Household type	Observed frequency (n)	Incidence %	Risk of financial difficulty %
One person	20	10.9	3.8
Couple	12	6.5	2.9
Couple with children	101	54.9	10.9
Couple with other persons	1	0.5	2.8
Couple with children and other persons	4	2.2	4.8
Lone parent with children	33	17.9	13.2
Lone parent with children and other persons	9	4.9	24.5
2 or more family units/non-family households	4	2.2	2.1
Totals	184	100	N/a

Source: Living in Ireland Survey, 2001 / Census 2002

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The average size of household in the “financial difficulty” sample, namely 3.93 persons, is somewhat larger than that for the average household within the population as a whole, namely 2.94 persons according to the 2002 Census (Central Statistics Office 2003, p.19). This difference was highly significant ($p=0.01$) and strongly indicative of a relationship between household size and financial difficulties in Ireland. The poverty line however made little difference in terms of household size, except that households above the poverty line (FDNP households) were found on average to be slightly *larger* than those below (FDP households).

The next stage of the analysis focused on the composition of households in the financial difficulty sample compared to the general population. Certain categories were again combined to ensure that the expected frequency in each was at least 5.³³ As with household size, the findings suggested that there is a significant relationship between financial difficulties in Ireland and the composition of households (chi-square = 62.79; $p=0.01$). This relationship appeared to relate to the presence of children in “lone parent” and “couple with children” households in financial difficulty, as shown in Table 3.11 above. The relationship between financial difficulties and the presence of children in households was further indicated by a calculation of the risk of each household type reporting financial difficulty: lone parent households were found to be at the greatest risk followed by couples with children.

This raises the question of whether the evidence suggests that household composition (i.e. the presence of children in the household) is more of a factor above the poverty line than below it, as was found to be the case with household size. Again the “financial difficulty” sample was divided into two groups, FDP and FDNP, for the purpose of comparison (Table 3.12).

³³ ‘Couple with other persons’ was combined with ‘couple with children and other persons’ to form a category *couple with children (and other persons)*. ‘Lone parent with children’ was combined with ‘lone parent with children and other persons’ to form a category *lone parent with children (and other persons)*. Finally, the category ‘2 or more family units’ was combined with ‘non-family households’ to form *2 or more family units/non-family households*.

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Table 3.12: Percentages of Financial Difficulty Sample Relative to the (60% Median) Poverty Line by Household Composition, 2001 (n=184)

Household type	Households below poverty line (n=72)		Households above poverty line (n=112)	
	%	(n)	%	(n)
One person	19.4	(14)	5.3	(6)
Couple	9.7	(7)	4.4	(5)
Couple with children (and other persons)	54.2	(39)	59.9	(67)
Lone parent with children (and other persons)	16.7	(12)	26.8	(30)
2 or more family units and non-family households	0	(0)	3.6	(4)
Total	100	(72)	100	(112)

Source: Living in Ireland Survey, 2001

There were differences between the two groups of households but these differences were not at all as pronounced as the characteristics discussed to date in this section, and certainly not statistically significant. The overall conclusion is that there is no evidence of a relationship between poverty and the composition or size of households in financial difficulty. The figures do however suggest that there may be an issue worthy of further research, namely the relationship between financial difficulties, poverty and households *without* children, particularly those consisting of only one person; the proportion of such households within the FDP group was almost four times that within the FDNP group.

As with the other characteristics examined thus far, the MABSIS data provided an opportunity to test these findings. Again direct comparisons of patterns in the two databases are difficult because different categories are used within MABSIS as compared to those used in the LIIS and Census data. For the purpose of this analysis, four categories are used. These categories are:

'Single' (comprising the MABSIS categories "single", "widowed", "separated" and "divorced");

'Couple no children' (comprising the MABSIS categories "couple" and "married");

'Couple with children' (comprising the MABSIS categories "married with children" and "couples with children");

'Lone parent' (comprising the MABSIS categories "divorced with children", "separated with children", "single with children" and "widowed with children").

The findings of this analysis are shown in Table 3.13 below. The MABSIS data appear to corroborate the findings of the LIIS analysis: lone parent households were found to be the most frequent users of MABS services and to be the group of MABS clients most likely to be in receipt of a social welfare payment. Single people were the second largest user group of MABS services, again suggesting that the relationship between financial difficulty and households *without* children is one worthy of more exploration. The MABSIS data also suggest that clients categorised as "couples with children" are the group most likely to be in receipt of higher (wage plus other) incomes. This appears to confirm the LIIS finding that households in financial difficulty consisting of couples with children are more likely to be found *above* than below the poverty line.

Table 3.13: Percentages of MABS Clients and Household Composition by First Income Source, 2006 (n = 4212)

Household type	Social welfare only %	Social welfare plus other %	Wage only %	Wage plus other %	All clients %
Single	37.3	14.4	46.5	8.7	29.7
Couple no children	6.6	9.6	12.2	16.0	12.6
Couple with children	14.6	23.9	22.1	50.2	20.5
Lone parents	40.7	51.5	18.3	24.8	36.8
No record	0.8	0.6	0.9	0.3	0.4
Totals	100	100	100	100	100

Source: MABSIS

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Again, although the picture is far from clear, there is no conclusive evidence of a relationship between household composition and financial difficulty among those in poverty. Previous research has identified correlations between lone parent households and debt problems (Berthoud and Kempson, 1992), and between lone parent households and poverty in Ireland (Whelan *et al.*, 2003; Central Statistics Office, 2007). However the findings of this study suggest that the relationship between financial difficulties, poverty and lone parent households is less clear-cut than might be expected. For example, the majority of lone parent households in the financial difficulty sample who were *above* the poverty line were *below* the median income level. The indication therefore is that the “benefits” of above poverty-line incomes are effectively being wiped out for some reason. The most likely explanation has to do with the costs of childcare and other aspects of childrearing.

There is a significant policy focus on “child poverty” in Ireland at present. The danger is that such a focus may ignore children, such as those in the lone parent households in the financial difficulty sample, who would not be officially categorised as being in poverty. The ‘above poverty but below average income’ group are clearly a group worthy of further study in their own right.

To conclude, this study’s findings in relation to household composition suggest that it is a factor related to financial difficulty, particularly in lone parent households: it is not, however, specifically related to poverty except perhaps to some extent in the case of single person households.

3.8. Summary

In this section, the findings of the research into the extent and characteristics of households in financial difficulty in Ireland in general, and among those in poverty in particular, have been presented. The findings strongly suggest that there is an overlap between financial difficulties and poverty in Ireland. Firstly, households in poverty are more likely to experience financial difficulties than households not in poverty. Secondly, households in financial difficulty are significantly more likely to be consistently poor, and to be experiencing fuel poverty, than the general household population as a whole. Thirdly, households in financial difficulty have significantly lower incomes and assets than the

general population as a whole, and, particularly in the case of those in poverty, are significantly more likely to be dependent on a social welfare payment. Fourthly, households in financial difficulty, and particularly those in poverty, were found to be significantly more likely to be tenant households than home purchasers or owners.

There is no conclusive evidence that household composition is connected with the financial difficulties of households below the poverty line, although households with children, and particularly lone parents, are more likely to be in financial difficulty than other household types. Certain issues are identified as being worthy of further research. These are the links between over-financial difficulties and certain groups namely private tenants, single person households and those above the poverty line but below median income (in particular, lone parents).

4. The Characteristics of Financial Difficulties among those in Poverty

This section presents the second set of findings of this research. The focus of this section is on the severity and nature of financial difficulties in Ireland, the different types of debt involved (i.e. the nature of the debt problems) and in particular whether those in poverty have different and more serious debt problems than others. As with the previous section, the findings are based principally on the analysis of LIIS and MABSIS data. In each case, the findings in relation to the population as a whole are presented first and then the findings in relation to households in poverty or those on low incomes. “*Severity*” in this context refers to two separate things. Firstly, it refers to the *persistence* of financial difficulties over time, or how long the problem has lasted to date. Secondly, it refers to the *depth* of financial difficulties, defined as the amount of debt owed relative to the income available to discharge it in the future. “*Nature*” in this context refers to the range or breadth of debts people have, the types of debts they owe and to whom these debts are owed.

4.1. Persistence of financial difficulties

The available data have some limitations in terms of identifying the persistence of financial difficulties in Ireland. In order to examine the issue of persistence as far as possible within the constraints of the data available, the history of each of the 184 households in the 2001 “financial difficulty” sample was examined to identify when they first began to report at least one of the six objective indicators (listed above), and how long they had continued to do so. As mentioned in the previous chapter, sample attrition was a major factor here. It transpired that only 102 of the sample (55%) had been interviewed for 5 waves or more of the LIIS. It was decided, therefore, to focus on these households in order to ascertain the extent to which each had been reporting financial difficulty over the long-term. The findings of this analysis, presented in Table 4.1 below, are striking. They indicate that financial difficulties appear to be a considerably persistent problem for the households that experience it. Over 60% of the 102 households examined were found to have been reporting debt or arrears for 5 years or more.

Table 4.1: Percentages of Financial Difficulty Sample (Interviewed for 5 Years or More) Reporting Persistent Financial Difficulties, 1994-2001 (n = 102)

Number of years household reported debt/arrears	Number of households reporting debt/arrears (n)	Percentage of households reporting debt/arrears (%)
1	9	8.8
2	12	11.8
3	9	8.8
4	10	9.8
5 or more	62	60.8

Source: – Living in Ireland Surveys 1994 – 2001

Administrative data also suggests that financial difficulty is a persistent phenomenon once it occurs, although these data give a more short-term picture as they relate to weeks and months rather than years, as is the case with the LIIS data. The evidence, from an analysis of the annual reports of a sample of 22 of the 39 major local authorities in Ireland, is that where there are arrears in relation to a local authority rent or housing loan account, they tend to be persistent in nature.

Table 4.2: Persistence of Arrears: Local Authority Rental and Housing Loan Accounts, 2004 ³⁴

Period in arrears	Rent Accounts Percentage in arrears	Housing loan Percentage in arrears
4-6 weeks	9.86	7.68
6-12 weeks	13.59	8.75
More than 12 weeks	74.21	71.39

Source: Local Authority Annual Reports, 2004

³⁴ These data are drawn from analysis of the annual reports of 22 local authorities. Data in relation to each of these 22 local authorities is contained in Appendix 3.
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As shown in Table 4.2, over 70% of accounts in arrears were found to have been so for at least 12 weeks (or 3 months). There was little difference between the figures for rent and housing loan accounts overall, although rent arrears appeared to be slightly more persistent.

As might be expected, the evidence from analysis of the sub-sample of 102 “financial difficulty” households, interviewed for 5 waves of the LIIS or more, suggests that financial difficulties are more persistent among poor households. The findings are shown in Table 4.3 below. Although these suggest that FDP households have reported difficulties for longer periods than FDNP households, the limitations of the available data mean that it is not possible to say whether each set of households remained below or above the poverty line during the entire period. What was most noticeable here was that financial difficulties appeared to be a persistent phenomenon for a clear majority in *both* sets of households.

Table 4.3: Percentages of “Financial Difficulty” Sample (Interviewed for 5 Years or More) Reporting Persistent Financial Difficulties Relative to the (60% Median) Poverty Line, 1994-2001 (n =102)

Number of years household reported debt/arrears	Households below poverty line in 2001 (n =37)		Households above poverty line in 2001 (n =65)	
	%	(n)	%	(n)
1	2.7	1	12.3	8
2	5.4	2	15.4	10
3	8.1	3	9.2	6
4	13.5	5	7.7	5
5 or more	70.3	26	55.4	36

Source: – Living in Ireland Surveys 1994 - 2001

4.2. Depth of financial difficulties

“Depth” for the purposes of this study is defined as the amount of debt owed relative to the income available to discharge it. Data held on MABSIS make it possible to calculate the ratio between clients’ incomes and clients’ outstanding debts, as discussed in Section 2. The ratio described in the findings below (Table 4.4) is based on a comparison of two figures derived separately. The first figure is an average “uncommitted” income figure per

client, calculated by identifying the mean disposable weekly income of the 1430 “financial statement clients”. This figure, derived by deducting from each client’s net income, amounts needed for essential items such as food, utilities, domestic and clothing needs, was €44.96. The second figure is an average total outstanding debt figure per client, calculated by identifying the median debt owed by those 4212 clients who make up the “MABSIS sample”.³⁵ This figure was €4,468. The ratio between the two figures can be expressed as a weekly ratio (99:1) or an annual ratio (nearly 2:1). Thus clients overall owe almost a hundred times as much as their weekly disposable (“uncommitted”) income, or twice as much as their annual disposable income, available to service that debt.

Table 4.4: Average Depth of Financial Difficulties of MABS Clients, 2006

MABS Clients 2006	Amount (income)
Average weekly disposable income (mean)	€44.96
Average annual disposable income (mean) N=1430	€2,337.92
	Amount (debt)
Average total outstanding debt (median) N =4212	€4,468.00
	Ratio of debt to income
Debt: Weekly disposable income ratio	99:1
Debt: Annual disposable income ratio	1.9:1

Source: MABSIS

These figures suggest that on average, under the most ideal conditions, it would take around two years for the average MABS client to repay their debts. The ideal conditions would be: that no interest or other charges accrue; that the entire disposable income is used every week without fail to service the debt; that disposable income remains constant throughout the two year period; finally, that no further credit or debts are incurred during this period. If all of these conditions are not met, then the period required for repayment would be longer. This is a long period to maintain such a regime given so many provisos hence the likelihood is that MABS clients are faced with much longer periods before debts are eventually cleared in full.

³⁵ The reason for using the mean to derive average disposable income is that although disposable income figures vary, there are no “huge” figures at the top end to “skew” the average figure. In contrast, there are a relatively small number of clients with huge outstanding debts, which may “skew” the average outstanding debt figure if the mean were used: the median therefore gives a more accurate average for this distribution. Stuart Stamp ‘An exploratory analysis of financial difficulties among those living below the poverty line in Ireland’. April 2009.

Analysis of the data available suggests that those on lower incomes are in fact *less* deeply in difficulty than those on higher incomes. This conclusion can be arrived at by relating the depth of financial difficulty of MABS clients to the income source of those clients using the four categories described in Section 2 (namely “social welfare only”; “social welfare plus other income”; “wage only”; and “wage plus other income”).

Table 4.5: Percentages of MABS Clients and Balances of Outstanding Debt by First Income Source, 2006 (n = 4212)

Balance of outstanding debt	Social welfare clients (n=2838)	Waged clients (n=1374)
€1 - €4,999	64.3	27.4
€5,000 - €9,999	13.4	13.7
€10,000 - €19,999	12.7	22.5
€20,000 +	9.6	36.4
Average debt (median)	€2,301	€13,294

Source: MABSIS

As Table 4.5 above shows, the average amount of debt owed by clients in the social welfare groups³⁶ (€2,300), was considerably *less* than the average amount of debt (almost €4,500) owed by MABS clients as a whole. In contrast, the average amount of debt owed by the wage groups³⁷ (around €13,000), was significantly *more* than that for clients as a whole. Whereas around two thirds of social welfare clients owed less than €5,000, almost 60% of waged clients owed €10,000 or more. Thus waged clients appeared to have borrowed significantly larger amounts than social welfare clients as they were more likely to have had access to credit: on average they owed between five and six times more.³⁸

Higher income waged clients did however have higher disposable incomes (around €84 per week) on average to service the higher levels of debt that they were carrying, almost twice as much as the disposable income of the average client (€45 per week), and nearly four times as much as the average for the social welfare group (€22 per week). Even so,

³⁶ Clients in receipt of a social welfare payment as their first income source.

³⁷ Clients in receipt of a wage or salary as their first source of income

³⁸ This figure does not include mortgage debt.

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the debt: disposable income ratio for the waged group (3:1) was higher than that for the social welfare group (2:1) due to the substantially higher amounts of debt incurred by the former. This suggests that those in the waged group as a whole will take longer on average to clear their outstanding debts. These results are shown in Table 4.6 below.

Table 4.6: Disposable Incomes and Debt: Income Ratios of MABS Clients by First Income Source, 2006 (n = 4212)

	Social welfare clients (n=2838)	Waged clients (n=1374)
Average (mean) weekly disposable income	€22.41	€33.61
Average debt (median)	€2301	€13,294
Average debt: annual disposable income ratio	2 : 1	3 : 1

Source: MABSIS

4.3. Nature of financial difficulties

A debt problem may involve just one debt or several different debts. A situation where a household has two or more outstanding debts is referred to as “multiple debt” for the purposes of this study. The categories used within the LIIS do not enable the number of individual debts owed by those comprising the “financial difficulty” sample to be identified. They do, however, enable the number of types or categories of debt reported, to be identified. Given that a household is most unlikely to be in both rent and mortgage arrears as these are two separate types of tenure, the maximum number of debt types or ‘indicators’ that a household could realistically report is five (i.e. rent or mortgage arrears; utility arrears; hire purchase or credit card arrears; arrears on hospital or medical bills; debt for ordinary living expenses). The Table (4.7) below illustrates the number of debt types reported by each household in the financial difficulty sample:

Table 4.7: Number of Debt Types Reported by Financial Difficulty Sample Households, 2001 (n =184)

Number of types of debt reported	Number of households (n)	Percentage of sample %
1	103	56.0
2	39	21.0
3	34	18.5
4	8	4.5
5	0	0.0
Totals	(184)	(100)

Source: Living in Ireland Survey, 2001

Thus 44% of the sample households may be said to be in “multiple debt” in that these households reported 2 or more types of debt, and over half of them reported three or four different debts. These percentages are almost identical to those found in the UK (Berthoud and Kempson, 1992, p.112).³⁹ Applying these weightings to the general population means that around 44,000 Irish households were “in multiple debt” in 2001.

MABSIS data also contain details of types of debt, but in this case the categories used are more specific.⁴⁰ These data indicate levels of multiple debt to be somewhat higher among MABS clients generally than in the financial difficulty sample: just under 57% of clients were recorded as having 2 or more debts, whilst the remaining 43% were recorded as having just one outstanding debt (Table 4.8). This difference is in line with previous research, which suggests that people who approach money advice centres with outstanding debts tend to be in significantly *more* difficulties and to have a wider range of debt problems than those in financial difficulties as a whole (Kempson, 1995). Even so, both data sources suggest that in the region of half of those who are in financial difficulty are likely to have multiple debts.

Is multiple debt associated with poverty? The available evidence is somewhat conflicting. The LIIS data shows that the poverty line makes little or no difference at all to the

³⁹ 55% of debtors were found to be in arrears with 1 commitment, 22% with 2 or commitments, and 22% with 3 or more commitments.

⁴⁰ The categories used within MABSIS are: Personal bank loans; Moneylender; Credit cards; Local authority rent; Credit union; Fine; Other; Hire purchase; Catalogue; Waste charges; Private rent; Utilities. Stuart Stamp ‘An exploratory analysis of financial difficulties among those living below the poverty line in Ireland’. April 2009.

experience of multiple debt. Around 47% of FDP households (34 out of 72) were in multiple debt compared with 42% of FDNP households (47 out of 112).

A clearer picture of how multiple debt and income appear to be related emerges from the MABSIS data which focuses on individual debts (rather than groups of debts as is the case with the LIIS). Those clients on lower incomes (for whom social welfare was their first income source) were found to be much *less* likely to have multiple debts than those on generally higher ‘waged’ incomes. The results are shown in Table 4.8 below.

Table 4.8: Percentages of MABS Clients and Number of Outstanding Debts by First Income Source, 2006 (n =4212)

Number of outstanding debts	Social welfare only	Social welfare plus other	Wage only	Wage plus other	All clients
	%	%	%	%	%
1	50.9	44.5	32.3	31.7	43.1
2 or more	49.1	55.5	67.7	68.3	56.9

Source: MABSIS

Whereas around a half of those clients dependent on social welfare were found to have multiple debts, in line with the average for clients overall, and in accordance with the figure estimated for the “financial difficulty” population as a whole, this figure rises to over two thirds of clients on generally higher “wage-based” incomes. This increased level of multiple debt among those on higher incomes reflects the type of debts found to be more commonly associated with this group, namely loans to mainstream financial institutions, as described in Table 4.12 below. Taken together, the increased number and different types of debt found to be associated with higher income MABS clients is very much in line with the findings of previous research in the UK that those on higher incomes have a wider range of mainstream credit options than those on lower incomes, and, therefore, have more debts (Berthoud and Kempson, 1992). Hence, higher income MABS clients tend to have more debts outstanding when they run into financial difficulty.

4.4. Types of debt owed

Research in the UK indicates that no one *category* of debt predominates to any great extent. The PSI study, for example, found that the most commonly reported types of arrears among those in difficulty were those in respect of utilities, housing repayments and consumer credit, and that these debts were reported by roughly similar proportions of debtors, as shown in Table 4.9 below (Berthoud and Kempson, 1992, p.138).

Table 4.9: Incidence and Risk of Different Types of Debt, UK and Ireland Comparison, 1992 and 2001

	Financial difficulty sample (2001)n =184	PSI study (UK) (1992)
	%	%
Incidence		
Housing arrears	36.9	32.0
Utility arrears	41.3	35.5
Credit arrears	26.1	28.8
Risk⁴¹		
Rent arrears	14.0	17.7
Mortgage arrears	2.5	3.3
Utility arrears	2.6	3.9

Source: Living in Ireland Survey, 2001 and Policy Studies Institute (UK), 1992⁴²

Analysis of the types of indicators reported by households comprising the financial difficulty sample reveals similar proportions in the Irish context. Just over 41% of the sample reported utility arrears, 37% reported housing arrears and 26% reported hire purchase or credit card arrears. The risk of certain types of arrears occurring was also calculated by the PSI study (p.139). Rent arrears were found to be the most likely to occur followed by arrears on credit cards, utilities and mortgages (p.139). Similar figures were found among the financial difficulty sample but since there was no population figure

⁴¹ Risk was calculated by taking the number of those reporting each of the three types of arrears as a proportion of all those identified as having the relevant account type in question in the 2001 LIIS. For example, there were 308 tenants in the LIIS sample as a whole, thus the risk of a household reporting rent arrears was calculated by dividing the number of households reporting arrears (43) by the total number of rented households (308). A similar calculation was undertaken in respect of the 1003 households with a mortgage. All 2865 private households surveyed for the 2001 LIIS were deemed to have a utility commitment.

⁴² This study was conducted by Berthoud and Kempson (1992).

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available for credit card debt, the risk could not be calculated for this category. Again, the greatest risk related to arrears on rent (14.0%) followed by utility (2.6%) and mortgage (2.5%). Berthoud and Kempson (1992, p.139) also found that twice as many households were in arrears with household bills as compared to arrears with consumer credit repayments. Again, analysis of the financial difficulty sample indicates a similar trend in Ireland in 2001: 112 households were found to be in arrears with rent, mortgage or utility payments compared to 48 households who were in arrears on credit card or hire purchase agreements.

Table 4.10: Types of Debt Owed by MABS Clients, 2006 (n =4212)

Type of debt	Number of clients with an outstanding balance (n)	Percentage of clients with an outstanding balance %
Utilities	2258	53.6
Personal bank loan	1625	38.6
Credit union	1314	31.2
Other	1216	28.9
Credit card	1062	25.2
Moneylender	634	15.1
Local authority rent	417	9.9
Hire purchase	378	9.0
Catalogue	103	2.4
Private rent	88	2.1
Waste charges	82	1.9
Fine	78	1.8

Source: MABSIS

However, the evidence from more recent and detailed MABSIS data, as shown above (Table 4.10), is that these proportions appear to be changing considerably and that problems with consumer credit repayments are now as prevalent in Ireland, if not more so, than household bills in general. Utility debt remains the most likely to occur: 53% of all MABS clients had an outstanding debt of this nature. However, as shown in Table 4.10, in

a noticeable reversal of the order suggested by the LIIS and PSI data, MABS clients are much more likely to owe outstanding balances on bank loans (nearly 39% of clients), credit union loans (31% of clients) and credit cards (25% of clients) than in respect of rent accounts (only 12% of clients).

The picture that emerges suggests that the credit boom, described in the introduction to this study, is resulting in a greater proportion of problem debts relating to loan and credit agreements than was the case before. For example, the PSI data (p.138) suggest that only around 5% of households in arrears owed money on credit cards prior to the occurrence of a similar credit boom in Britain in the 1990s. The percentage of MABS clients owing money on credit cards in 2006 is considerably higher (over 25%).

Table 4.11: Percentage of Financial Difficulty Sample Reporting Different Categories of Arrears Relative to the (60% Median) Poverty Line, 2001 (n =184)

Category of debt	Households below poverty line (n=72)		Households above poverty line (n=112)	
	%	(n)	%	(n)
Rent arrears	16.7	(12)	27.7	(31)
Mortgage arrears	12.5	(9)	14.3	(16)
Utility arrears	48.6	(35)	36.6	(41)
Hire purchase or credit card arrears	25.0	(18)	26.8	(30)
Hospital or medical arrears	2.7	(2)	6.2	(7)
Debt for ordinary living expenses	55.5	(40)	66.9	(75)

Source: Living in Ireland Survey, 2001

The co-incidence of poverty made a difference in respect of only one of the six categories used to identify the financial difficulty sample, namely utility arrears. This was the only category in which the proportion of FDP households exceeded that of FDNP households as shown in Table 4.11 above.

Although not conclusive, the figures suggest that there is a relationship between utility arrears and financial difficulties among households in poverty. The MABSIS data indicate such a relationship much more strongly. MABS clients on generally lower social welfare incomes were found to be around twice as likely to have an outstanding utility debt compared with clients on generally higher 'waged' incomes (Table 4.12).

Table 4.12: Percentages of MABS Clients Owning Different Types of Debt by First Income Source, 2006 (n =4212)

Type of debt	Social welfare only	Social welfare plus other	Wage only	Wage plus other	All clients
	%	%	%	%	%
Personal loan	26.0	27.4	63.7	63.2	38.6
Moneylender	13.2	17.4	15.2	16.6	15.1
Credit card	15.0	20.0	41.7	43.8	25.2
Rent (L.A.)	10.3	11.9	7.7	8.1	9.9
Credit union	24.9	31.0	38.0	42.3	31.2
Fine	2.3	1.9	1.5	0.75	1.8
Other	23.3	28.7	40.3	30.2	28.9
Hire purchase	6.7	7.8	12.8	13.0	9.0
Catalogue	1.8	3.5	2.6	2.3	2.4
Waste charges	1.5	3.5	1.2	1.7	1.9
Private rent	2.5	2.3	1.4	1.3	2.1
Utilities	61.3	66.2	31.2	37.7	53.6

Source: MABSIS

The converse is true in relation to personal bank loans and credit cards, where waged clients were found to be twice as likely on average as social welfare clients to have such debts. Again, this bears out earlier findings that higher income clients have higher levels of debt linked to a wider choice of credit options. In some cases, the proportions reporting particular types of debt increased as average incomes decreased. Examples of these types of debt are local authority rent, private rent, fines and utilities. In other cases the Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

percentages reporting particular types of debt increased in line with average income. Examples of these types of debts are credit card, personal bank, credit union and hire purchase loans.

Research in the UK makes a distinction between two such groups of debts (Parker, 1990). The first group of debts, described as “primary” or “priority” debt, consists of arrears on unavoidable household bills such as housing or a utility. Another way of looking at this group of debts is that they generally carry with them the most severe sanctions in the case of default such as eviction, disconnection and imprisonment (MABS National Development Limited, 2006, section 2, p.7). The second group of debts is described as “secondary” or “non-priority” debt. These are debts where money has been borrowed on credit. These debts generally carry lesser sanctions in the case of default. Research in the UK has found that primary or priority debt tends to be more associated with those on lower incomes, whereas secondary or non-priority debt tends to be more associated with those on higher incomes (Parker 1990; Berthoud and Kempson, 1992). The evidence from the MABSIS data is that such relationships also exist in Ireland. Priority debts on household bills were more common among those for whom a social welfare payment was their primary source of income. Secondary debts were more likely to be incurred by those on higher, waged-based, incomes.

One final point of interest with reference to the MABSIS data relates to the proportions of clients from the different income groups that have outstanding balances to two particular types of creditor, namely credit unions and moneylenders. Both of these credit providers have traditionally been linked with the provision of loans to those on low incomes. The evidence from the data is that neither lender is particularly associated with the lower income (social welfare) MABS client-groups: indeed in the case of credit unions, the data suggest that proportionately more lending is now being extended to relatively higher income groups.

4.5. Summary

This section has presented the second set of findings of this research, those relating to the seriousness and nature of the problem of financial difficulties in Ireland. Debt problems were found to be much more persistent over time than expected and particularly so among Stuart Stamp ‘An exploratory analysis of financial difficulties among those living below the poverty line in Ireland’. April 2009.

those in poverty. In terms of debt repayment, the periods involved are long and likely to be even longer than estimated, given that these are based on various presumptions such as fixed debt amounts, accrual of no further charges and no sudden demands on income and resources. The evidence suggests that sudden demands on limited incomes are a major reason why people run into difficulties with their repayments (Conroy and O'Leary, 2005, p.93), hence it is reasonable to presume that such demands will occur from time to time and that as a consequence, people will take longer to clear their debts.

Debts are owed to a range of credit institutions, public authorities and utility companies, but a significant difference between those on lower and higher incomes was identified in relation to the types of debt owed. Those on lower incomes were found to be more likely to owe primary or priority debts, such as those related to housing and utilities, whereas those above the poverty line were found to be more likely to owe money on secondary or non-priority debts such as personal loans and credit cards. Thus those in poverty owed more serious debts or those that had, potentially, more severe consequences. In contrast, the findings suggest that those on relatively higher incomes are likely to experience a greater breadth and depth of financial difficulty, as a result of having access to a greater choice of credit options, particularly banks and other mainstream lending institutions. The evidence is that it will take these households considerably longer than poorer households to clear their outstanding debts, as the amounts involved are so considerable.

5. Causes of Financial Difficulties

The interview schedule used with a sample of MABS clients included two questions specifically concerned with the causes of financial difficulties.⁴³ The questions were intended to gather information on people's own perceptions of how their debt problems arose. The purpose was to identify as far as possible in each case whether debt problems came about as a result of factors within or outside an individual's control; or, to put it another way, to distinguish between "passive" and "active" financial difficulty. This method drew on both the approaches and findings of similar research in the UK (Mannion, 1992; Hinton and Berthoud, 1988).

5.1. Root causes

In most cases, the root cause was clearly identifiable by the respondent, although in a small number of cases, the answers were not as clear. In such cases, the root cause was identified as being the thing or "trigger" that happened first from the series of events described.

Table 5.1 below categorises the root causes of respondents' financial difficulty as identified from the responses of the clients themselves. Illness was the most cited category (6 respondents) followed by relationship breakdown (5 respondents). What was noticeable however was that there were a variety of reasons given (16 in all could be identified) and that no one reason predominated to any great extent. People appeared to be very honest and blamed themselves for their difficulties in many cases for over-borrowing (4 respondents), poor money management (3 respondents) and poor business planning (4 respondents).

⁴³ Question 30 (a) I'd like to end by asking you about how your financial difficulties came about and how they affected you and your family. Could you describe as best you can the cause of these difficulties, by the cause I mean the thing at the root of the problem?

Question 30 (b) Was there anything that made the problem worse?

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Table 5.1: Root Cause of Financial Difficulty as Identified by Interview Respondents, 2007 (n =36)

Root cause	Number of respondents (n)
Illness	6
Relationship breakdown	5
(Over-) Borrowing	4
Business failure –planning	4
Money mismanagement	3
Redundancy	2
Addiction	2
Ongoing low income	2
Other ⁴⁴	8

Source: MABS Client Interview Survey 2007

There are many different ways of distinguishing between and/or categorising these various responses. Three of these are used in Table 5.2 below. Daly and Walsh for example use three categories: “inadequate income” (no identifiable reason); “life event or crisis”; “money management” (Daly and Walsh, 1988). Hinton and Berthoud also use three categories, although these are somewhat different namely: - “sudden reduction in income”, “unexpected increase in needs”; “emotional crises” (Hinton and Berthoud, 1988). A third possibility is to use the French distinction between “passive” and “active” over-indebtedness as described in Section 1; in other words, to make a distinction between factors outside a person’s control such as “*force-majeure*” factors, and those within a person’s control, namely behavioural factors.

There are difficulties in attempting to make such a distinction from the clients’ responses in some cases. It could be argued for example that addiction can be either “active” or “passive” depending on one’s point of view. There could be similar arguments about

⁴⁴ There was one reported instance of each of the following: business failure through economic circumstances; unemployment; change in employment terms; accident; income drop; bereavement; “officialdom”; pregnancy.

pregnancy, business failure and relationship breakdown, depending on the circumstances involved in a particular case. For the purposes of the distinction made in the table below, addiction and business failure through a reported lack of planning are classified as “active” factors. Relationship breakdown, pregnancy and business failure as a result of increased overheads brought on by economic circumstances, are conversely categorised as “passive” factors.

Table 5.2: Root Cause of Financial Difficulty as Identified by Interview Respondents by Different Classifications, 2007 (n=36)

Root cause	Number of respondents (n)
Daly/Walsh classification	
Inadequate income	2
Life event or crisis	23
Money management	11
Hinton and Berthoud classification	
Sudden reduction in income	19
Unexpected increase in needs	3
Emotional crises	0
Other reason	14
French system “active” v “passive” classification	
Active reason	13
Passive reason	23

Source: MABS Client Interview Survey 2007

What emerges strongly from the table is that in each of the three categorisations, a leading category emerges. In the case of Daly/Walsh, it is “life event or crisis” (64%). In the case of Hinton/Berthoud, it is “sudden reduction in income” (53%). Finally, in the “French” distinction, it is “passive” financial difficulty (64%). In other words, whichever method of categorisation is chosen, and given that there are some moot points in terms of how different factors may be most appropriately categorised, the conclusion appears to be that the individual factors reported were “external factors”, *largely beyond the control of the individuals themselves*. It would be hard to argue that illness, unemployment, redundancy,

breakdown of a violent relationship, accident, bereavement and a unilateral change in employment conditions by an employer are anything other than “external” factors.

There is also evidence of “external factors” in some of the “active” responses. For example, there are indications of irresponsible lending in the “over-borrowing” responses; of irresponsible non-payment by business creditors in the “business failure” responses; finally, one may take the view that addiction is an illness to some degree beyond a person’s control and should therefore be categorised more as a “passive” than an “active” factor. Whatever view is taken on these specific issues, the responses overall suggest strongly that financial difficulties amongst MABS clients in Ireland arise significantly more as a result of things that happen *to people*, rather than things being done or not being done *by people*. Money management or financial planning appears to be the root cause in only a minority of cases (11 out of 36 or 31%).

5.2. Compounding factors

What is particularly notable here is that budgeting difficulties and mismanagement of money were not mentioned at all by respondents as factors compounding their problems. What was also noticeable about the responses given by the vast majority of respondents was that very rarely was there a cause that operated on its own. Many other factors were cited as making the problems worse. Again, these factors were identified from the various responses given, and are presented in Table 5.3 below.

In some cases, more than one compounding factor was given, hence the total responses are more than 36. Again, as with root causes, one factor stands out as compounding the problem: *a drop in household income*. This was specifically mentioned by over half of all respondents (19). Work-related issues were also clearly a major factor for respondents: a variety of such issues were mentioned by a third of respondents (12). Again, these issues are linked to income and to its limitations. Children’s needs were also cited on a number of occasions (5). Previous research into the causes of financial difficulty among clients of money advice services has also noted the presence of “compounding problems” such as these.

The loss of a job, divorce, sickness, death, pregnancy might not in themselves have inevitably caused financial problems; many other people might have survived such

crises without incurring debts. But what seemed significant about our sample was the number of compounding problems people were dealing with which intensified the repercussions of the original event, making it more difficult to cope (Hinton and Berthoud, 1988, p.31).

Table 5.3: Factors Compounding Financial Difficulties as Identified by Interview Respondents, 2007 (n =36)

Compounding factor	Number of respondents (n)
Income drop	19
Children's needs	5
Reduced work hours	3
Depression	3
Gave up work entirely	2
Loss of job	2
Failure to find adequately – paid work	2
Relationship breakdown	2
Pride/embarrassment in claiming financial help	2
Lack of insolvency options	2
Essential repairs	2
Other ⁴⁵	9

Source: MABS Client Interview Survey 2007

⁴⁵ There was one reported instance of each of the following: inability to work; partner not working; nature of (contract) work; illness of family member; bereavement; spending behaviour; expensive borrowing; failure to receive maintenance; failed subsequent business.

5.3. Borrowing

Prior to experiencing financial difficulties, all respondents with the exception of two had borrowed for something from somewhere. In only 4 out of 36 cases (11%) was this borrowing mentioned as a root cause of debt problems and in only one case as a compounding factor (by a respondent who referred to the costs involved in borrowing from a moneylender). Respondents had sought credit for a wide variety of reasons as discussed below.

The issue of income inadequacy highlighted in Section 3, was also referred to in the responses given as to the reasons for people's borrowing, albeit indirectly. The common perception is that poor people borrow for essentials and more affluent people borrow for luxuries. Leaving aside what is actually meant by these contested terms, there is evidence that a significant proportion of respondents (almost a third) had borrowed for essentials. A question was put to all respondents to ascertain whether borrowing was a factor in giving rise to their financial difficulties. Again an open question was posed to allow respondents to talk about their borrowings at length if they wished to do so.⁴⁶

Some respondents gave multiple responses to this question, others responded that they had borrowed solely for one or two specific purposes, whilst a small number (2) had not borrowed at all for any specific purpose. The findings, presented in Table 5.4 below, indicate that borrowing had taken place for a wide range of purposes and that no one purpose predominated. What was particularly noticeable, however, was that in a considerable number of cases (10 out of the 36 clients interviewed or 28% of the sample), people reported that they had borrowed for things such as bills, family events, debt repayment and living expenses, that one might expect to be paid out of current resources (i.e. income and realisable assets or savings), were these sufficient. Such borrowing has been referred to as "survival borrowing" (Daly and Walsh, 1988, p.99). A comparative figure for the population as a whole is 8.8% (Central Statistics Office, 2007, p.9). Although these two figures are not directly comparable as they are based on responses to different stimuli, nevertheless, there is an indication that substantially more borrowing is taking place among MABS clients for essential living expenses than among the population at large.

⁴⁶ The question posed was: 'One of the things sometimes associated with financial difficulties is the reason people borrow. Were any of your debts taken on for a specific purpose and if so what was this purpose?'. Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

Table 5.4: Reasons for Borrowing given by Interview Respondents, 2007 (n=36)

Reason given	Number of respondents (n)
Bills/repay debts	9
Motor vehicles	9
Household furniture/appliances	7
Home improvements	7
Business purposes	7
Family events	6
Holidays/travel	6
Living expenses	4
House purchase/deposit	2
Children's education	1
Legal costs	1
Addiction	1

Source: MABS Client Interview Survey 2007

5.4. Summary

The evidence from the survey suggests that money mismanagement or failure to budget is a direct or compounding cause only in around a third of cases. The predominant causes of financial difficulty among the interview respondents were linked to things or events that were largely outside of their control in the first place. Budgeting advice would not have prevented illness, unemployment, redundancy, bereavement or accident, for example. Nor was credit a major factor identified by respondents as causing financial difficulties or as exacerbating them, although people in poverty were found not to be using as wide a range of credit sources, as those on relatively higher incomes. The indications were that low income was a factor causing people to have to borrow for *essential* items in a considerable number of cases.

6. Conclusions and Policy Recommendations

This study has identified a strong relationship between financial difficulties and poverty in Ireland. There are a number of features of this relationship. Firstly, people in poverty are significantly more likely to experience financial difficulties than others, and people who are in financial difficulty are more likely to experience consistent and fuel poverty than people in general. Secondly, people in poverty are more likely to experience persistent debt problems which last for considerable periods of time. Thirdly, people in poverty are more likely to experience different types of debt problems to those on higher incomes; these types of debt (household and utilities) have more serious consequences than the types of debt owed by those on higher incomes (loans and credit).

There is also a strong relationship between financial difficulty and those on lower than average incomes. Households that are in financial difficulty receive net incomes which are, on average, 30% lower than households in general. The relationship between financial difficulties and poverty/low income in Ireland strongly suggests the underlying cause of these difficulties to be socio-economic. This conclusion is supported by the findings in relation to the characteristics of those who are in financial difficulty in Ireland. Strong relationships were identified between debt problems and lack of assets, social tenancy, social welfare recipients and households consisting of those parenting alone.

In terms of the causes of financial difficulties, the evidence suggests that these are caused by a combination of factors rather than any one sole factor. However, grouping these factors reveals that external or “force majeure” factors are the most common reason for people getting into difficulties, whilst individual or “behavioural” factors are a root cause in only a minority of cases. A drop in income as a result of unforeseen events is the main contributory factor to the escalation of financial difficulties.

6.1. Measures to address financial difficulties among those on low income

These findings have a number of implications for the development of policies to tackle financial difficulties in Ireland. Although MABS remains a highly regarded initiative, the findings suggest that specific measures, in addition to budgeting advice, are needed for

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those on lower incomes in order to prevent the spread of financial difficulty. The seminal work on credit and debt in the United Kingdom (Berthoud and Kempson, 1992, p.181), argues '*if the risk of debt is directly related to levels of income, raising the income of the poorest would reduce the extent of debt*'. This is also an overriding conclusion of this study. Income is however only one part of a household's potential resources. Assets are also important to provide security for the future and a "buffer" against unforeseen or unexpected occurrences such as those that affected the majority of respondents to the interview survey.

In recent years, an innovative approach to the re-distribution of assets in the form of savings to those on low incomes, a concept referred to as "*asset welfare*", has developed in the UK (White, 2008; De Wispelaere, 2008). Examples of asset welfare schemes are the *Child Trust Fund*⁴⁷ and the *Savings Gateway*⁴⁸. These schemes have been found to be successful in enabling those on low incomes to build up assets in the forms of savings which can among other things, prevent, and tide people over, periods of financial difficulty; they also provide people with a sense of security for the future and encourage a "savings habit" (Kempson, McKay and Collard, 2005).

Ironically, the only similar scheme which was provided in Ireland benefited those on *higher* incomes more than it did those on lower incomes. The Special Savings Incentive Accounts (SSIA), a government-backed scheme which ran from 2001 to 2007, with the aim of taking money out of the economy to prevent it over-heating, encouraged people to save up to €254 per month with a range of financial institutions for a five year period. In return, the Irish Exchequer contributed 25% of the savings made, payable by way of a lump sum after five years. Many on higher incomes, who were able to save the maximum permitted, benefited hugely from this scheme whereas those on lower incomes who could not afford to save the minimum required, did not. A proposal for a parallel savings scheme, aimed specifically at low-income MABS clients, was not accepted by the government (Corr, 2006, p.125-6). The findings of this study strongly suggest that such a scheme be re-considered.

⁴⁷ The Child Trust Fund consists of a lump sum provided by the UK Government to a child at birth, which is only accessible when, that child reaches 18. Money can be added to the account over time, up to a maximum amount.

⁴⁸ The UK Savings Gateway is aimed at providing an incentive for low-income households to save. Regular savings made by individuals into a specific savings account are added to by the Government. Stuart Stamp 'An exploratory analysis of financial difficulties among those living below the poverty line in Ireland'. April 2009.

Finally with respect to those on lower incomes, the findings of this study in relation to types of debt strongly suggest that use of mainstream credit is strongly related to higher income in Ireland in line with similar research in the UK. Thus more needs to be done to enable people to access and use more affordable and appropriate financial services. The development of basic bank accounts as a gateway to a range of such services has been proposed by the Combat Poverty Agency (2008): a requirement to develop such accounts has recently been included as part of the Irish Government's 'banks recapitalisation package'.⁴⁹ Credit unions are also developing such accounts, referred to as "service accounts".

Initiatives to promote the development and use of appropriate and affordable insurance and credit products are also needed (Corr, 2006). Ireland is fortunate to have a well-developed, and greatly envied, credit union movement. Credit unions in the UK have been used as a vehicle to provide immediate, low cost, loans to those who are in need of credit but do not have the savings or collateral normally required.⁵⁰ A similar model could be adopted in Ireland.

6.2. Measures to address financial difficulties in general

Although this study identifies a relationship between poverty and financial difficulties, it also shows that debt problems are not confined to people in poverty, or to those on low income. Those on higher incomes were found to owe considerable amounts of debt and to have multiple, generally mainstream, creditors: they were thus more broadly and deeply in debt. Measures to address financial difficulties in general are therefore also needed. In addition to money advice, which is already very well developed and regarded in Ireland, there are two additional measures that would help to address financial difficulties in general in Ireland: debt settlement/personal insolvency measures, and measures to curb irresponsible lending and promote responsible borrowing.

In the Scandinavian countries, such as Sweden and Norway, along with France, Germany, the UK and others, "debt settlement" provisions have been put in place. Debt

⁴⁹ 'Government statement: full text', *Irish Times*, 22nd December, 2008.

⁵⁰ The UK government provides a "Growth Fund" to provide affordable lending to those who are excluded from affordable credit. The Fund, currently stg. £80 million, is administered through third sector organisations, predominantly credit unions.

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settlement is in effect a legally-backed process that operates as a practical alternative to bankruptcy in many countries, and in Scandinavia in particular (Nykvist, 1996; Rokhaug, 1998). The process enables a person, who has little realistic hope of ever repaying his/her debts, to apply for a legally binding arrangement to pay a composition or part payment in accordance with their means over a realistic period, commonly five years. At the end of this period, the person or debtor effectively is given a “fresh start”, and the opportunity to become a user of credit again with a clean slate. Evidence from the Netherlands shows that the majority of those who undertake debt settlement programmes complete these programmes, and are able to make a fresh start (Von Bergh *et al.*, 2006). Ireland remains one of the few European countries which has yet to put in place such a system for the repayment of problem debts (Joyce, 2003).

The result is that the Irish system, by and large, continues to treat individual debts owed by the same person as a series of stand-alone problems whereas the Scandinavian system views these as part of the same problem i.e. it is more “holistic” and focuses on the person, rather than the debts. A voluntary “pilot” scheme based on the same principles, and incorporating many of the features of the Scandinavian system, was introduced in Ireland in 2001 as a result of intensive negotiations between the Irish Banking Federation, MABS and the Free Legal Advice Centres. However this scheme was discontinued in 2006 and there are no plans to extend it. The cessation of this pilot scheme contrasts starkly with the continuance of similar “amicable” or “out of court”, schemes in the UK. One well-used scheme administered by insolvency practitioners in England and Wales involves agreeing “Individual Voluntary Arrangements” (IVAs) with creditors, whereby part-payment of the total debt is repaid as part of a formal agreement outside of the legal process (European Commission, 2008, p.96). No such amicable schemes currently exist in Ireland.

As regards irresponsible lending, the amounts of money owed on average by those on higher incomes suggest that this is a factor giving rise to financial difficulties in Ireland although it is probably true to say that credit consumers “over-borrowing” is also a factor. In most European countries, responsible lending is largely left to the credit industry to self-regulate, although there is a notable exception in the rigorous procedure required of lenders in Belgium who are required both to consult a central credit register, and to collect full, and precise information, about potential borrowers’ ability to repay

(European Commission, 2008, p.68). Potential borrowers are also under a legal obligation to provide lending institutions from whom they are seeking credit, with the information they require to make such a judgement. The Belgian approach is in stark contrast to the “softer” approach in Ireland. The evidence from this study is that a more regulatory approach is needed to tackle irresponsible lending and associated over-borrowing.

Overall, the policy response to financial difficulties in Ireland is quite different from that in many European countries, and is largely dependent on a one-dimensional approach, namely the provision of advice on budgeting and money management. The findings of this study indicate that a much more strategic and multi-dimensional approach is required. Measures are needed to tackle financial difficulties in general, whilst specific measures in addition to those currently provided, are required to address financial difficulties among those on lower incomes, including those in poverty.

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Appendices

Appendix 1: Aggregate Amount Outstanding to Credit Institutions in Respect of Irish Residents 1999-2008 (€Million)

Type of credit	January 1999	April 2002	August 2005	February 2008	Per cent Change (1999 to 2008)
Residential mortgages	20,213	36,268	85,944	124,888	+517.8%
Instalment credit/ Hire Purchase / leases	2,258	4,026	3,632	3,855	+70.7%
Term/revolving loans	21,817	53,078	89,576	142,251	+522.0%
Overdrafts	5,754	6,054	6,489	8,604	+49.5%
Credit cards	547	1,255	2,106	2,919	+433.6%

Source: Central Bank Quarterly Bulletins – June 1999; Winter 2002; August 2005; April 2008

Appendix 2: Questions Relating to Financial Difficulties Contained in the Living in Ireland Surveys 1994 - 2001

Subjective questions

H.18: By 'total housing costs', we mean the repayments on loans and mortgages (if relevant) as well as property tax, the cost of repairs, heating and other household charges. To what extent are these housing costs a financial burden to you? Are they: a heavy burden; somewhat of a burden; no burden at all

H.24: By 'total housing costs', we mean rent, repairs, any charges for electricity, water, heat etc. To what extent do these housing costs represent a financial burden to you? Would you say they are: a heavy burden; somewhat of a burden; no burden at all

H.30: To what extent is the repayment of such debts (*hire purchases or loans*) and the interest involved a financial burden on your household? Would you say that it is a heavy burden; somewhat of a burden; not a problem?

H.31: Thinking now of your household's total income, would you say that your household is able to make ends meet? With great difficulty; with difficulty; with some difficulty; fairly easily; easily; very easily

Objective questions

H.32.1: Has your household been in arrears at any time in the last 12 months that is to say unable to pay as scheduled *rent* for accommodation?

H.32.2: Has your household been in arrears at any time in the last 12 months that is to say unable to pay as scheduled *mortgage* repayments?

H.32.3: Has your household been in arrears at any time in the last 12 months that is to say unable to pay as scheduled *utility* bills (electricity, water, gas etc)?

H.32.4: Has your household been in arrears at any time in the last 12 months that is to say unable to pay as scheduled *hire purchase instalments* or *credit card debts*?

H.32.5: Has your household been in arrears at any time in the last 12 months that is to say unable to pay as scheduled *hospital or medical bills*?

H.33: Has the household *had to go into debt* within the last 12 months to meet ordinary living expenses such as mortgage repayments, rent, food, Christmas or back to school expenses?'

Source: Economic and Social Research Institute, Household Questionnaire, *Living in Ireland Surveys*, 1994 to 2001

Appendix 3: Arrears on Local Authority Rent and Housing Loan Accounts 2004

Local authority	4-6 weeks (rent)	6-12 weeks (rent)	More than 12 weeks (rent)	1 month (housing loans)	2-3 months (housing loans)	More than 3 months (housing loans)
	% of accounts in arrears	% of accounts in arrears	% of accounts in arrears	% of accounts in arrears	% of accounts in arrears	% of accounts in arrears
Clare	25.00	10.00	65.00	13.00	28.00	59.00
Cork	2.68	10.93	73.13	3.33	2.80	88.66
Dublin	3.50	9.60	86.90	5.80	4.20	90.00
Dun Laoghaire /Rathdown	7.90	19.50	62.50	9.64	4.46	82.25
Fingal	8.16	17.07	65.95	0	42.89	57.11
Galway	9.00	8.00	51.00	17.00	44.00	39.00
Kerry	6.49	18.54	67.38	10.39	6.74	75.41
Kilkenny	5.50	11.80	65.50	6.50	5.90	79.70
Laois	28.00	20.83	50.54	-	-	-
Leitrim	13.00	18.40	56.40	65.00	0.50	30.00
Louth	13.64	22.62	54.38	11.70	7.19	70.55
Longford	6.00	10.00	78.00	8.00	2.00	86.00
Mayo	6.00	9.00	53.00	7.00	12.00	71.00
Monaghan	7.40	13.60	63.10	8.30	6.20	85.50
Offaly	7.80	19.90	60.77	7.00	7.00	69.00
Sligo	1.00	3.00	94.00	3.00	3.00	93.00
Tipperary N.	6.00	11.00	73.00	2.00	1.00	95.00
Tipperary S.	29.85	12.65	34.62	15.8	15.31	68.89
Waterford	9.14	17.69	65.04	13.64	11.96	65.94
West Meath	3.30	6.10	88.60	4.00	1.80	93.80
Wexford	7.78	15.15	53.21	1.05	7.81	28.09
Mean	9.86	13.59	74.21	7.68	8.75	71.39

Source: Local Authority Annual Reports, 2004

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