



**the Money
Advice Service**

Personalising the debt sector

**A segmentation of the
over-indebted population**



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Executive summary

Across the UK there are **8.8million individuals** who are over-indebted. This group can be broken down into eight segments, each with their own set of attitudes, behaviours and needs. This report looks at the similarities and differences across the segments to enable us to understand how we can better engage with this population.

The segments are listed below:

Segment	Name	Number of people	% of over-indebted population
1	Struggling students	994,400	11.3%
2	First time workers	862,400	9.8%
3	Optimistic young workers	1,100,000	12.5%
4	Low wage families	818,400	9.3%
5	Stretched families	1,434,400	16.3%
6	Worried working families	1,707,200	19.4%
7	Benefit dependent families	1,777,000	20.2%
8	Uncomfortable retirees	86,800	1.1%

*these numbers have been rounded to the nearest hundred and percentage to the nearest 0.1

This report looks specifically at the **attitudes, knowledge and behaviours** of the over-indebted population.

Across these areas it is clear that certain attitudes such as an individual's level of optimism and confidence play a large part in their willingness to engage with advice and take action to manage their situation. Alongside what can generally be seen as low levels of knowledge across the segments, the behaviours presented provide a series of interesting conclusions to help improve our understanding of how the debt advice sector can increase the **take up** of advice and **better engage individuals** throughout the process.

Key findings

- ➔ Reasons for a lack of engagement vary across the segments, from a reluctance to acknowledge the severity of a situation to being too scared to take action.
- ➔ People lack the confidence to deal with their debts and perceive their situation to be unresolvable.
- ➔ People lack the knowledge to deal with their debts, which when combined with low confidence, leads to dis-engagement.
- ➔ Email advice has the potential to be a key tool to deliver debt advice, either as part of a process or as a discrete channel.
- ➔ People with an optimistic attitude are less likely to engage with debt advice, despite their over-indebtedness.



21% of the population will only access advice through face-to-face services. The largest demand for face-to-face debt advice comes from young people.

Methodology

The foundation of this research was a large scale (5,000 interviews) survey of over-indebted people conducted by Public Knowledge¹. Two qualifying questions were used to identify the sample for the survey:

- Is debt a heavy burden?
- In the last six months have you had arrears of three months or more?

This group were then asked a number of attitudinal and behavioural questions and then the survey data was used by Experian² in conjunction with their own data to design a segmentation analysis. This identified eight distinct clusters within the over-indebted population. The full technical report is available with on our website with the underlying data.

Attitudinal data

Our analysis on attitudes is based firstly on tagging the attitudinal questions within the Public Knowledge data and then providing each attitude with an index-linked analysis. This presents the data for the individual segments showing either a positive or negative attitude or preference. It is possible to interpret this analysis, both individually to see the strength of a preference and across all segments for comparison.

Understanding the graphs

The indexing is based on a +1 to -1 scale, and in presenting the data it is important to note we have zoomed in the scale in order to show the nuances between the segments. Because of this, the ranges shown for each graph change within the report. Although the analysis shows small changes across the segments, it is possible to identify correlations across attitudes, knowledge and behaviours.

For the purposes of interpretation, a score above 0 shows a positive tendency within an attitude, whereas a negative score highlights a negative tendency within an attitude.



¹Public Knowledge is a market research agency providing research insights to the public and third sector

²Experian is a global information services company, providing data and analytical tools to clients around the world

The over-indebted population

50%

feel like they are drowning in debt



22%

of the population are considering getting advice – what is stopping them?

41%

lack the skills and confidence to deal with creditors

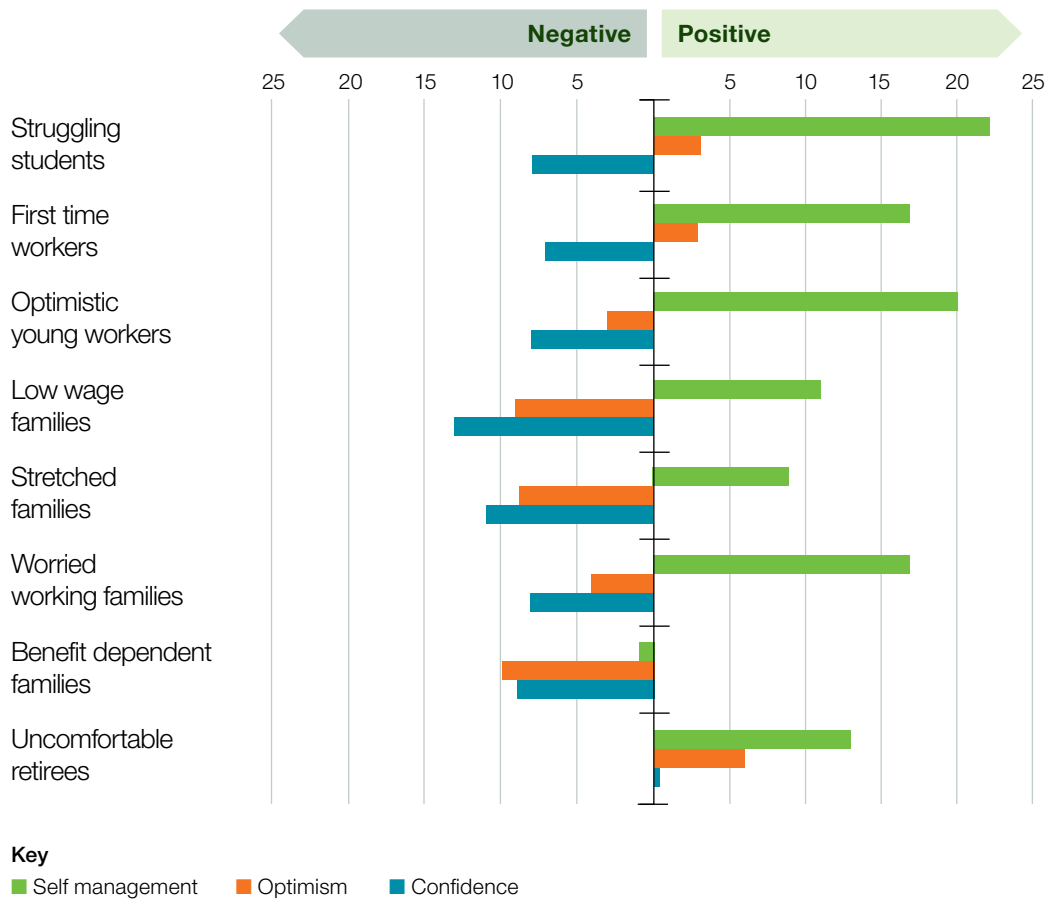
Attitudes

Attitudes are formed by an individual's past and present beliefs and values. These attitudes are changeable and they influence behavioural intention and action. The attitudes identified in our analysis are:

- Self Confidence: an individual's view about their ability understand the consequences of their situation and deal with it.
- Self-Management: an attitude of self-reliance and a keenness to take responsibility.
- Optimism: an attitude that demonstrates an individual's perspective on their future situation.

Our analysis has identified these attitudes by clustering key words, phrases and situations within the question set. These have a particular relevance for our role in improving the structure and provision of debt advice by identifying the potential influence and impact on **service channels**, the **integration of advice services** and **general accessibility**.

Graph 1: Segmented indexing of attitudes



Optimism

Over-indebted individuals start off with an optimistic view of their situation, even if they recognise they are in debt. However, it is clear that there is a gradual decline in optimism as individuals get older and/or their situation becomes embedded. However, the Uncomfortable retirees segment counter this trend, displaying the highest level of optimism. This requires further investigation into the group to understand why this result exists.

There appears to be a correlation between optimism and the levels of engagement individuals display. Clients with a tendency to be optimistic demonstrate lower levels of active engagement with debt advice services and/or do not consider advice appropriate for their circumstances.

Our analysis concludes that it is not an individual's level of indebtedness that triggers engagement with debt advice services, but instead it depends on their optimism, or lack of it, about their situation.

Self confidence

Other than Uncomfortable retirees, all segments, have low self-confidence when it comes to their ability to manage their current debt situation and within the Stretched and Low wage families segments confidence is particularly low.

Confidence levels correlate with a range of other indicators, for example, Stretched and Low wage families also have low levels of knowledge and they are more inclined to display tendencies to ignore dealing with their debts.

Self-Management

The Benefit dependent families segment is the only group to prefer having the adviser take overall control of their situation, whereas the desire of the other segments is to self-manage.

This suggests that the majority of those not currently accessing advice could be provided with lighter touch provision, such as online and email support. However, the effectiveness of this is less clear-cut when considering that there is no relationship between an individual's desire for self-management and their level of knowledge and confidence. This provides a challenge for the debt advice sector as many individuals are too 'proud' to access external advice but they do not have the knowledge or confidence to self-manage.

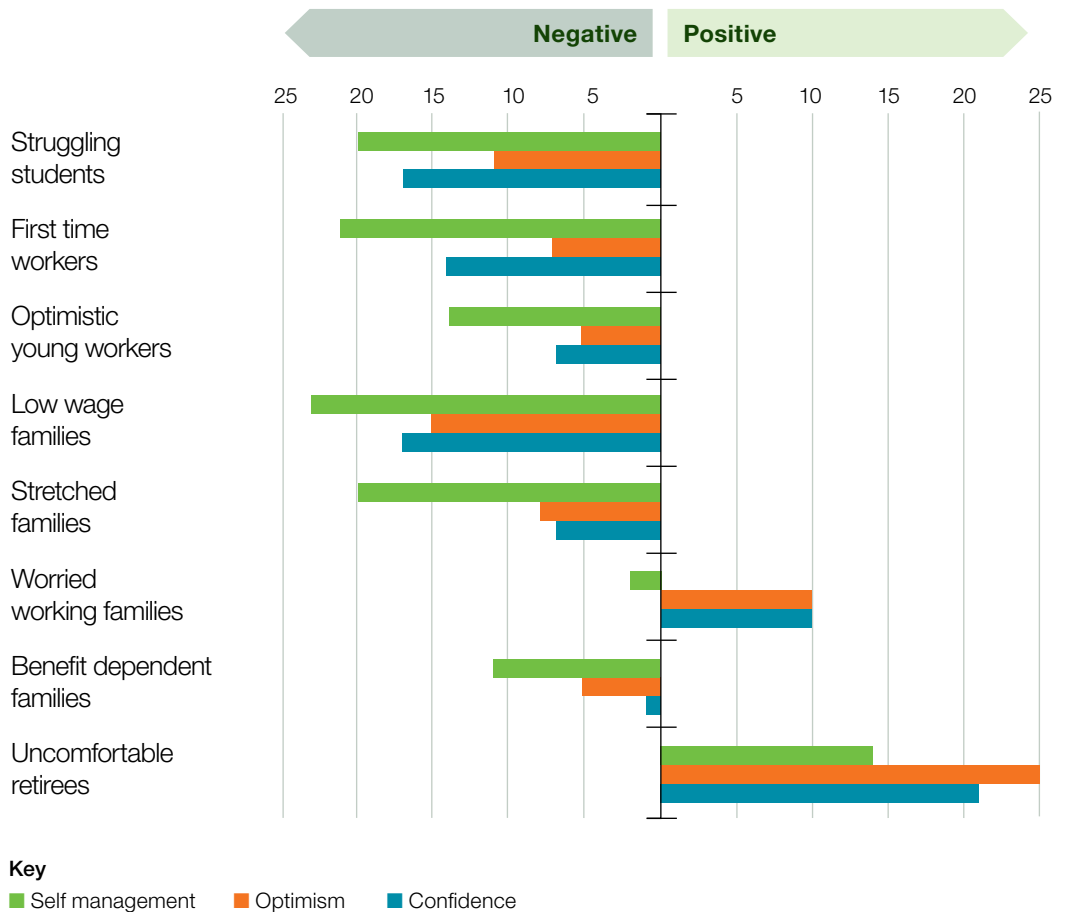
Knowledge

This section looks at the knowledge that the over-indebted population has about navigating their way through the debt process, their situation and the choices they have to manage their debts. For example, how much help do people need to make sure they are aware of legal rights and obligations and/or debt solutions available to them?

An individual's level of knowledge is a core component of their financial capability and it plays a key part in determining their future behaviour. There are marked differences between Uncomfortable retirees and Worried working families and the rest of the population in this area.

Alongside their level of knowledge, presented in Graph 2, is a segmentation of an individual's attitudes towards their future situation, for example being able to 'start again with a clean slate'. The level of knowledge someone has and perception of what their future situation holds are strongly correlated. For example, in Graph 2 Low wage families show low levels of knowledge and corresponding attitudes with a pessimistic view on their future situation and low confidence. On the opposite side, Uncomfortable retirees have a good level of knowledge and corresponding attitudes in being optimistic and confident.

Graph 2: Knowledge levels across the segments with attitudes on future situation



Uncomfortable retirees and Worried working families are much more knowledgeable regarding their situation and additionally they are more likely to be currently accessing advice. Where these two segments differ from the others is a greater leaning towards being psychologically burdened by debt rather than being behind on their commitments. This is evidenced by an average of 74% acknowledging their situation as a heavy burden compared to 59% across the other segments.

The opposite effect is seen with the younger segments. Their knowledge, confidence and engagement with advice is particularly low. This coincides with not feeling burdened by debt but acknowledging high levels of credit commitments.

Knowledge vulnerability

The low levels of knowledge across the majority of the segments is concerning. It illustrates a significant vulnerability within the over-indebted population, particularly when looking at an individual's ability to make informed choices to take action. The combination of attitudes and knowledge in young people and the low wage segments leads to the potential for un-informed and poor choices being made and, as observed later on, a lack of engagement.

52% need help to know their legal rights and obligations

44% don't know of the debt solutions available to them

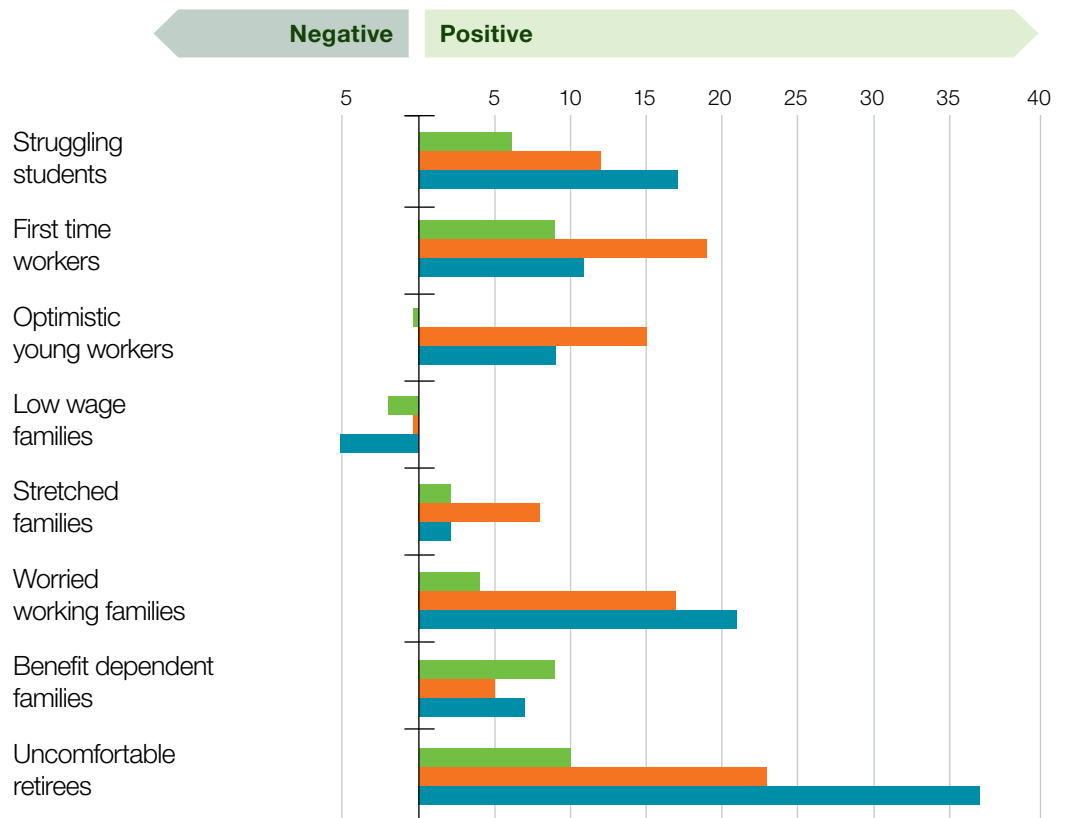
Behaviours

The attitudes and knowledge of the over-indebted population impacts on the different behaviours observed. The behaviours analysed here indicate a ‘head in the sand’ approach, action in **engaging with advice** and a future behaviour in terms of **channel preference**.

‘Head in the sand’

The indicators used to identify whether an individual appears to be actively ignoring or not acknowledging their debt situation include not opening letters, not answering the phone, not calculating how much is owed, and being too embarrassed to tell anyone.

Graph 3: Segmented response to three behaviour questions about behaviour related to personal finance



Key

- I would be too embarrassed to discuss my financial situation
- I haven't really added up how much I owe because I can't face finding out the total sum
- Sometimes I don't open letters or answer phone calls in case they are to tell me that I owe money

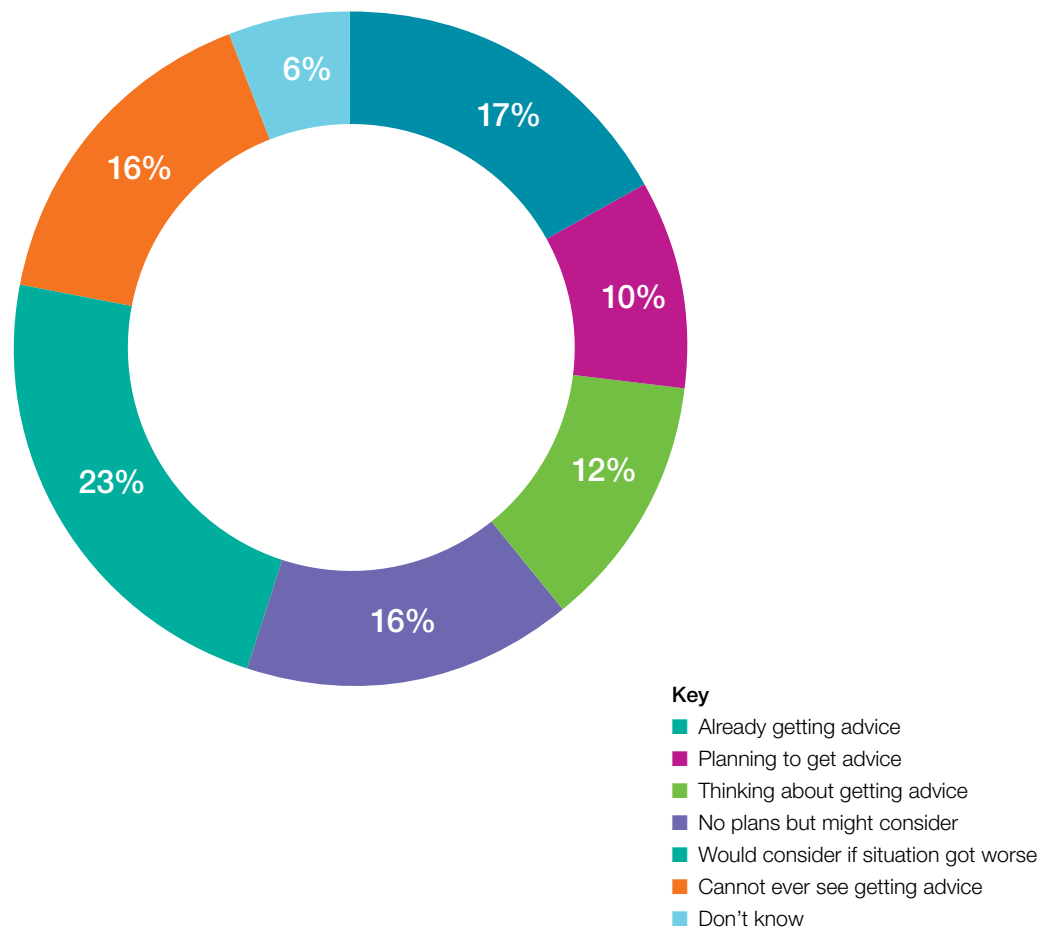
Observations

- ➔ The behaviour of Low wage families differs across all three indicators, displaying a 'head in the sand' mentality, coupled with low levels of optimism and confidence.
- ➔ This correlation between an individual's behaviours and their levels of future optimism and confidence is seen across the segments to differing degrees.
- ➔ Across all the segments, **talking about their financial** situation is the behaviour that is least actioned.

Engagement

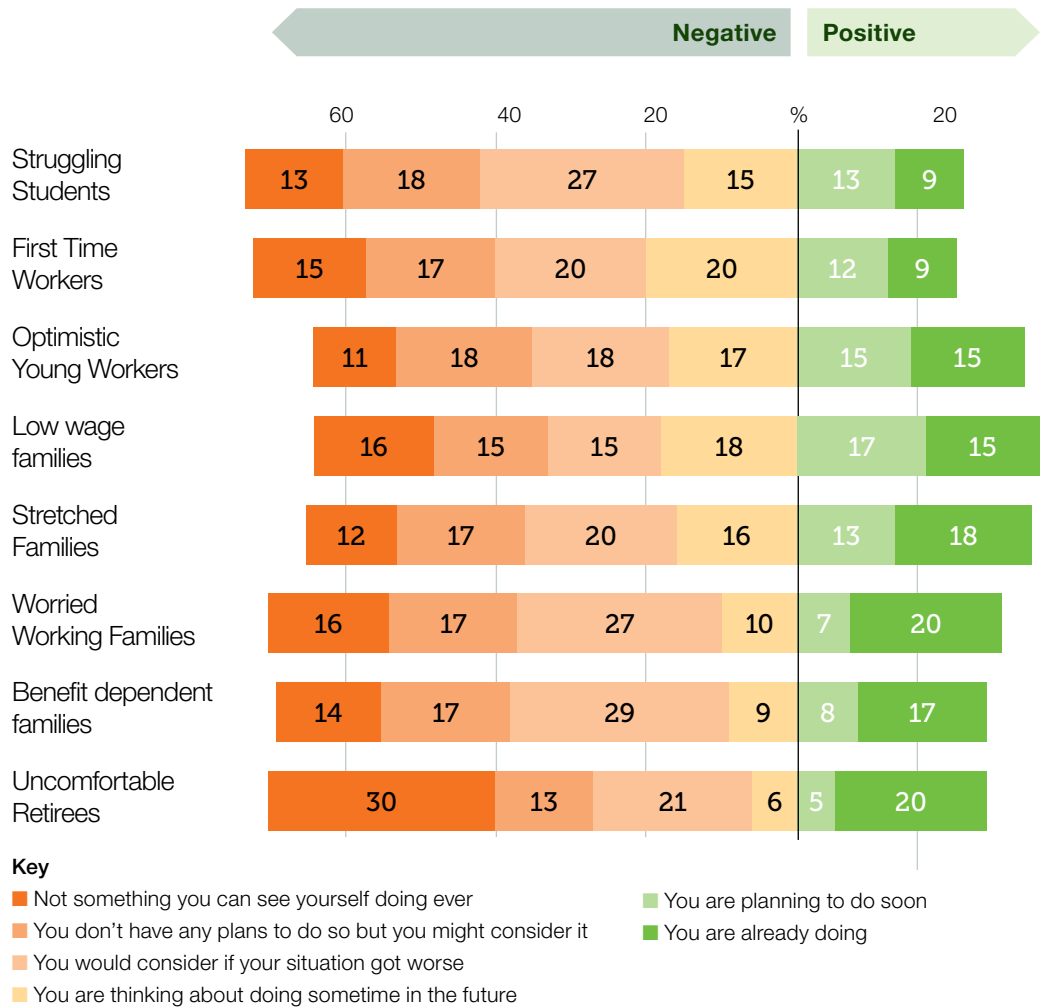
An individual's decision to engage with advice is unlikely to be based on a simple, considered, and rational perspective. The impact of an individual's attitudes and knowledge have a dramatic effect on whether an individual engages with advice and takes action. This is evidenced by the fact that 66% recognise that their debt is a heavy burden and they are also behind with their commitments, and yet only 17% are currently seeking advice.

Attitudes to getting advice



Graph 4 provides information on the different levels of engagement with advice provision. This is from the positive end of 'already seeking advice' to the disengaged who would never access advice services.

Graph 4: Segmentation analysis showing the levels of engagement with advice services



Observations

- ➔ Less than 10% of Struggling students and First time workers access advice and Optimistic young workers are under-represented in their engagement with advice. However, these three segments have a real potential for being encouraged to engage, because they have lower levels of people that say they would never access advice.
- ➔ The Stretched families and Low wage families segments, though not necessarily as active in currently getting advice, are very close to taking action either soon or when their circumstances change. This cluster is the easiest to move from inaction to active engagement. However, this cluster of segments shows a correlation to behaviours related to a 'head in the sand'. The conclusion from this is that behaviours related to hiding from particular financial actions are early indicators of need. If these behaviours can be identified early it is suggested that uptake levels would increase within these segments and debt problems could be less severe at the point of advice.
- ➔ Uncomfortable retirees stand alone in being very clear in their decision making, either in taking action or never taking action. This appears to suggest a that there is a rationality in their behaviour rather than a set of attitudes that appear to be blocking positive action to be taken.

After assessing these behavioural patterns alongside the attitude and knowledge data, there are four key areas that need further exploration.

- 1** When it comes to an individual's acknowledgement of their situation, a combination of low knowledge levels and a 'head in the sand' behaviour have a direct impact on whether they will engage with advice.

- 2** There are different attitudinal barriers to accessing advice; those that are inactive due to a failure to recognise their debt (First time workers; Optimistic young workers; Low wage families) and those who are open to support if they feel their situation is worsening (Struggling students; Worried working families; Benefit dependent families). These differences require further investigation and testing to fully understand how to focus communications and encourage each of these two clusters.

- 3** Low wage families and Stretched families segments show a hesitancy in accessing advice which suggests a tendency to shy away from the problem. When the results are analysed alongside this, (e.g optimism both in their current and future situation), there is a perception by these segments that their debt solution could be worse than the debt position they are currently in. Further work is needed to establish an approach to conveying the value and positive outcomes of debt advice to these segments.

- 4** Struggling students, Worried working families, Benefit dependent families would all access advice if their situation worsened. To engage this group, a strategy needs developing that will help them recognise the true nature of their situation and the consequences of inaction. This group are likely to find the attraction of generic money advice as a route into resolving their debt much more appealing.

Channel

A client's debt journey follows the same processes regardless of what channel an individual chooses to take. This client journey has been divided into four stages: Assessment/ Emergency intervention; Advice; Solution; and Aftercare. Our analysis shows each segments preference for how they would like to receive advice at each stage of their journey.

When assessing channel preference, looking across all segments, 21% would not access services if face-to-face advice was not available.

Assessment/Emergency intervention

Across all segments, the preferred route into debt advice is balanced across three channels; **telephone, face-to-face and email**, but with a few differences in preference. About 20% of individuals have no absolute preference and would use a number of channels.

Graph 5: Segmentation of channel preferences for Assessment/Emergency advice

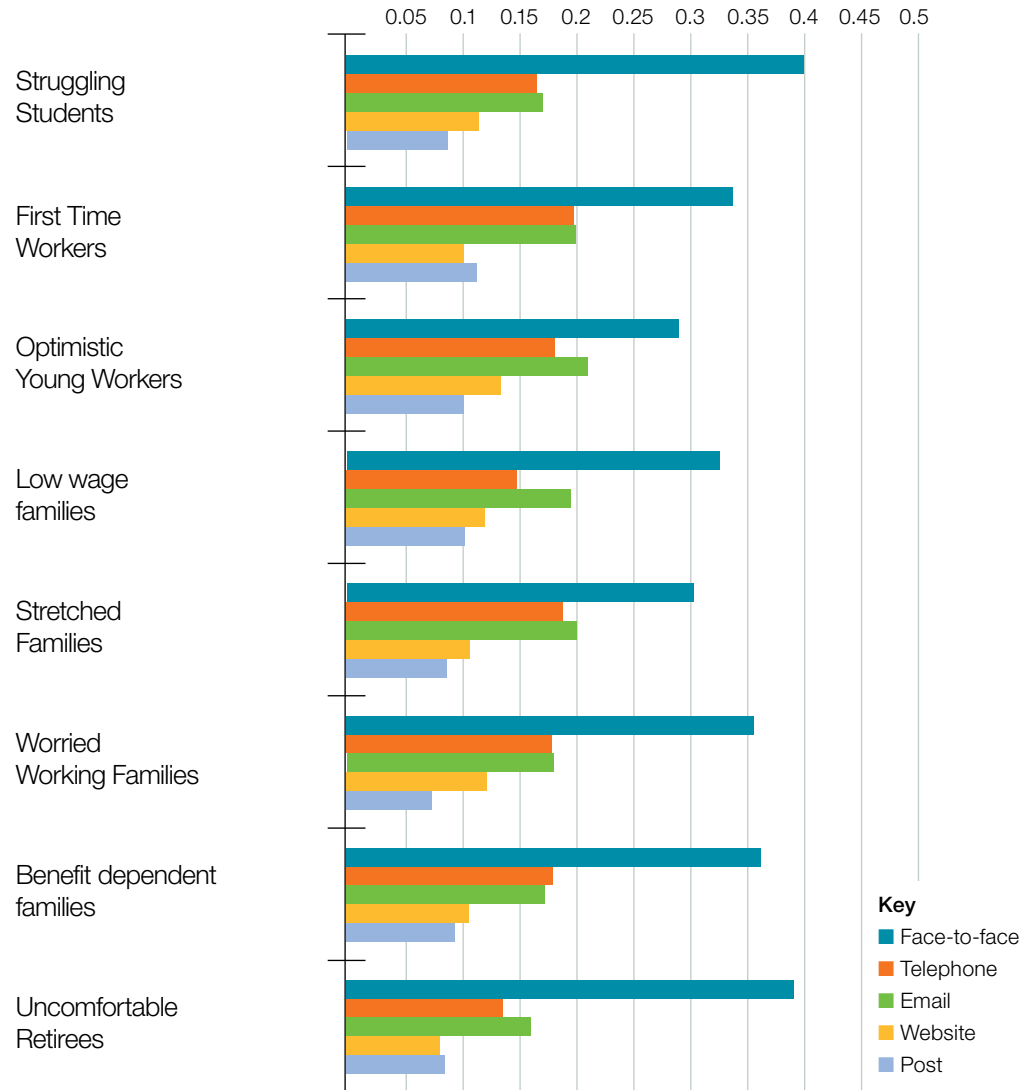


If face-to-face advice is not available, preference switches to telephone, although some segments will opt for email or online support.

Advice

Across all segments there is a general preference for face-to-face support, which increases at the point of needing to disclose financial information. However, if attitudes around self-management are taken into account, then adding additional resource into electronic channels could increase levels of engagement with advice.

Graph 6. Segmentation of channel preferences for one off advice provision

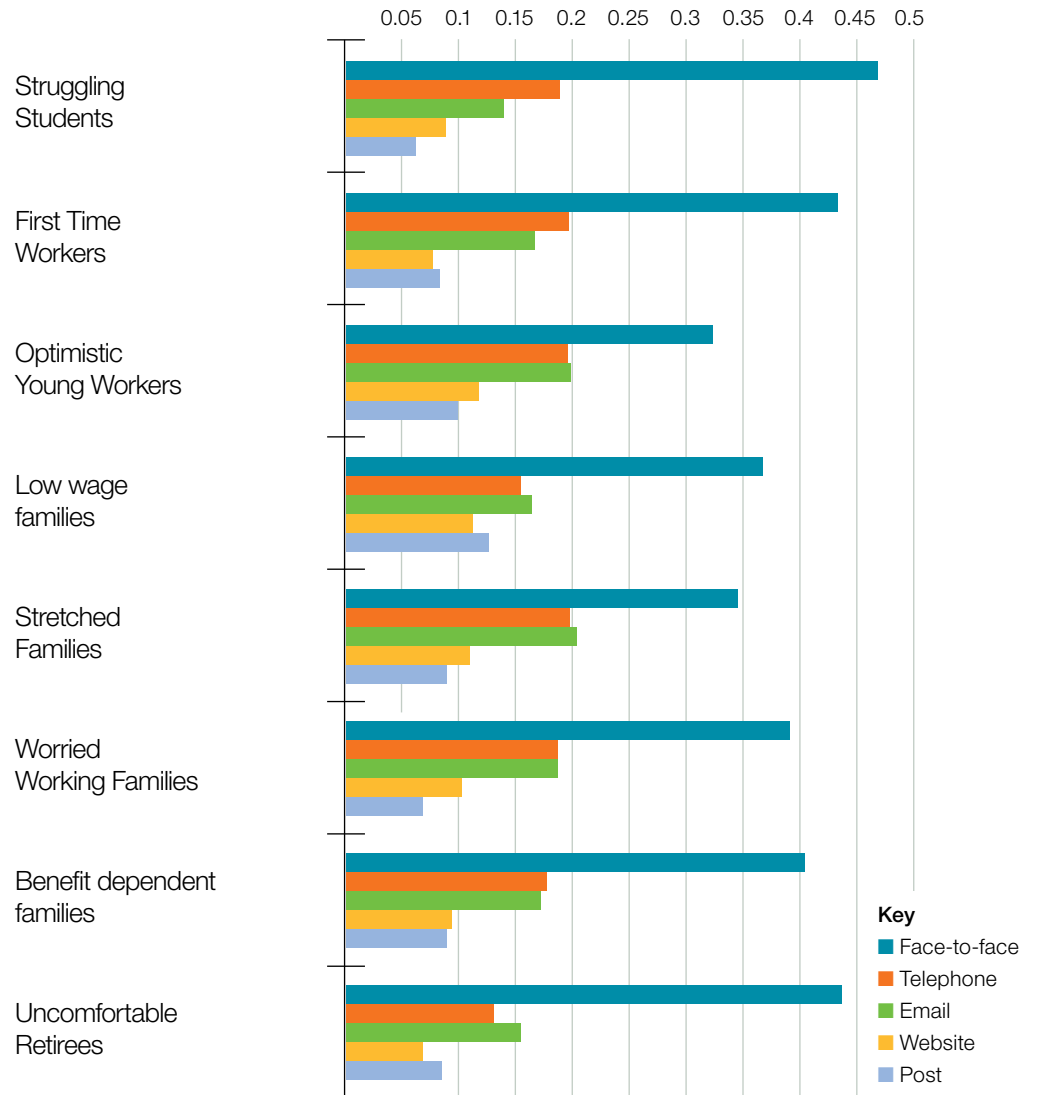


When face-to-face channel is not an option, there is a shift to telephone advice. However within the younger segments there is still a very stronger appetite for email advice.

Solution

There continues to be an overwhelming preference for face-to-face advice at the point of discussing the debt solutions. When face-to-face is not available, preference shifts to telephone advice, followed by email/online.

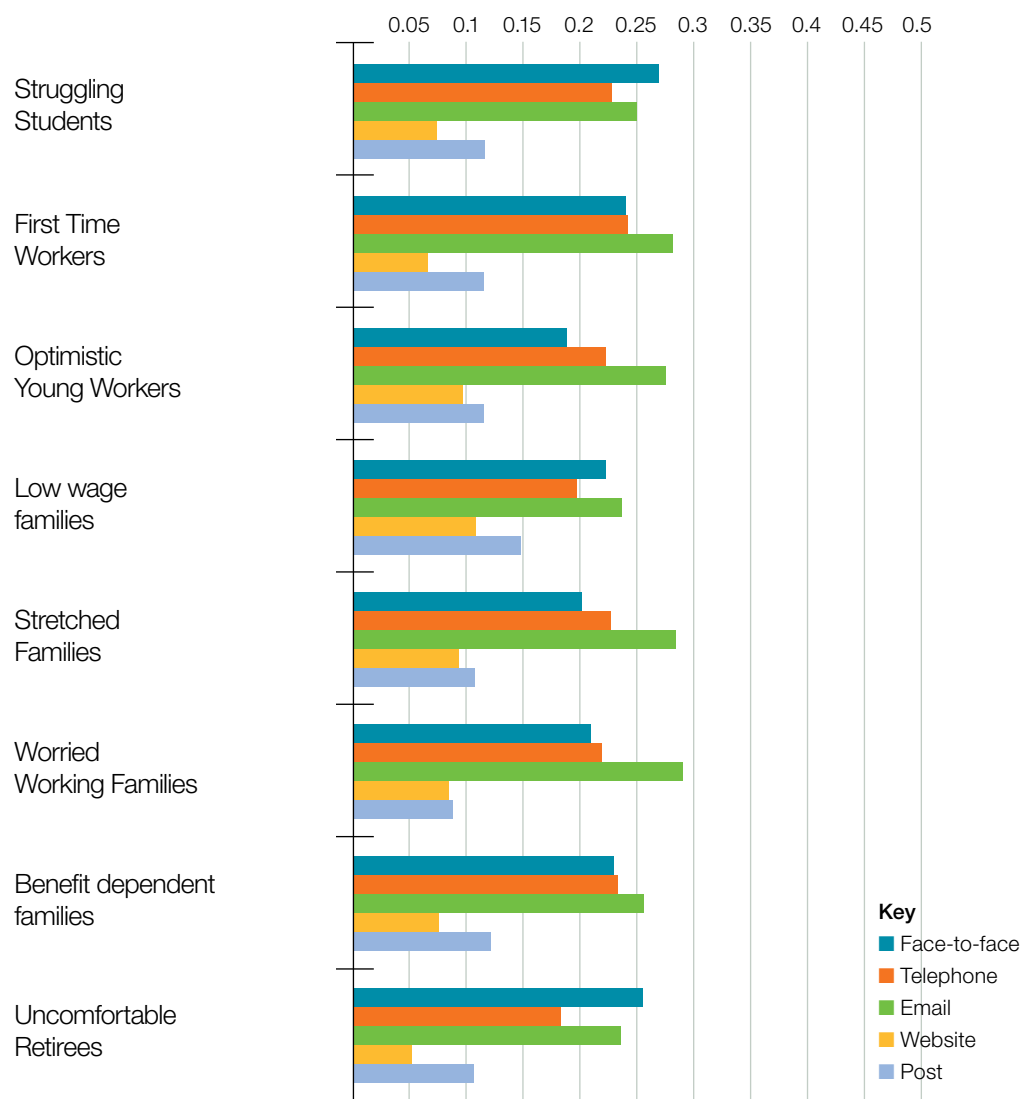
Graph 7: Segmentation of channel preferences for debt solution advice and support



Aftercare

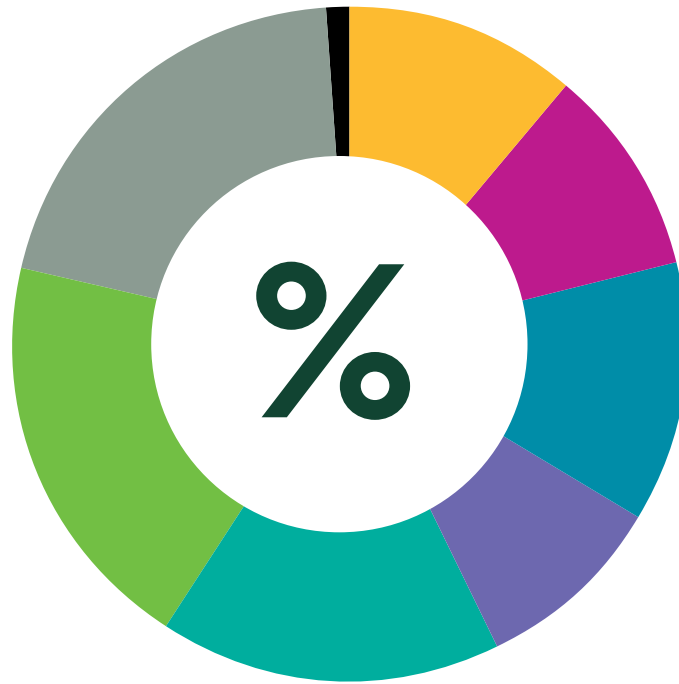
Aftercare is the final element of the debt advice process, that constitutes a review of someone's circumstances and makes sure the right information and support is on track. This is a development area for the advice sector in terms of having a consistent approach to this type of provision.

Graph 8: Segmentation of channel preferences for aftercare support



The results relating to this part of the process provide an interesting set of overall conclusions around channel preference. For this part of the journey, and across the segments, there is a preference for light touch approaches.

The segments



Key

- Struggling students: 11.3%
- Benefit dependent families: 9.8%
- Worried working families: 12.5%
- Stretched families: 9.3%
- Low wage families: 16.3%
- Optimistic young workers: 19.4%
- First time workers: 20.2%
- Uncomfortable retirees: 1.1%

26%-50% need help with avoiding future financial problems. Without segmentation could we end up providing unneeded support?

21%-50% need help in putting a weekly or monthly budget together? Without segmentation could we end up teaching people what they already know?

Struggling students



Attitude

32% would like to retain total control of their situation and only get advice on options

Knowledge

52% need help knowing how to make their money go further

Behaviour

19% will not use any other channel of advice other than face-to-face

Summary

This segment is less likely to have experienced some of the negative consequences of their indebtedness and generally they are only responsible for themselves. They have a **bullish attitude** towards debt, assuming that issues will resolve themselves sooner rather than later. They will continue spending, even if they haven't got the money, and they are less likely to recognise they are in debt. They view credit cards, loans and overdrafts as **'tools' and products** to fund their lifestyle, rather than products causing their over-indebtedness.

However, there is a stark contradiction in their profile. Although they are keen on self-management, by not accessing any form of help it suggests that they lack the confidence and knowledge to do this.

Engagement

The combination of attitudes, knowledge and perspective on engaging with advice is encouraging as they are a segment willing to access advice, even though it might not be debt advice that triggers their initial action. With their optimistic outlook on their present and future situation, this group could be engaged through an integrated money advice service which provides a combination of debt advice and financial capability support.

Additionally, due to their large knowledge gap they would benefit from skills development. Money advice would better enable them to manage their situation independently, potentially reducing pressure on debt advice services.

Channel choice

This segment has no strong preference when making initial contact; however, they have a strong desire for face-to-face contact when working through the solution. In the absence of face-to-face advice their preferred choice is email.

Their desire for face-to-face support is driven by their lack of confidence and knowledge. Their other attitudes and preferences demand a much lighter touch support structure for their on-going debt management.

First time workers



Attitude

30% would prefer to have luxuries and treats than be debt free

Knowledge

60% require information on their entitlement to benefits and tax credits

Behaviour

8.7% are currently accessing advice

Summary

This segment lives for the **'here and now'**. Most are discovering financial independence for the first time and they need to balance income with expected and unexpected expenditure each month. They are keen to continue their current lifestyle so they prefer to have luxuries and treats rather than being debt free.

This is the segment with the lowest active uptake of advice, which suggests that they are confident in managing issues themselves. However, as with Struggling students, there is a stark contradiction in their profile, as, although they are keen on self-management, they are not accessing help which highlights their lack of confidence and knowledge.

Engagement

This segment, together with other younger segments, has a mix of attitudes, knowledge and behaviours that provides an interesting insight into engagement. They are optimistic about the future and determined to manage their situation themselves.

This segment has the fewest barriers to accessing advice. The combination of attitudes and the lack of relevance that advice services have to them are the decisive factors. With the right engagement strategy this segment could be directed to light touch advice, which would support self-help.

Channel choice

This segment has no strong preference when making initial contact; however, they have a strong preference for face-to-face contact when deciding on a solution. In the absence of face-to-face advice, their preferred channel would be email. They prefer email more than any other segment.

Optimistic young workers



Attitude

65% believe the current economic climate means living in debt is inevitable for people like them

Knowledge

51% need to know how to make their money go further

Behaviour

44% keen on accessing advice online through the web and email

Summary

Numerous **life events** are starting to occur for this segment; home purchase, marriage, starting a family and changing jobs are all relevant to this group. They are starting to understand that their debts have consequences, but their knowledge is still low. The reluctance to acknowledge their situation as a problem, and their belief that debt is inevitable for their current life stage, explains their low take up of advice.

Engagement

Engagement with advice is higher than those in the younger age segments, but is still very low at 15%. They become more pessimistic about their situation as their debt situation becomes further embedded. A combination of a general lack of acknowledging their debt problem, and an attitude of continuing to spend money rather than being debt free, leads us to conclude that utilising the life event triggers could provide the best opportunities for this segment to engage with debt advice.

Channel choice

This segment is particularly keen on accessing advice via email throughout the debt advice process. This reflects a similar pattern with other segments which are based on working families likely to be in full time employment. With well-constructed advice provision delivered via email, this segment could be serviced online.

Low wage families



Attitude

44% of this segment finds being in debt makes them unhappy

Knowledge

54% need help with skills and confidence to dealing with creditors

Behaviour

17% of the segment is planning on engaging with advice soon

Summary

This segment is **accustomed** to credit and debt. They are familiar with different financial products and they depend on them for their lifestyle. There is **resignation** to their situation being long term.

They continue to have some confidence that their situation will improve, however their knowledge of how to get out of their situation is extremely low. They claim to be happy to access debt advice, though, as with all the segments, limited numbers actually do. More positively however, only a small proportion say they would never consider it. This segment is low in current and future optimism and has a difficulty in acknowledging the extent of their situation. They display a **'head in the sand approach'**.

Engagement

Although this segment is below the average in terms of their current level of engagement with advice services, they are most likely of all the segments to access advice in the near future. The fact that they have very low confidence in their ability creates some challenges when engaging with this segment. 52% need help in knowing a date when their debt will be cleared and this information is key to them realising that these is a solution better than their current situation.

Channel choice

They are particularly keen, more so than any other segment, on accessing advice via email throughout the whole debt advice process. This reflects a similar pattern with other segments that have a majority of individuals in full time employment and families to support. This could reflect actual or perceived accessibility issues of the advice provision currently available.

Stretched families



Attitude

55% are worried people will think their money difficulties are their fault

Knowledge

50% need help with controlling their finances

Behaviour

67% could be persuaded to engage with debt advice, with online being key

Summary

Debt is clearly having a negative effect on the family lives of this segment. Although they are getting used to living in debt, they do not like it and they do not feel in control. They identify that they **need help** to improve their situation.

Stretched families have a unique set of challenges. They are mainly in **part time work** and they are over committed on credit, rather than acknowledging their debt as a heavy burden. They have particularly low confidence and their optimism is lower than other segments. Taking control of their debts and starting again is crucial for the majority, though for 43% of this segment this is a revolving door as they have accessed advice before.

Engagement

This segment is more likely to have accessed advice already and they are happier to take action than many of the other segments. It is clear there are not many barriers to them accessing debt advice, other than their attitudes to their current situation, particularly the fact that 53% say they are now used to their situation.

Their lack of action could be for a number of reasons: they don't know where to go for advice; or they are resigned to 'that's how life is going to be'. These cover attitudinal, behavioural and knowledge barriers, all of which have their own potential solutions, such as outlining the future benefits of dealing with debt early and providing basic financial education to make sure they are clear on where they can access services.

Channel choice

This segment's first preference is to access advice over the telephone. They are particularly keen on using this channel throughout the whole debt advice process, more so than any other segment. If face-to-face advice is not available, over 60% want online support (web and email) to manage their situation.

Worried working families



Attitude

40% are embarrassed to discuss their situation

Knowledge

60% know how to put together a weekly or monthly budget

Behaviour

39% don't know how much they owe as they can't face finding out the total sum

Summary

This segment are nearly all working full time with modest salaries and own their homes, with a mortgage. They have children who are often at an 'expensive' age who, along with their lifestyle, feel like a **heavy burden** on their resources.

Debt seems to have **crept up** on this group, with the earnings expenditure gap gradually widening each year. As a result, there is some resentment when they realise that luxuries are no longer within reach, and their gradual loss of financial control worries them.

They are relatively knowledgeable about services available to them, how to budget and they are happy to accessing advice and manage a solution themselves. It is the emotional element of being in debt that causes pressure on this segment.

Engagement

Although this segment is over represented in terms of those accessing advice currently, only 7% are planning on access it in the near future. Should their situation worsen they would know how to access advice. The barriers to engagement could be for similar to those of the Benefit dependent families, in that although their position is pressurised, it is relatively stable.

Channel choice

This segment is least interested in accessing face-to-face advice, preferring, in equal measures, telephone or email advice.

Benefit dependent families



Attitude

53% can't see that they will ever be debt free

Knowledge

Generally good knowledge of situation, particularly around budgeting and income maximisation

Behaviour

46% have accessed debt advice previously

Summary

This segment is by far the largest segment of the eight. They have a unique set of attitudes, preferences and behaviours that provide challenges in terms of access and channel of advice. They appear **defeated** by their situation, with little belief they can change it. They are most likely to want an adviser to take the problem from them rather than take control themselves. With a desire for the problem to be handled by someone else, they are happy to talk about their financial situation and have an open attitude to speaking to friends about this.

Engagement

The rate of active engagement is average for the over-indebted population at 17%. From those not engaged, there is an acknowledgement they would access advice if their situation were to get worse. Even small changes in cost of living or reductions in income could drive a significant increase in demand in the near future.

With this segment being open to accessing advice, the opportunity for the provision of an integrated debt advice and financial capability service presents itself. This could be particularly important for this group as they show a high return rate into advice services and they have a number of budget and skills gaps.

Channel choice

This segment shows a strong preference for face-to-face advice, which resonates with also wanting to have the solution resolved for them, rather than through self-management.

Uncomfortable retirees



Attitude

77% want to pay off their debts as soon as possible, but with only 9% in any form of employment, how can they pay off their debts?

Knowledge

63% need help putting together a weekly or monthly budget to help make ends meet

Behaviour

30% do not see themselves ever accessing advice through an external advice agency

Summary

This small segment of the over 55s are retired. Their low income comes from their pension and other benefits. They would prefer not to stretch themselves with additional borrowing and are content to 'do without' (go without luxuries, treats and every day spending) in order to make ends meet.

This segment has a particular set of attitudes. They are similar to Worried working families in many ways. They find themselves in a position where they feel their finances are a heavy burden, with 55% saying keeping up with financial commitments is a constant struggle.

Engagement

This segment has a polarised view on getting debt advice. 20% are currently getting advice, and this group shows the highest propensity to use advice services. However, within the segment, there is a group who are unwilling to engage with advice, even though their debts are a heavy burden.

In terms of providing an integrated debt advice and financial capability service to improve engagement, there are few life events that this segment has not been through and so there are limited opportunities for triggering access. Because of this, though a small segment, this is potentially the hardest segment to increase levels of engagement with advice services.

Channel choice

There is a higher than normal preference for face-to-face advice. If this is not an option, over 21% would not consider any other channel. Their attitudes show they would be confident enough to work through their situation with a high level of autonomy. As such, it is suggested they may benefit from a light touch face-to-face service.

What next?

Reshaping services

Having analysed the range of attitudes, preferences and knowledge across the eight segments we have set out how this data enhances our understanding of behavioural decisions. This has enabled us to make recommendations for service development along with suggestions of where further research is needed.

Attitudes affecting behaviours

The drawing together of attitudes, preferences and knowledge demonstrates a number of trends in the way behaviours appear across the segments, and it provides perspective on the potential barriers for each segment engaging with advice.

Our analysis has drawn out the most prominent findings along with those that impact on the largest numbers of the population.

Overall findings highlight:

1. Reasons for a lack of engagement vary across the segments, from a reluctance to acknowledge the severity of a situation to being too scared to take action.
2. People lack the confidence to deal with their debts and perceive their situation to be unresolvable.
3. People lack the knowledge to deal with their debts, which when combined with low confidence, leads to dis-engagement.
4. People with an optimistic attitude are less likely to engage with the debt advice, despite their over-indebtedness.

Channel

Advice channel preferences illustrate some interesting nuances between the segments. Our analysis helps us to understand these and suggests new services that meet our client needs.

1. Email advice is a key tool within the debt advice process – either as a primary support function or throughout the debt advice process.
2. Face-to-face services are crucial to a sizable section of the over-indebted population with 21% only willing to access advice through this channel. The largest demand for face-to-face debt advice comes from young people.
3. There is demand for a mixed service which can advise individuals through a range of channels, including online, telephone and face-to-face.
4. There are very few organisations that provide aftercare support for clients, especially if their solution doesn't have a long resolution period. Our analysis of this data leads us to propose meeting this need through cost effective online and telephone support services.

Engagement

A number of segments show a lack of recognition of their debt being a problem. This, combined with over optimism and low confidence suggests it is not a lack of interest in finances which drives disengagement, but rather, the type of advice provision and lack of knowledge of the consequences of inaction do not resonate with the individual at that time.

The first three segments (Struggling students; First time workers; Optimistic young workers) have a combination of attitudes and behaviour where an integrated service (where debt advice is integrated with money advice) would be beneficial.

There is a general theme of low optimism and confidence across the working families segments (Low wage families, Stretched families, Worried working families and Benefit dependent families) in relation to their future situation. This indicates there is also a lack of optimism that their situation will ever change. Integrating debt advice with money advice would be seen as more positive, and help engage those who do not access debt advice for fear that the resulting situation will be worse than their current situation.

The way we communicate the value of debt advice is crucial to stimulate higher engagement across the over-indebted population. Throughout our analysis different attitudes are displayed which will impact on how to effectively communicate and engage with each group.

Specifically: -

- Messaging for those who believe entering into a debt solution will be worse than living with their current situation.
- Messaging for those who don't recognise their debt as an immediate issue to be dealt with.

Future research

Data from the Public Knowledge primary research, along with our segmentation analysis, has drawn out a number of key issues detailed in this report. Following in-depth analysis, there are a number of areas that warrant further research.

Attitudes and behaviours as indicators of resilience levels

The initial analysis starts to cluster attitudinal data into sets of indicators around a concept of personal resilience. This can be understood as “the successful adaptation to life tasks in the face of social disadvantage or highly adverse conditions”³. It is thought that it would provide an interesting perspective on whether there is a correlation between those who are over-indebted and those with the lowest resilience levels.

We believe this area merits further investigation to give us a more detailed understanding of the concepts of personal resilience, and how resilience affects whether clients get into debt, how they get out of it, and their ability to bounce back.

Segmentation by attitude

This research has taken the segmentation work from Public Knowledge and Experian and looked at a series of attitudinal clusters within these segments. It is possible to look at the data from a different perspective so as to segment the population according to specific attitudes, preferences and behaviours first, rather than using demographics with attitudes overlaid. The outcome of this could provide another perspective on how best to support the over-indebted population and develop services most suited to client need. This can be understood in research terms as Factor Analysis.

The gender gap

The segmentation research alongside other over-indebtedness programmes⁴ highlight a stark mismatch in the gender of the over-indebted population. Within the Money Advice Service’s own face-to-face service, the gender split shows a small bias towards females accessing advice, however, this research shows a ratio of 66:36. It is hoped independent analysis of the data would help us to understand this further.

³WINDLE, M. (1999) Critical conceptual and measurement issues in the study of resilience. In: GLANTZ, M.D.E.J. and JEANNETTE, L. (eds) Resilience and development, positive life adaptations. p303.

⁴YouGov, 2013, DebtTracker

