

## Money and Pension Panel study of 18-25 year-old's consumer loans and savings

On behalf of the Money and Pension Panel, the Danish market research agency, TNS Gallup, carried out a questionnaire survey of the borrowing and savings behaviour of 18-25 year-olds. The study was carried out online via Gallup's internet panel Gallup@Forum. The results of the survey are based on answers from 1,274 young people who have taken out a loan and/or opened a savings account within the last two years.

The study divided young people into three groups, broken down by their credit (borrowing) and savings behaviour and views:

- Financially weakest consumers (26 per cent)
- Financially medium-strong consumers (31 per cent)
- Financially strongest consumers (43 per cent)

The financially *weakest* young people occasionally find that they are short of money and relatively often buy goods on credit. In addition, this group has difficulty grasping financial matters, they are less interested in financial matters and they take out more consumer loans than young people in general. The financially *strongest* young people rarely experience that they are short of money and they almost never buy goods on credit, they also show greater interest in financial matters and they comprehend these matters more easily. The financially *medium-strong* young people are in between the two other groups of young people.

Selected results from the study:

- 49 per cent of young people have raised a loan within the last two years (overdraft credit, cash loan, credit card, account card, buying on credit and/or loans taken via sms-texting).
- 76 per cent of young people have set aside savings within the last two years (savings account, investments in securities and/or voluntary or obligatory pension savings).
- Young borrowers have an average debt of DKK 58,000. Typically, men have more debt than women.
- About one in three young people (corresponding to 16 per cent) have taken out a less favourable loan (credit card, buying on credit, account card and/or loans taken out via sms texting). 86 per cent of young borrowers do not make inquiries about other loan offers before obtaining their loan.
- Men, more often than women, choose to take out loans via credit card, credit sale and cash loan. On the other hand women, more often than men, choose to take out loans via account card.
- 73 per cent of young people do not know or have little knowledge of the annual percentage rate (APR)

- 64 per cent of young people who have bought goods on credit think that these types of loan have low interest rates.
- 55 per cent of young people think that buying goods on credit is "quick", while only 30 per cent of young people think that taking out a cash loan is "quick".