



EUROPEAN COMMISSION
EUROSTAT

Directorate F: Social and information society statistics
Unit F-3: Living conditions and social protection



EU-SILC 2008 MODULE ON OVER-INDEBTEDNESS AND FINANCIAL EXCLUSION

1. INTRODUCTION

The Commission Regulation 215/2007 presents the list of target secondary variables relating to over-indebtedness and financial exclusion. This ad-hoc Module was carried out in 2008 by the EU-27 countries plus Iceland and Norway¹.

The main characteristics of the 2008 Module are the following:

- **Units**

The target variables relate exclusively to the household. Where dealing with financial services, the household should be understood as any member of the household.

- **Modes of data collection**

For all target variables the mode of data collection is one of the following:

- Personal interview with the household respondent.
- Extraction from registers.

- **Reference periods**

The target variables relate to four types of reference period:

- Last 12 months – for the variables related to "arrears".
- Next 12 months – for the variables related to "future expectations".
- Last 3 months – for the variables related to "un-cleared balance credit/store card".
- Current – for all other variables.

- **Target variables**

The 2008 Module consists of 38 variables (five of them optional). Despite their number, not all questions were asked to all households because they depend on the positive answer to a previous question (ex. if MI010=2 then variables MI020, MI025 and MI026 were not asked). The variables are the following:

- Bank accounts and overdraft
 - MI010: Household has a bank current account
 - MI020: Household is overdrawn on one of its bank accounts
 - MI025: Estimated total amount unbalanced on household's banks accounts in classes
 - MI026: Total amount unbalanced on household's banks accounts (exact amount). Optional Variable
- Credit/store cards
 - MI030: Household has credit card(s) and/or store card(s)
 - MI040: Household has credit card(s) and/or store card(s) with un-cleared balances
 - MI045: Estimated total amount unbalanced at the last monthly statement on household credit/store cards in classes
 - MI046: Total amount unbalanced at the last monthly statement on household credit/store cards (exact amount). Optional Variable

¹ Switzerland and Turkey also carried out the 2008 Module but have not yet sent their results to Eurostat.

- Source of credits and loans
 - MI050: Household has credits or loans (other than mortgage for the main dwelling)
 - MI051: Household has mortgage for other than the main dwelling
 - MI052: Household has hire purchase instalments (e.g. leasing, car, technical equipment)
 - MI053: Household has home-related credit/loans (inventory, domestic appliances, repairs)
 - MI054: Household has credit/loans to pay for holidays/leisure
 - MI055: Household has credit/loans to pay for education or childcare
 - MI056: Household has credit/loans to pay for health issues
 - MI057: Household has credit/loans for investment or business start-up
 - MI058: Household has other cash loans (debt conversion, to cover overdraft, credit card and other bills, etc.)
- Arrears
 - MI060: Arrears on other non-housing household bills
 - MI065: Estimated total amount currently in arrears for other non-housing household bills in classes
 - MI066: Total amount currently in arrears for other non-housing household bills (exact amount). Optional Variable
 - MI075: Estimated total amount currently in arrears for household housing bills/repayments in classes
 - MI076: Total amount currently in arrears for household housing bills/repayments (exact amount). Optional Variable
 - MI085: Estimated total amount currently in arrears for household other loans and credit repayment in classes
 - MI086: Total amount currently in arrears for household other loans and credit repayment (exact amount). Optional Variable
- Drop in income
 - MI090: Major drop in household income during the last 12 months
 - MI095: Main reason for drop in income
- Future expectations
 - MI100: Expectation of financial situation in the next 12 months; do you expect your financial situation
- Financial exclusion
 - Reasons why the household does not have a bank current account
 - MI110: Household does not need an account and prefers to deal in cash
 - MI111: The charges are too high
 - MI112: There is no bank branch near where household lives or works
 - MI113: Household has applied for an account and been turned down
 - MI114: Banks would refuse household
 - Reasons why the household does not have commercial credit
 - MI120: Household does not need to borrow at all
 - MI121: Household can borrow from family or friends
 - MI122: Household will not be able to repay debt
 - MI123: Household has applied for credit and been turned down
 - MI124: Household used to have credit but the facility was withdrawn
 - MI125: Banks would refuse to give credit to household

2. DESCRIPTION OF THE DEFINITIONS

This section describes the main definitions used in the description of the variables in the 2008 Module.

- **Definitions**

(1) *Amounts*

Variables for collecting amounts: the amount is to be collected according to a harmonised discrete scale established by the Working Group on Living Conditions.

(2) *Bank account*

- (a) Bank current account: deposit account offering day-to-day money management facilities such as various flexible payment methods to allow customers to distribute money directly to others. Among standard services of current accounts we find a cheque book, the facility to arrange standing orders, direct debits and payment via a debit card. Current account is not a saving account where no such facilities are available.
- (b) Bank account overdraft: the household is currently maintaining negative balance on one of its banks account because of financial difficulties (urgent need of money, output higher than input...). Interests are charged on the amount owed. Bank accounts do not need to be current account.
- (c) Equivalent poverty line monthly income (EPLMI): amount obtained by dividing by 12 the EU-SILC poverty threshold (equivalised disposable income). The amount is exactly the same as the amount used in variable HS060. Calculation for year "N" comes from year 'N-2' EU-SILC data. Implied income ranges are provided as meta information to Eurostat.

(3) *Credit/store cards*

- (a) Credit cards (Visa, Amex, Master Card, Diners...) are characterised by a specific credit facility: money is lent to people between the time they purchase goods and the time of full repayment of the amount; an interest is to be paid on any balance that is not cleared at the end of the month. There are monthly statements for the money spent specifying the minimum amount to be paid. Credit cards are not bank debit cards, where the money spent on the card is immediately deducted from a linked bank account.
- (b) Store cards are credit cards issued by a single company/store and can only be used for the company/store payments.
- (c) Un-cleared balance: The household has not paid in full the end of the month the amount spent or owed with credit/store cards for at least the 3 last months because of financial difficulties.

(4) *Source of credit and loans*

Credit and loans encompasses any commercial credit or loans with planned and scheduled repayments, except mortgage loans for the main dwelling. Overdraft facilities, credit or store cards for which repayments are not planned are not included. Borrowing from friends and relatives (informal credit) is not included either.

(5) *Arrears*

- (a) Arrears: amount owed (bills, rent, credit/mortgage repayment...) not paid on schedule during the last twelve months for financial reasons; same concept as used for HS010/HS011, HS020/HS021 and HS030/HS031.
- (b) Total amount currently in arrears: the sum of amount the household currently owed that could not be paid on schedule.
- (c) Housing related bills/payments: rent and mortgage repayment for the main dwelling and utility bills (water, electricity, gas, heating...). Should correspond to the coverage of variables HS010/HS011 and HS020/HS021.
- (d) Other loans and credit repayment: cash loans (other than mortgage repayment for the main dwelling) or hire purchase instalments and similar (e.g. mail order catalogues, car finance...). Minimum credit/store card repayments are also included. Should correspond to the coverage of variable HS030/HS031.
- (e) Other non housing household bills: education, health, any other bills not covered by housing related bills.

(6) *Drop of income*

Income: gross total income of the household.

(7) *Financial exclusion*

- (a) Reasons why the household does not have a current bank account and needs one: several reasons can be mentioned and will be reported through indicators variables MI111-MI114. Questions are filtered: households that do have a bank current account or do not need one should not be asked the questions.
- (b) Reasons why the household does not have commercial credit and needs it: several reasons can be mentioned and will be reported through indicators variables MI122-MI125. Commercial credit: overdraft facilities, credit or store cards, mortgages and other loans or credit linked to purchases. Borrowing from friends and relatives is not included. Questions are filtered: households that do have commercial credit or do not need it should not be asked the questions. Households having borrowed only from family and friends should be asked the questions.

3. DESCRIPTION OF THE VARIABLES

3.1. Bank accounts and overdraft

3.1.1. MI010: Household has a bank current account

Values	
1	yes
2	no
Flags	
1	filled
-1	missing

The bank current account is defined as a deposit account offering day-to-day money management facilities such as various flexible payment methods to allow customers to distribute money directly to others.

Standard services offered by current accounts include a cheque book, the facility to arrange standing orders, direct debits and payment via a debit card.

A savings account is not a current account where no such facilities are available.

3.1.2. MI020: Household is overdrawn on one of its bank accounts

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no bank account)

The household is overdrawn on one of its bank accounts means that the household is currently maintaining a negative balance on one of its bank accounts because of financial difficulties (urgent need of money, output higher than input, etc.). Interest is charged on the amount owed.

The bank account does not need to be a current account. They might be credit line associated with some bank account. The key element to distinguish bank overdraft from standard credit is that repayment are not mandatory (though necessary) and are not pre planned.

3.1.3. MI025: Estimated total amount unbalanced on household's banks accounts in classes

Values	
1	the amount owed represents less than 10% of the monthly household disposable income
2	the amount owed represents more than 10% and less than 33% of the monthly household disposable income
3	the amount owed represents more than 33% and less than 100% of the monthly household disposable income
4	the amount owed represents more than 100% of the monthly household disposable income
Flags	
1	filled
-1	missing
-2	not applicable (no overdraft: MI020 = 2)

See explanations above.

3.1.4. MI026: Total amount unbalanced on household's banks accounts (exact amount). Optional Variable

Values	
0 - 999999.99 amount	
Flags	
1	filled
-1	missing
-2	not applicable (no overdraft: MI020 = 2)

3.2. Credit/store cards

3.2.1. MI030: Household has credit card(s) and/or store card(s)

Values	
1	yes
2	no
Flags	
1	filled
-1	missing

Credit cards

Credit cards (Visa, Amex, Master Card, Diners, etc.) provide a specific credit facility. Money is lent to people between the time they purchase goods and the time of full repayment of the amount. Interest is to be paid on any balance that is not cleared at the end of the month. There are monthly statements for the money spent specifying the minimum amount to be paid.

In this context credit cards do not include either bank debit cards, where the money spent on the card is immediately deducted from a linked bank account, or pre-paid cards, which are special (rechargeable or not) credit cards with a maximum amount to be spent.

Store cards

Store cards are credit cards issued by a single company/store and can only be used for payments to that company/store.

3.2.2. MI040: Household has credit card(s) and/or store card(s) with un-cleared balances

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no credit/store card: MI030=2)

For the definition of credit cards and store cards, see variable MI030.

Un-cleared balance means that the household has not paid in full at the "end of the month" the amount spent or owed with credit/store cards for at least the last 3 months because of financial difficulties.

It is important to try to filter as far as possible the use of the credit card balance as a way to smooth out consumption expenditure if the household has not financial difficulties.

3.2.3. MI045: Estimated total amount unbalanced at the last monthly statement on household credit/store cards in classes

Values	
1	the amount owed represents less than 10% of the monthly household disposable income
2	the amount owed represents more than 10% and less than 33% of the monthly household disposable income
3	the amount owed represents more than 33% and less than 100% of the monthly household disposable income
4	the amount owed represents more than 100% of the monthly household disposable income
Flags	
1	filled
-1	missing
-2	not applicable (no unbalanced credit/store card: MI040=2 or MI030=2)

For the definition of credit cards and store cards, see variable MI030.

3.2.4. MI046: Total amount unbalanced at the last monthly statement on household credit/store cards (exact amount). Optional Variable

Values	
0 - 999999.99	amount
Flags	
1	filled
-1	missing
-2	not applicable (no overdraft: MI020 = 2)

3.3. Source of credits and loans

3.3.1. MI050: Household has credits or loans (other than mortgage for the main dwelling)

Values	
1	yes
2	no
Flags	
1	filled
-1	missing

Credit and loans encompasses any commercial credit or loans with planned and scheduled repayments, except mortgage loans for the main dwelling.

Overdraft facilities, credit or store cards for which repayments are not planned are not included.

Borrowing from friends and relatives (informal credit) is not included either.

3.3.2. MI051: Household has mortgage for other than the main dwelling

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no credit or loan except mortgage for main dwelling: MI050=2)

Despite the actual affectation of money borrowed may not very well defined/known at household level, variables MI051 to MI057 try to capture the original destination/motivation of the credit/loan.

Mortgage for other than the main dwelling should be understood as a mortgage or similar type of housing credit for a dwelling which is not the main dwelling (holiday residence, second dwelling...).

3.3.3. MI052: Household has hire purchase instalments (e.g. leasing, car, technical equipment)

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no credit or loan except mortgage for main dwelling: MI050=2)

Hire purchase instalments are understood as loans for specific technical equipments (cars, motorbikes or other equipment).

3.3.4. MI053: Household has home-related credit/loans (inventory, domestic appliances, repairs)

Values	
1	yes
2	no
Flags	
1	filled
-1	missing

-2	not applicable (no credit or loan except mortgage for main dwelling: MI050=2)
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Home-related credit/loans (inventory, domestic appliances, repairs) are understood as covering inventory type good (equipment for the house, decoration), domestic appliances, minor repairs (major repairs would be included in credit and loan for the main or other dwelling).

3.3.5. MI054: Household has credit/loans to pay for holidays/leisure

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no credit or loan except mortgage for main dwelling: MI050=2)

Credit/loans to pay for holidays/leisure should be understood usually as means of financing holidays excluding the buying of a second residence (time sharing would however be included here).

3.3.6. MI055: Household has credit/loans to pay for education or childcare

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no credit or loan except mortgage for main dwelling: MI050=2)

Credit/loans to pay for education or child care are usually covering expenses for children studies.

3.3.7. MI056: Household has credit/loans to pay for health issues

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no credit or loan except mortgage for main dwelling:-MI050=2)

3.3.8. MI057: Household has credit/loans for investment or business start-up

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no credit or loan except mortgage for main dwelling: MI050=2)

3.3.9. MI058: Household has other cash loans (debt conversion, to cover overdraft, credit card and other bills, etc.)

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no-credit or loan except mortgage for main dwelling: MI050=2)

Cash loans (debt conversion, to cover overdraft, credit card and other bills, etc.) are meant to cover loans for day to day consumption or for the repayment of other debts.

3.4. Arrears

3.4.1. MI060: Arrears on other non-housing household bills

Values	
1	yes
2	no
Flags	
1	filled
-1	missing
-2	not applicable (no other non-housing household bills)

Arrears

Household has arrears if an amount owed (bills, rent, credit/mortgage repayment, etc.) was not paid on schedule any time during the last 12 months for financial reasons.

This is the same concept as used for the EU-SILC core variables HS010/HS011, HS020/HS021 and HS030/HS031.

Other non-housing household bills

Other non-housing household bills include bills related to education, health and any other bills not covered by housing-related bills, such as telephone, internet connection or television. It excludes all housing-related bills or payments which correspond to the coverage of variables HS010/HS011 and HS020/HS021.

Housing-related bills or payments

Housing-related bills/payments refer to rent and mortgage repayment for the main dwelling (which correspond to the coverage of variable HS010/HS011) and utility bills for the main dwelling (water, electricity, gas, heating, etc.) which corresponds to the coverage of variable HS020/HS021.

3.4.2. MI065: Estimated total amount currently in arrears for other non-housing household bills in classes

Values	
1	the amount owed represents less than 10% of the monthly household disposable income
2	the amount owed represents more than 10% and less than 33% of the monthly household disposable income
3	the amount owed represents more than 33% and less than 100% of the monthly household disposable income
4	the amount owed represents more than 100% of the monthly household disposable income
Flags	
1	filled
-1	missing
-2	not applicable (no arrears currently (MI060=2 or current amount owed is zero) or no other non-housing household bills (MI060_F=-2))

The total amount currently in arrears is the sum of the amounts the household currently owes that could not be paid on schedule.

For the definition of arrears, housing-related bills or payments, and other non-housing households' bills, see variable MI060.

3.4.3. MI066: Total amount currently in arrears for other non-housing household bills (exact amount). Optional Variable

Values	
0 - 999999.99	amount
Flags	
1	filled
-1	missing
-2	not applicable (no overdraft: MI020 = 2)

3.4.4. MI075: Estimated total amount currently in arrears for household housing bills/repayments in classes

Values	
1	the amount owed represents less than 10% of the monthly household disposable income
2	the amount owed represents more than 10% and less than 33% of the monthly household disposable income

3	the amount owed represents more than 33% and less than 100% of the monthly household disposable income
4	the amount owed represents more than 100% of the monthly household disposable income
Flags	
1	filled
-1	missing
-2	not applicable (no arrears currently (HS010=2 and HS020=2 or current amount owed is zero) or no housing household bills/repayments (HS010_F=-2 and HS020_F=-2))

For the definition of the total amount currently in arrears, see variable MI065. For the definition of arrears and housing-related bills/payments, see variable MI060.

3.4.5. MI076: Total amount currently in arrears for household housing bills/repayments (exact amount). Optional Variable

Values	
0 - 999999.99	amount
Flags	
1	filled
-1	missing
-2	not applicable (no overdraft: MI020 = 2)

3.4.6. MI085: Estimated total amount currently in arrears for household other loans and credit repayment in classes

Values	
1	the amount owed represents less than 10% of the monthly household disposable income
2	the amount owed represents more than 10% and less than 33% of the monthly household disposable income
3	the amount owed represents more than 33% and less than 100% of the monthly household disposable income
4	the amount owed represents more than 100% of the monthly household disposable income
Flags	
1	filled
-1	missing
-2	not applicable (no arrears currently (HS030=2 or current amount owed is zero) or no other loans and credit repayment (HS030_F=-2))

For the definition of the total amount currently in arrears, see variable MI065.

Other loans and credit repayment

Other loans and credit repayment are cash loans (other than mortgage repayment for the main dwelling) or hire purchase instalments and the like (e.g. mail order catalogues, car finance, etc.).

Minimum credit/store card repayments are also included.

It should correspond to the coverage of variable HS030.

3.4.1. MI086: Total amount currently in arrears for household other loans and credit repayment (exact amount). Optional Variable

Values	
0 - 999999.99	amount
Flags	
1	filled
-1	missing
-2	not applicable (no overdraft: MI020 = 2)

Again for this optional variable, no valuable comments can be made from the received data (only from two countries).

3.5. Drop in income

3.5.1. MI090: Major drop in household income during the last 12 months

Values	
1	yes
2	no
Flags	
1	filled
-1	missing

The income considered is the gross total income of the household. It can be based on respondent feeling about the decrease on income.

3.5.2. MI095: Main reason for drop in income

Values	
1	Job loss/redundancy
2	Change in hours worked and/or in wages
3	Inability to work through sickness or disability
4	Maternity - parental leave - childcare
5	Retirement
6	Marriage/relationship breakdown
7	Other change in household composition
8	Other reason
Flags	
1	filled
-1	missing
-2	no applicable (no drop in income: MI090=2)

The first 3 categories refer to a change in the degree of occupation which is not linked to a normal life transition (having children, getting retired). Categories 4 and 5 are meant to cover these situations. Categories 6 and 7 relate to household composition change (leave of a person) which would always affect the total gross household income and most of the time the standard of living of the household.

3.6. Future expectations

3.6.1. MI100: Expectation of financial situation in the next 12 months; do you expect your financial situation

Values	
1	To improve
2	To stay about the same
3	To get worse
4	Don't know
Flags	
1	filled
-1	missing

Answer based on the respondent's (subjective) opinion.

For most countries value 2 was given by the majority of respondents. However, in three countries (Bulgaria, Greece and Hungary²) the answer 'To get worse' (value 3) corresponds to a slightly higher percentage.

3.7. Financial exclusion

3.7.1. Reasons why the household does not have a bank current account

3.7.1.1. MI110: Household does not need an account and prefers to deal in cash

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has bank current account: MI010=1)

² Comment from Hungary: "MI100-MI120: There were differences in the formulation of the corresponding questions compared to the recommendation."

3.7.1.2. MI111: The charges are too high

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has bank current account (MI010=1) or does not need one (MI110=1))

Several reasons why the household does not have a current bank account and needs one, can be mentioned and will be reported through indicators variables MI111-MI114.

3.7.1.3. MI112: There is no bank branch near where household lives or works

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has bank current account (MI010=1) or does not need one (MI110=1))

See comments for variable MI111.

3.7.1.4. MI113: Household has applied for an account and been turned down

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has bank current account (MI010=1) or does not need one (MI110=1))

See comments for variable MI111.

3.7.1.5. MI114: Banks would refuse household

Values	
1	Yes
2	No
Flags	
1	filled

-1	missing
-2	not applicable (household has bank current account (MI010=1) or does not need one (MI110=1))

See comments for variable MI111.

3.8. Reasons why the household does not have commercial credit

3.8.1.1. MI120: Household does not need to borrow at all

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has commercial credit)

Commercial credit

Commercial credit refers to overdraft facilities, credit or store cards, mortgages and other loans or credit linked to purchases.

Borrowing from friends and relatives is not included.

3.8.1.2. MI121: Household can borrow from family or friends

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has commercial credit)

For definition of commercial credit, see variable MI120.

3.8.1.3. MI122: Household will not be able to repay debt

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has commercial credit or does not need it (MI120=1))

For definition of commercial credit, see variable MI120.

Several reasons why the household does not have commercial credit and needs it, can be mentioned and will be reported through indicators variables MI122-MI125.

Questions are filtered. Households that do have commercial credit or do not need it should not be asked the questions. Households having borrowed only from family and friends should be asked the questions.

3.8.1.4. MI123: Household has applied for credit and been turned down

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has commercial credit or does not need it (MI120=1))

See comments for variable MI122.

3.8.1.5. MI124: Household used to have credit but the facility was withdrawn

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has commercial credit or does not need it (MI120=1))

See comments for variable MI122.

3.8.1.6. MI125: Banks would refuse to give credit to household

Values	
1	Yes
2	No
Flags	
1	filled
-1	missing
-2	not applicable (household has commercial credit or does not need it (MI120=1))

See comments for variable MI122.