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FESSUD Finance and Well-being Survey: Report

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FESSUD Finance and Well-being Survey: Report

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Abstract The *FESSUD Finance and Well-being Survey* is part of the EU FP7 FESSUD project – Financialisation, Economy, Society and Sustainable Development. Taking the household as the main unit of analysis, the survey inquired about household socio-demographic characteristics, household income, household debt, household possessions of financial assets, perceived impact of household financial engagements, welfare provision, and perceived impact of the financial crisis and subjective well-being. It consisted of telephone interviews carried out in November and December 2014 with nationally random samples of households in five countries - Germany, Poland, Portugal, Sweden and the UK - selected to be representative of different types of financial system and welfare regime in the EU. For each household, the questionnaire was applied to the individual within the household who declared he or she knew about and was co-responsible for making decisions about the finances of the household. The sample size in the countries ranged from 1300 for Portugal and 1501 for Poland and Sweden, with a total sample of 7009.

The survey results indicate that financialisation amplifies extant inequality. In all the countries, household debt and financial assets are concentrated in higher-income households and tend to be a means through which this socioeconomic stratum strengthens its relative advantage. Countries with lower levels of socioeconomic development that have followed such unequal financialisation paths, such as Portugal and Poland, have become more exposed to financial and economic crises, with more detrimental and widespread effects on individual and household well-being.

Key words: financialisation, financial crisis, well-being, households, debt, financial assets, housing, Europe, inequality

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Abbreviations used in this report

CEE	Central and Eastern European
EC	European Commission
ECB	European Central Bank
EU	European Union
EUROSTAT	Statistical Office of the European Union
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
PPS	Purchasing Power Standard

Country codes

AT	Austria	FI	Finland	NL	Netherlands
BE	Belgium	FR	France	PL	Poland
BG	Bulgaria	HR	Croatia	PT	Portugal
CY	Cyprus	HU	Hungary	RO	Romania
CZ	Czech Republic	IE	Ireland	SI	Slovenia
DE	Germany	IT	Italy	SK	Slovakia
DK	Denmark	LT	Lithuania	SE	Sweden
EE	Estonia	LU	Luxembourg	UK	United Kingdom
EL	Greece	LV	Latvia		
ES	Spain	MT	Malta		

Executive summary

Introduction

Over the past four decades, we have witnessed the unprecedented expansion of the financial sector. This has resulted in the increasing influence of financial markets, financial motives, financial institutions, and financial elites on the economy and society, a trend that has been generally referred to as 'financialisation'.[1]

Financialisation is associated with the rising involvement of households in the financial system, both through their borrowing and saving behaviours. If, on the one hand, stagnant wage income, rising income and wealth inequality and the retrenchment of the Welfare state have been identified as important mechanisms driving low and medium-income households into debt in order to provide for housing, education, health, or consumption in general; on the other hand, the privatisation of public provision has required individuals to be increasingly responsible for their future financial security through expanding demand for financial products and services that are used to supplement or replace public provision.

As part of the EU FP7 FESSUD project – Financialisation, Economy, Society and Sustainable Development, the *FESSUD Finance and Well-being Survey* was designed to assess the impact of financialisation and of the financial crisis on well-being. Considering its broader aims, the survey objectives are:

1. To characterise individual and household relations with finance;
2. To investigate the uses and reasons given for the take up of debt;
3. To probe individual assessments of household relations with finance;
4. To probe individual assessments of the impact of the financial crisis on various domains of household life;
5. To measure the distribution of the effects of financialisation and of the financial crisis across different socioeconomic groups;
6. To assess the extent to which the effects of financialisation and of the financial crisis are attenuated by different social institutional settings.

[1] Epstein, G. (Ed.) (2005) *Financialization and the World Economy*, Northampton: Edward Elgar Press.

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7. To undertake this in a comparative setting of different countries by both extent of financialisation and its national context.

The *FESSUD Finance and Well-being Survey* consisted of telephone interviews (land line and mobile phone), carried out between 24 November 2014 and 19 December 2014 with nationally random samples of households in five countries: Germany, Poland, Portugal, Sweden and the UK, selected to be representative of different types of financial system and welfare regime in the EU. For each household, one resident (aged 18 or older) responsible for financial decisions living in the five countries that took part in the study was interviewed. The sample size in the countries ranged from 1300 for Portugal and 1501 for Poland and Sweden, bringing the total sample to 7009. The margins of error for 95% confidence vary between ±2.5 (Poland and Sweden) and ±2.7% (UK and Portugal) meaning that a difference in figures between two countries needs to be higher than 5.4% to be considered statistically significant.[2]

Key findings

- Notwithstanding almost universal engagement with the financial sector through bank current accounts, individual and household relations with finance vary in the five countries of the study.
- UK, Swedish and German households are significantly more financialised than Portuguese and Polish households when considering household financial wealth, both in terms of the composition of financial assets and the total amount of these assets.
- Portuguese, Swedish, and UK households are significantly more financialised than German and Polish households when considering household debt, namely their participation in mortgage markets and thus the total amount of debt held by households.
- Participation in mortgage markets is positively associated with income, being more frequent among higher income quintiles.
- Having a mortgage is mainly associated with the start of an independent and autonomous life, but financial considerations are also relevant as housing loans are also viewed as an

[2] Please note that in the graphs presented in this report, some totals may not correspond to the sum of the separate figures due to rounding.

investment decision. Satisfaction with accommodation is higher among owner-occupiers, irrespective of having a mortgage or not.

- Personal loans are relatively more uniformly distributed across and within countries than mortgages. Easy access is the main reason presented for having this type of debt. Contracting a personal loan is associated with insufficient income, being used by at least a third of households with such debt to cover unexpected expenses and/or current living expenses. This pattern is observed especially in the UK and Portugal.

- Respondents evaluate their dealings with finance positively; especially in the UK and Sweden. Positive assessments are associated with higher levels of household debt and of financial wealth.

- The impact of the economic crisis on the household is perceived to have been particularly negative by the Portuguese respondents and perceived as almost non-existent by the Swedish, with the Polish, UK and German respondents standing somewhere between these two poles.

- Considering the period of the past 5 years, more than 40% of respondents in all the countries declare that their households had to manage a lower household income, with the percentage of these households significantly higher in Poland and Portugal.

- More than 50% of respondents in work in all the countries declare that they had to work more intensively at their jobs during the same period, with this percentage significantly higher in the UK and Portugal.

- More than 15% of respondents in all the countries report experiencing a decrease in overall control over their life over the past 5 years, with the percentage of these respondents higher in the UK and Poland.

- The unemployed stand out as the socioeconomic group that has been most severely hit by the crisis, reporting the lowest levels of life satisfaction, even in the countries less affected by the crisis and associated with more robust Welfare States. In all the countries, employment promotion measures is the public service with which respondents are most dissatisfied.

Main conclusions

Focusing on five countries that represent different types of financial system and welfare regime in the EU, the survey findings show how and the extent to which household engagement with finance is differentiated across and within countries, and is thereby suggestive of underlying mechanisms of inequality production and reproduction.

Consistent with country-level data, household engagement with the financial sector is both more widespread and diversified in developed countries with more advanced financial systems, such as the UK and Sweden, where a high level of household debt is associated with a high level of financial wealth, indicating that engagement with the financial sector is generally undertaken on both sides of the household balance sheet.

By contrast, the Portuguese case shows that, while households have also had an intense relation with finance, this has been especially through the mortgage markets, also favouring the accumulation of wealth of the better off. However, financial vulnerability is a more widespread phenomenon, and corresponding overall dissatisfaction with finance is high. In this respect, Portugal is aligned with Poland, even though Polish households have a relatively low intensity of involvement with finance. In Germany, households stand somewhere between these two poles, in terms of household financial dealings, overall financial situation and respondents' satisfaction with finance.

In all the countries, household participation in debt and financial asset markets is highly differentiated, both in extent and content, across socioeconomic strata. High-income households tend to have substantially higher rates of participation in financial markets, both as borrowers and holders of financial assets. They tend to have higher rates of participation in mortgage markets, and to hold a higher fraction of financial assets, such as shares, bonds and voluntary private pension plans. In contrast, low-income households tend to contract debt at higher interest rates for the purchase of consumer goods, having fewer means to deal with liquidity or solvency problems, thereby being more vulnerable to personal and social contingencies that compromise use of their wage income.

Taken together, these results indicate that financialisation amplifies extant inequality, as manifest in the different rates of participation in debt and financial asset markets which are unfavourable to the least well-off. Household debt is concentrated in higher-income households and tends to be a means through which this socioeconomic stratum strengthens its relative advantage, reproducing and consolidating corresponding inequalities. By benefiting higher-income households, finance promotes and reinforces (private and commodified) forms of provision that are increasingly detrimental to the most vulnerable segments of the population.

Countries with lower levels of socioeconomic development that have followed such unequal financialisation paths, such as Portugal and Poland, have become more exposed to financial and economic crises, with more detrimental and widespread effects on individual and household well-being. The continued effects of the crisis is creating further pressures on welfare reform, suggesting further divergence on the horizon among EU countries.

Finally, the survey brings to the fore the centrality of work. Not only is unemployment a crucial vehicle of transmission of the effects of financial and economic crises on individual and household material and subjective well-being, even in the least exposed countries, but the financial and economic meltdown also has detrimental impacts on workers through reductions in wage income, growing job insecurity, and increased work intensity.

These transformations then impact on the material culture of financialisation to the extent that transformations in labour markets and in systems of provision produce changes in people's perceptions of what they can expect from collective forms of social provision and the role finance can play to fill in the gaps.

Introduction

Over the past four decades, we have witnessed the unprecedented expansion of the financial sector. This has resulted in the "increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operations of the economy and its governing institutions, both at the national and international levels", a trend that has been generally referred to as 'financialisation'.[3]

This trend, most visible in the UK and USA, while also occurring in other developed and developing countries at various paces, is deemed to encompass a wide range of socioeconomic phenomena: privatisation, deregulation and market-led reregulation of financial activities, allowing the penetration of finance into ever more areas of economic and social life; the proliferation of different types of financial asset and institution; the primacy of financial interests and imperatives in capital accumulation; increasing income inequality arising out of the weight of financial rewards; consumer-led booms based on credit, and the emergence of a culture of reliance upon markets and private capital.[4]

Financialisation is thereby associated with the rising involvement of households with the financial system, both through their borrowing and savings behaviour. If, on the one hand, stagnant wage income, rising income and wealth inequality and the retrenchment of the Welfare state have been identified as important mechanisms driving low and medium-income households into debt in order to provide for housing, education, health, or consumption in general; on the other hand, the privatisation of public provision has required individuals to be increasingly responsible for their future financial security through expanding demand for financial products and services intended to supplement or replace public provision, in the area of pensions for example.[5]

While financialisation, implying new individual and household engagement with finance, has an impact on overall material and non-material well-being, it does not allow us to establish a direct

[3] Epstein, G. (Ed.) (2005) *Financialization and the World Economy*, Northampton: Edward Elgar Press.
[4] Fine, B. (2010) Neo-Liberalism as Financialisation, in A. Saad-Filho and G. Yalman (Eds.), *Transitions to Neoliberalism in Middle-Income Countries: Policy Dilemmas, Economic Crises, Mass Resistance* (pp. 11-23), Routledge,
[5] Barba, A. and Pivetti, M. (2009) Rising household debt: Its causes and macroeconomic implications—a long-period analysis, *Cambridge Journal of Economics*, 33, 113–137; Cynamon, B.Z. and Fazzari, S.M. (2008) Household Debt in the Consumer Age: Source of Growth - Risk of Collapse, *Capitalism and Society,* 33: 1-30; Montgomerie, J. (2009) The Pursuit of (Past) Happiness? Middle-class Indebtedness and American Financialisation, *New Political Economy*, 14, 1, 1-24.

association between financialisation and well-being, because this cannot be obtained from aggregate data by country, nor can it be assessed from extant well-being databases disaggregated at the household and individual level because they do not include information on financial behaviour and attitudes.

The *FESSUD Finance and Well-being Survey* was designed to establish a more direct association between finance and well-being, avoiding the so-called ecological fallacy in interpreting statistical data, assuming erroneously that relations observed at the country-level level would hold at the household level. This is most relevant when assessing the impact of financialisation and of the financial crisis on well-being because diverse social standings imply different, but inter-connected, relations in terms of access to, and conditions of, financial products and services. Furthermore, the extent, form and use of finance are mediated by the context in which those uses take place, reflecting differences in institutional settings and personal circumstances. In the aftermath of the financial crisis of 2008-09, itself an outcome of the political, economic and social predominance of finance, understanding the differentiated household financial engagements and their implications is of utmost importance. Contrary to what could have been expected, the financial crisis has intensified the penetration of finance into more areas of economic and social life.

The *FESSUD Finance and Well-being Survey* thus sought to collect individual- and household-level data that could provide information on the differentiated financial engagements and the impact of these engagements and of the financial crisis on individuals and households, accounting for the specific circumstances of individuals and households and the role of different institutional settings in tempering, or consolidating, the more negative outcomes.

Considering its broader aims, the survey's objectives are:

1. To characterise individual and household relations with finance, both in their borrowing and savings behaviours;
2. To investigate the uses and reasons given for the take up of debt;
3. To probe individual assessments of household relations with finance;
4. To probe individual assessments of the impact of the financial crisis on various domains of household life (e.g. financial situation, sense of insecurity in the face of liquidity or solvency problems; reduced wages and incomes, unemployment, job insecurity; changes in family and social life; sense of insecurity in old age);

5. To measure the distribution of the effects of financialisation and of the financial crisis across different socioeconomic groups (e.g. income, household type, economic status, gender, age);
6. To assess the extent to which the effects of financialisation and of the financial crisis are attenuated by different social institutional settings.
7. To undertake this in a comparative setting of different countries by both extent of financialisation and its national context.

Taking the household as the main unit of analysis, the survey inquired about household income, household debt, household possession of financial assets, and about the perceived impact of these financial engagements and of the financial crisis on the household. Because of the nature of the questions, the questionnaire was applied to the individual within the household who declared he or she knew about and was co-responsible for making decisions about the finances of the household. Thus, the information collected is that provided by the respondent, assuming he/she was well informed and his/her perceptions about household dealings with finance convey a uniform view within the household.[6] The survey also included questions for the respondent, namely his/her perceptions of welfare provision, his/her employment status and his/her subjective well-being. The questionnaire had 16 socio-demographic questions and 24 closed questions. It inquired about household socio-demographic characteristics, household financial situation, perceived impact of household financial engagements, welfare provision, and perceived impact of the financial crisis and subjective well-being.[7]

The survey consisted of telephone interviews (land line and mobile phone), which were carried out between 24 November 2014 and 19 December 2014 with nationally random samples of households in five countries: Germany, Poland, Portugal, Sweden and the UK. These were selected so as to be representative of different types of financial system and welfare regime in the EU. For each household, one resident (aged 18 or older) responsible for financial decisions was interviewed. The sample size in the countries ranged from 1300 for Portugal and 1501 for Poland and Sweden, with a total sample of 7009. Statistical results were weighted to correct known demographic discrepancies, namely household type, household size and household income. The margins of error

[6] This difficulty is shared with similar surveys that take the household as the relevant unit of analysis. This difficulty would only be resolved by surveying at least all adult elements of the household; this would not have been financially viable in a survey of this scale as it would multiply the total number of interviews. This handicap is somewhat undermined by the fact that the claims made refer to the household as an aggregate and not to its individual members.

[7] See the UK questionnaire in Annex 1.

for 95% confidence vary between ±2.5 and ±2.7%, meaning that a difference between figures needs to be higher than 5.4% to be statistically significant.[8]

The survey is part of the EU FP7 FESSUD project – Financialisation, Economy, Society and Sustainable Development. The design of the survey drew on the theoretical and empirical work of Work Package 5 of the project – Finance and Well-being, some of which already published as FESSUD Working Papers.[9] It was coordinated by Ana C. Santos (CES), with substantial collective input from the partners involved in the WP5: Andrew Brown (LEEDS), Ben Fine (SOAS), David Spencer (LEEDS), Catarina Frade (CES), Eric Clark (LUND), Helena Lopes (ISCTE'IUL), Malcolm Sawyer (LEEDS), Nuno Teles (CES), Sigrid Betzelt (HWR) and Wlodzimierz Dymarski (UEP).

Working with the other partners, the lead partner produced the questionnaire and supervised its implementation in the field, which was conducted by experienced opinion research institutes in each country: TNS Infratest (Germany), Ipsos Loyalty (Poland), TNS Global (Portugal), TNS Sifo (Sweden) and Ipsos MORI (UK). The lead partner provided the selection criteria for the tender procedure, assisted partners in the selection of opinion research institutes, provided the guidelines for the sampling procedure, coordinated the translation of the questionnaire for the various languages, supplied the protocol for the implementation of the surveys, and supervised their implementation in the field by the subcontracted firms. The partners contributed to the design of the survey by commenting on and putting forward proposals concerning its conceptual framework, thematic scope and the formulation of particular questions in the survey questionnaire. They also organised the tender procedure and ensured that common guidelines and instructions were followed in the implementation of the survey in their respective countries.

This report was prepared by Ana C. Santos, who drafted it, Cláudia Lopes, who supervised the methodological requirements of the survey and data analysis, and Vânia Costa who produced the

[8] More details on the survey's method can be found in Annex 2.

[9] Churchill, J. (2014). Towards a Framework for Understanding the recent evolution of pension systems in the European Union. *FESSUD Working Paper Series*, nº 12; Fine, B. (2014). Towards a Material Culture of Financialisation. *FESSUD Working Paper Series*, nº 15; Happer, C. (2014). Financialisation, Media and Social Change. *FESSUD Working Paper Series*, nº 10; Karacimen, E. (2014). Dynamics behind the rise in household debt in advanced capitalist countries: An Overview. *FESSUD Working Paper Series*, nº 9; Robertson, M. (2014). Housing Provision, Finance, and Well-being in Europe. *FESSUD Working Paper Series*, nº 14; Santos, A.C. (2014). Financial Literacy, financialisation and Neo-liberalism. *FESSUD Working Paper Series*, nº 11; Serap, S. (2014). Review of pension provision across the European Union countries. *FESSUD Working Paper Series*, nº 13.

data statistics compiled in the report. The report benefited from comments and suggestions from the partners involved in WP5. Usual disclaimers apply.

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Main findings

Household financial situation

- 33% of respondents in Portugal and Poland consider their households to be relatively poor as compared to others in their country, 18% of respondents in the UK and Germany and 14% of respondents in Sweden do so.
- 31% of respondents in Portugal reported that keeping up with their bills and credit commitments is a constant struggle for the household, 4% of respondents in Sweden, 10% in the UK, 12% in Germany and 16% in Poland declare their household experienced such difficulties.
- 36% of respondents in Portugal and 33% in Poland say their household is at risk of being unable to cope with an unexpected expense of €1,000 (or its equivalent in national currency) over the coming year, while 12% in Sweden, 18% in Germany and 22% of respondents in the UK declare such a risk.
- In all the countries, respondents declared that the risk of their households falling behind with payment of other bills (food and daily consumer items, rent or mortgage, and consumer loans) is significantly lower than that of being unable to cope with an unexpected expense of €1,000.

Household financial wealth

- The majority of respondents say that members of their household have a bank current account, reaching 99% of the surveyed households in the UK and Germany, 92% in Portugal, 88% in Sweden and 83% in Poland.
- Insurance products (including health, house and car insurance, excluding life assurance) are the second most relevant financial asset, being held by 93% of Swedish households, 90% of German, 84% of Portuguese, 82% of UK, and 72% of Polish households.
- Savings accounts are held by 82% of households in Sweden, 77% in the UK, 60% in Germany, 46% in Portugal, and 36% in Poland.

- The percentage of households with life assurance ranges from 63% in Poland to 39% in Portugal (52% in Sweden, 46% in the UK, 41% in Germany).

- The percentage of households with private pension plans ranges from 57% in the UK to 22% in Poland (38% in Sweden, 51% in Germany, 25% in Portugal).

- The percentage of households with shares and bonds ranges from 39% in the UK to 10% in Portugal and Poland (38% in Sweden, 20% in Germany).

- The percentage of households with investment funds ranges from 33% in Sweden to 8% in Portugal (23% in the UK and Germany, and 10% in Poland).

- Around a fifth of respondents in Germany (17%), Sweden (19%) and the UK (22%) declare that their households have financial assets worth more than 2 years of average household net monthly income, and around one tenth of respondents in Poland (7%) and Portugal (11%) declare that their households have the same relative amount of financial assets.

- Around half of the respondents in Portugal (46%) and Poland (50%) declare that their households have financial assets worth less than 3 months of average household net monthly income; just over a third of respondents in Sweden (33%), Germany (34%) and the UK (39%) declare that their households have these relative amounts of financial assets.

- Reflecting the overall rates of participation, the financial assets held by a higher fraction of households, such as bank current and savings accounts, are those that are more evenly distributed across the various socioeconomic groups. Conversely, financial assets that are owned by a smaller proportion of the population, such as shares and bonds and private pension plans, are more concentrated on particular socioeconomic groups.

Household debt

- Around a third of respondents in Sweden (34%), the UK (33%) and Portugal (30%) say that their households have a mortgage, while less than one fifth of respondents in Germany (17%) and Poland (10%) say so.

- Participation in personal loan markets is the highest in Poland (31%) and the lowest in Sweden and Portugal (13%); with 23% of respondents in Germany and 17% in the UK declaring that their households have this type of debt.

- The percentage of households having both mortgages and personal loans is small and similar in all the countries, ranging from 5 to 8% of households.

- At least a quarter of respondents in Portugal (31%), Sweden (25%) and the UK (25%) declare that their households have a total amount of debt worth more than 2 years of average household net monthly income; less than a fifth of Polish (12%) and German (17%) respondents report that their households have this amount of debt.

- More than half of the respondents in Poland (57%) and Germany (51%) declare that their households have a total amount of debt worth less than 3 months of average household net monthly income; substantially less than half of the respondents in Sweden (35%) and Portugal (40%), and also in the UK (44%), report that their households have such a level of debt.

- 'To start an independent and autonomous life' and 'It was a good investment opportunity' are the two main reasons given by respondents for the household to take on a mortgage, respectively: 35% and 34% in Portugal, 52% and 57% in Sweden, 67% and 65% in Germany, 69% and 65% in the UK, and 76% and 59% in Poland.

- The reasons for the household to take on other loans vary considerably in the five countries. The main reasons are: 'To furnish or renovate your house or flat' according to 60% of respondents in Poland and 38% in Germany; 'To cover current living expenses or other everyday purchases' according to 43% of respondents in the UK and 20% in Sweden; 'To cover unexpected expenses' according to 39% of respondents in Portugal.

- One third or more of the respondents in 3 out of the 5 countries say that their households used loans to cover unexpected and current living expenses: in Portugal these figures are 39% (unexpected) and 38% (current) in the UK 35% and 43%, in Poland 32% and 34%, in Germany 29% and 34%, and in Sweden 20% and 16%, respectively.

Household relations with finance

- Respondents evaluate their households dealings with finance positively; on a scale from 1 (extremely bad) to 10 (extremely good), average scores range from 5.8 in Poland, 6.0 in Portugal, 6.1 in Germany, 6.6 in the UK to 6.8 in Sweden.

- Negative evaluations (from 1 to 5 on a scale of 1 to 10) of household dealings with financial institutions range from 31% in Sweden, 33% in the UK, 40% in Germany, 47% in Portugal and 52% in Poland.

Household material wealth: Housing

- Homeownership rates (without mortgages) vary considerably across the countries: 23% in Sweden, 30% In Germany, 39% in the UK, 46% in Portugal and 64% in Poland.

- The percentage of households with a mortgage ranges from 9% in Poland, 17% in Germany, 28% in Portugal, 32% in the UK to 34% in Sweden.

- The percentage of respondents who report a potentially large profit if household homes were sold on the date of the interview (owned or mortgaged) ranges from 4% in Portugal, 15% in Poland, 17% in Germany, 36% in Sweden to 39% in the UK.

- The levels of respondents' satisfaction with accommodation on a scale of 1 (extremely dissatisfied) to 10 (extremely satisfied) is high (above 7) in all the countries; scores range from: 7.1 in Poland, 7.4 in Portugal, 7.7 in Germany, 8.0 in the UK, to 8.2 in Sweden.

The Welfare State

- The level of respondents' satisfaction with public services is low in all the countries. On a scale from 1 (extremely bad) to 10 (extremely good), satisfaction with public services receive a score of 3.9 in Poland, 4.2 in Portugal, 5.2 in Germany, and 5.8 in Sweden and the UK.

- Overall, respondents are more satisfied with childcare services, health services and education systems than they are with employment promotion measures, state pension systems and long-term care services. Satisfaction with employment promotion measures is particularly low, receiving negative scores in all the countries: 3.0 in Portugal, 3.2 in Poland, 4.6 in Germany, 4.7 in Sweden and 4.9 in the UK (scale of 1 extremely bad to 10 extremely good).

- Concerns about not having sufficient income in old age to live in dignity vary across countries. On a scale of 1 (not at all worried) to 10 (extremely worried), in Portugal, 69% of respondents declare they are worried, (score 6 to 10). This percentage is 60% in Poland, 42% in the UK, 45% in Germany and 28% in Sweden.

- With the exception of Sweden (16%), on average more than one third of respondents (35% in Germany, 38% in the UK and 44% in Poland and Portugal) report that over the past five years it has become more difficult to afford some basic services, especially education and healthcare for themselves or for their relatives.

Financial crisis

- Respondents' perception of the impact of the economic crisis on their households varies across the countries. On a scale of 1 (not bad) to 10 (extremely bad impact), the average score is 2.7 in Sweden, 3.7 in Germany, 4.4 in the UK, 5.0 in Poland and 6.9 in Portugal.

- 30% of Portuguese respondents report that their households have been extremely negatively affected by the crisis (score 9 and 10 on a 1-10 scale), while 3% of Swedish, 5% of German, 8% of UK and 13% of Polish respondents declare that their households suffered such a negative impact.

- Respondents who are unemployed declare that their households have been particularly severely hit by the crisis, with scores superior to 5.0 in all the countries [on a scale of 1 (not bad) to 10 (extremely bad)]: 5.3 in Germany, 5.4 in Poland, 6.0 in the UK, 6.3 in Sweden, and 7.8 in Portugal.

- In all the countries, a high percentage of respondents declare that their households have had to manage a lower household income over the past 5 years: 41% in Sweden, 47% in Germany, 56% in the UK, 72% in Poland and 77% in Portugal.

- In all the countries, more than half of the respondents who are employed declare that they had to work more intensively at work over the past five years: 56% in Sweden, 61% in Poland, 62% in Germany, 70% in the UK and 77% in Portugal.

- Reports of experiencing a decrease in overall control over one's life over the last five years range from 15% of respondents in Germany, 24% in Sweden, 32% in Portugal, 38% in the UK, and 40% in Poland.

Subjective well-being

- On average, respondents report they are satisfied with their lives. On a scale of 1 (extremely dissatisfied) to 10 (extremely satisfied), the average score is 5.7 in Portugal, 6.3 in Poland, 7.1 in Germany and the UK, and 7.8 in Sweden.

- Respondents who are unemployed report lower levels of life satisfaction, with average scores substantially lower than those of other groups: 4.1 in Sweden, 5.0 in Germany, 5.1 in Portugal, 5.7 in Poland and 5.9 in the UK.

- 68% of Portuguese respondents report that their life satisfaction deteriorated over the last 5 years, while this response is given by 20% of responses in Sweden, 21% in Germany, 30% in the UK and 37% in Poland.

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1. The countries of the study

The survey was implemented in five countries deemed to represent different types of financial system and welfare regime in the EU: Germany, Poland, Portugal, Sweden, and the UK. The varied institutional backgrounds proved to be relevant in accounting for the difference in the extent, form and use of finance, as well as for the impact of financialisation and of the financial crisis on individuals and households, both across and within countries.

1.1. Financialisation, financial crisis and institutions

The survey has shown that household engagement with the financial sector is both more widespread and diversified in developed countries with more advanced financial systems, such as the UK and Sweden, where a high level of household debt is associated with a high level of financial wealth, indicating that engagement with the financial sector is generally undertaken on both sides of the household balance sheet and that this engagement is concentrated on the better off.

Countries with more advanced financial systems are also known for being at the forefront of transitioning from collective to more individualised forms of welfare, namely those interacting with housing and pensions that are most directly associated with household borrowing and savings.[10] In the case of housing, finance has been important for the accumulation and use of housing wealth and the rise of owner-occupation, which has grown more intensively in the UK and Sweden and is more directly associated with mortgage markets. In Poland, by contrast, households' engagement with finance, while growing, has been less intense, reflecting not only the relative underdevelopment of the financial sector, but also divergent forms of housing provisioning. The particularly high rates of owner-occupation observed in the country result from the privatisation of state housing in the transition period, allowing, as in other Eastern European countries, for debt-free owner-occupation.

The countries covered in the study have also been differently affected by the economic and financial crisis, resulting in varied impacts on individuals and households between and within countries,

[10] Churchill, J. (2014) Towards a Framework for Understanding the recent evolution of pension systems in the European Union, *FESSUD Working Paper Series*, nº 12; Karacimen, E. (2014) Dynamics behind the rise in household debt in advanced capitalist countries: An Overview, *FESSUD Working Paper Series*, nº 9; Robertson, M. (2014) Housing Provision, Finance, and Well-being in Europe, *FESSUD Working Paper Series*, nº 14; Serap, S. (2014) Review of pension provision across the European Union countries, *FESSUD Working Paper Series*, nº 13.

exposing, too, the role of different institutional settings in tempering, or even aggravating, the more negative outcomes.

Germany and Portugal offer two contrasting examples in this regard, with the former remaining almost unaffected while the latter belongs to the group of the most severely hit by the crisis.[11] Portugal, a periphery within the EU, followed the same trajectory as the most developed and financialised economies. But it has a more fragile economy and weaker welfare system to withstand the impact of economic and financial shocks.[12] In 2011, it had to request financial assistance from the 'troika' made up of the European Central Bank, the International Monetary Fund and the European Commission, when borrowing on the markets became prohibitively expensive. This implied the implementation of restrictive austerity measures and structural reforms. The country's standards of living have decreased since, and support for the most vulnerable has been reduced while it has been increasingly most needed.

This is in line with other studies that have shown that the financial and economic crisis has led to a deterioration in living and working conditions, with significant negative impact on the most vulnerable among the less developed Member States. The financial and economic crisis has thus led to a growing divergence among EU countries, namely between the northern and western parts and those in southern and eastern Europe.[13] While in 2015 there have been signs of economic improvement in some countries, the picture is still of struggle in Member States that were and still are under the bailout programmes, quite dramatically so in Greece in the wake of the recent Eurozone crisis.[14]

This introductory chapter briefly presents the distinctive features of the selected group of countries, especially in regard to their broader institutional frameworks and relative socioeconomic position

[11] Oxfam (2013) A cautionary Tale: The true cost of austerity and inequality in Europe, *Oxfam Briefing Paper 174*, September 2013, Oxford, UK: Oxfam.
[12] Rodrigues, J., Santos, A. and Teles, N. (2015) Semi-peripheral Financialisation: the case of Portugal, mimeo.
[13] Eurofound (2012) *Third European Quality of Life Survey: Impacts of the crisis*. Luxembourg: Publications Office of the European Union; European Commission (2012) Monitoring the social impact of the crisis: public perceptions in the European Union (wave 6): Report, *Flash Eurobarometer 338*, Brussels, European Commission; Leahy, A., Healy, S. and Murphy, M. (2014) The European Crisis and Its Human Cost: A Call for Fair Alternatives and Solutions; a Study of the Impact of the Crisis and Austerity on People, with a Special Focus on Cyprus, Greece, Ireland, Italy, Portugal, Romania and Spain, *Crisis monitoring report 2014*, Brussels: Caritas Europa.
[14] See Leahy, A., Healy, S. and Murphy, M. (2015) *Poverty and Inequalities on the Rise: Just social models needed as the solution!*, Crisis monitoring report 2015, Brussels: Caritas Europa.

within the EU countries, setting the background for the more detailed presentation of the results of the *FESSUD Finance and Well-being Survey*.

1.2 Five major types of capitalism

Notwithstanding the over-simplification of taxonomic exercises, and the co-existence of not always consistent categories and groupings of countries depending on the criteria chosen for the comparative exercise, typologies often referred to in the literature will nonetheless be used to briefly set the broad institutional background of the countries covered in the study.[15]

Even if these countries have undergone considerable institutional change in recent years resulting from the intensification of financialisation processes and of the economic and financial crisis of 2008-09, Amable's typology is useful in characterising the main institutional features of the five countries in the study.[16] Built upon other accounts of capitalism, this typology was developed on the basis of five major institutional vectors: product-market competition; the wage–labour nexus and labour-market institutions; the financial intermediation sector and corporate governance; social protection and the Welfare State; and the education sector. Five major types of capitalism, each of which characterised by specific institutional forms and particular institutional complementarities, were identified.[17]

The UK belongs to the ***market-based model*** where coordination is more predominantly based on market mechanisms, and product-market competition is taken as a key defining element. Firms are deemed highly sensitive to adverse shocks, adopting quantity adjustments based on labour-market flexibility. Financial markets are considered instrumental to these adjustments to competitive environments, also supplying individuals with a large range of risk-diversification instruments that are particularly needed in countries that do not have a well-developed Welfare State (e.g. the USA).

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[15] For a critical assessment of taxonomic exercises, see Brenner, N., Peck, J. and Theodore, N. (2010) Variegated Neoliberalization: Geographies, Modalities, Pathways, *Global Networks*, 10: 182–222.

[16] Amable, B. (2003). *The Diversity of Modern Capitalism*, Oxford: Oxford University Press.

[17] Given the focus of the study on European countries, the fifth Asian model of capitalism will not be addressed. This is taken to be highly dependent on the business strategies of large corporations in collaboration with the State and on a centralised financial system, which allows for the development of long-term strategies. Workers' specific investments are protected by *a de facto* protection of employment and possibilities of retraining and career-making within the corporation. Lack of social protection and sophisticated financial markets make risk diversification difficult and render the stability provided by the large corporation crucial to the existence of the model.

Sweden belongs to the ***social-democratic model***. While also subject to external competitive pressure requiring labour force flexibility, in this model this is not to be achieved through lay-offs and market-based adjustments. These instead take place in a more protected environment, with moderate employment protection, a high level of social protection via the Welfare State, and easy access to retraining through active labour-market policies. A coordinated wage-bargaining system adds a solidaristic component to wage setting that favours innovation and productivity.

Germany belongs to the ***Continental European model***, which shares some features with the social-democratic model. But it offers a relatively higher degree of employment protection and lower social protection through the Welfare State. A centralised financial system facilitates long-term corporate strategies; wage bargaining is coordinated and a solidaristic wage policy is developed as well, but not to the same extent as in the social-democratic model. Workforce retraining is not as established as in the social-democratic model, which is deemed to curb labour market flexibility.

Portugal belongs to the ***Mediterranean model of capitalism***, which is deemed to provide more employment protection and less social protection than the continental European model. Employment protection relies on a relatively low level of product-market competition and on the absence of short-term profit constraints due to the centralisation of the financial system. The workforce has limited skills and education, which curbs the implementation of a high wages and high skills industrial strategy.

Amable's exercise did not include any Central and Eastern European (CEE) country. Recent empirical work has placed these countries on a separate ***Central and Eastern European model***. Notwithstanding important differences among them, CEE countries have all experienced extensive economic upheaval and undertook comprehensive social reforms throughout the 1990s, towards privatisation, liberalisation and deregulation, being characterised by lack of capital, a weak civil society and strong external influence, from the EU and other international organisations.[18]

[18] See Farkas, B. (2011) The Central and Eastern European model of capitalism. *Post-Communist Economies*, 23, 15-34, and references therein.

1.3 Four types of financial system

Based on a large number of financial indicators for the financing structure of non-financial firms, the type of control and corporate governance, and the structure of financial intermediaries, Amable regroups the countries across 4 clusters.

The UK continues to be part of the cluster of the ***market-based system***, which is "characterized by the importance of institutional investors and particularly pension funds, the importance of the stock market indicated by a high capitalization relative to GNP, a well-developed venture-capital system, high mergers and acquisitions activity, and a low concentration of ownership". In this system, countries also have "a profitable banking sector [... and rely] on a particular type of corporate governance, associating a dispersed ownership with the takeover threat".[19]

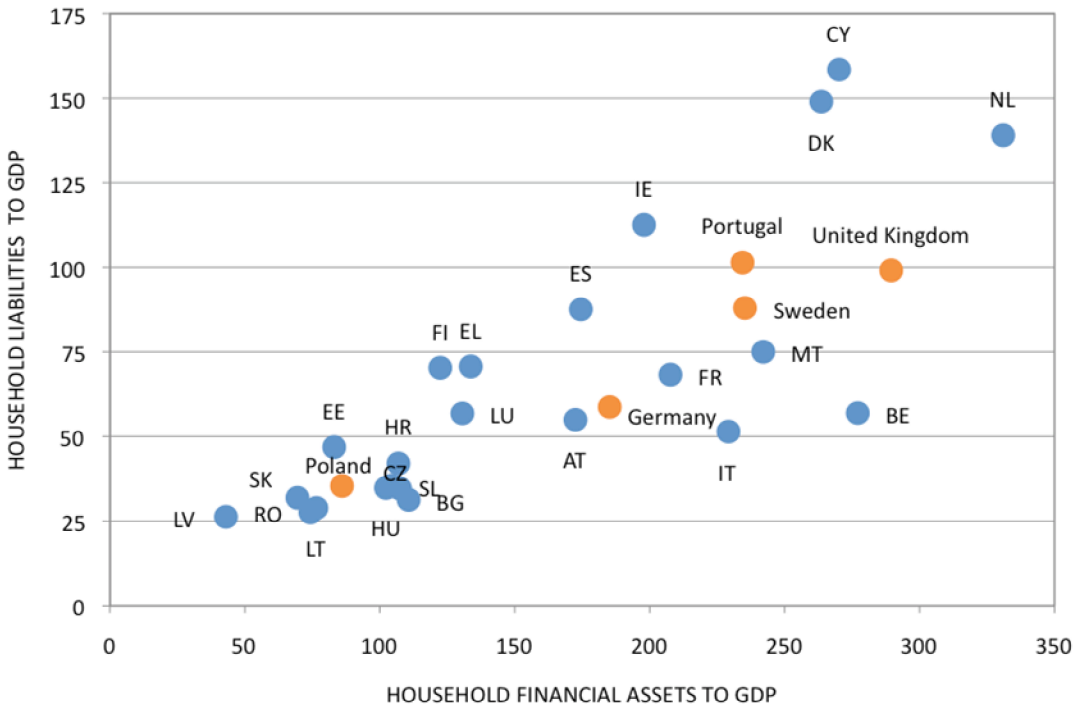
The other countries are distributed among three clusters of ***bank-based systems***. Germany and Portugal more closely fit the 'ideal' bank-based system, which is characterised by "a high credit/GDP ratio as well as an important share of insurance companies among institutional investors (...) little mergers and acquisitions activity, weak development of accounting standards, and a lagging venture-capital sector. Ownership is concentrated and the State plays a relatively important role in the control of some large corporations". Sweden is grouped as a bank-based system where banks "have a somewhat 'passive' role: bonds and securities represent a large part of the banks' assets and the debt/GNP ratio is significantly lower than in other countries; control of firms is concentrated, with families playing an important role". The third group of bank-based systems is mainly composed of small countries whose "common characteristic is to have many foreign banks". [20] Even if not all are small countries, this cluster may include CEE countries, which are not part of Amable's study as mentioned above, but engaged in processes of financial liberalisation and privatisation in the 1990s with a strong foreign banking presence.[21]

The varied institutional settings translate into differentiated household engagements with finance, as measured by the aggregate value of household financial assets and liabilities to GDP. As Figure 1 illustrates, in Poland households have a substantially lower participation in financial markets (in line with other CEE countries), while in Sweden and the UK households have more intense financial

[19] Amable, B. (2003). *The Diversity of Modern Capitalism*, Oxford: Oxford University Press, pp. 145, 149.
[20] Ibid, p. 149.
[21] Farkas, B. (2011). The Central and Eastern European model of capitalism. *Post-Communist Economies*, 23, 15-34.

activity, as measured by the two indicators. Portuguese and German households somehow stand in reversed positions considering the countries' overall level of economic, financial and social development, with the former presenting a more substantial and the latter a more timid participation in financial markets than could be expected.

Figure 1. Household financial assets and liabilities to GDP, 2012
(Source: Eurostat, %)



1.4. Five types of Welfare State regime

Based on the structure of social expenditure, Amable obtains clusters of countries that are broadly compatible with the three welfare capitalist regimes typology of Esping-Andersen.[22] Sweden represents the typical ***social-democratic welfare regime*** which "is universal, based on citizenship, promotes social equality, and implies decommodification and defamiliarization" in that "individuals can achieve a reasonably high standard of living without market participation and independently of family support".[23] Germany represents the ***conservative-corporatist regime*** which is deemed "to preserv[e] status and provid[e] solidarity within rather than between social groups and therefore does not redistribute as much as the social-democratic model. As welfare benefits are linked to

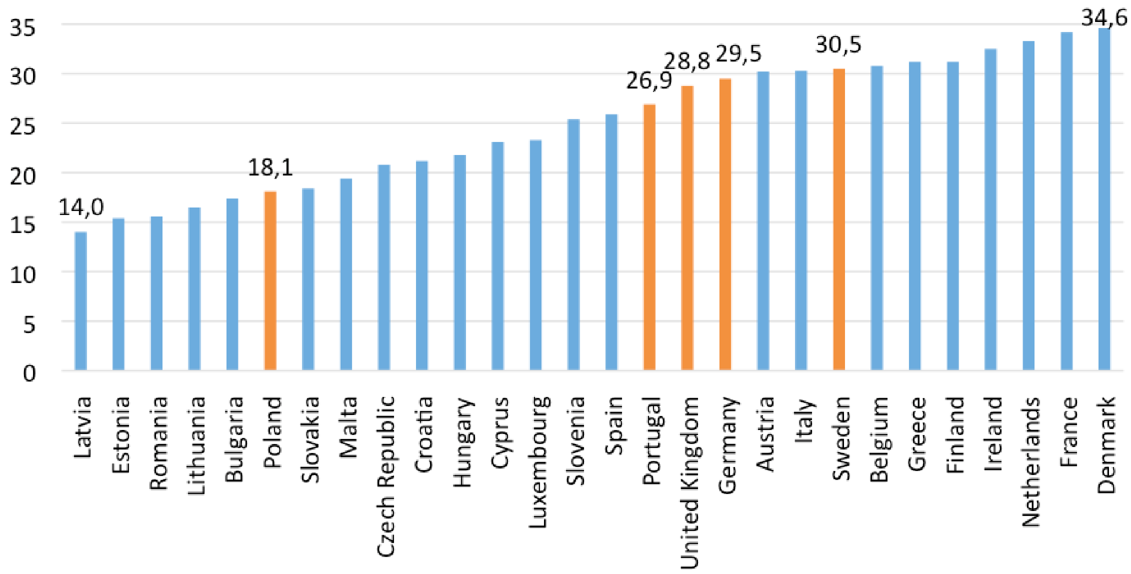
[22] Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*, Princeton: Princeton University Press.
[23] Amable, B. (2003) *The Diversity of Modern Capitalism*, Oxford: Oxford University Press, p. 157.

activity and employment, the regime favours moderate decommodification and familiarization".[24] Portugal is part of a separate cluster, which later became known as the **Southern welfare regime**,[25] with "fewer Welfare State benefits, more traditional intermediary institutions such as Church and family".[26] In Amable's exercise, which is more narrowly based on social expenditure, the UK is part of the same cluster as Portugal, breaking with the usual market-based clustering of countries that includes the USA, Canada, Japan and South Korea. However, in most typologies the UK is viewed as belonging to the ***liberal system*** characterised by "low and means-tested assistance, flat-rate benefits providing incentives to seek income from work, as well as the predominance of limited social insurance plans. Benefits are designed to provide a safety net for the poorest categories of the population. No redistributive aim is given to the system. Entitlement rules are strict and often associated with social stigma; benefits are weak and the State encourages market-based protection, both by providing only minimal assistance and by subsidizing private schemes".[27]

With regard to CEE countries, recent empirical analysis again reaffirm that these countries constitute a distinctive type of welfare regime, what has been referred to as the ***post-communist welfare state***.[28] Sharing a Communist past, social protection used to be based on full employment, relatively high wages for workers, subsidised housing and food, and the provision of free or cheap health, education and cultural services. A turbulent transition period marked by high inflation, unemployment and poverty, subsequently created enormous pressure for welfare policy. Largely influenced by transnational actors such as the World Bank, neo-liberal policy agendas then followed, especially targeting pension systems.[29] Again, notwithstanding important differences among these countries, the differences between these post-Communist welfare states and the traditional Western welfare states are considered significant enough to set them apart, providing substantially lower levels of social protection to their citizens, as can be testified by the percentage of expenditure on social protection to GDP (Figure 2).

[24] Ibid.
[25] Ferrera, M. (1996) The "Southern" Model of Welfare in Social Europe, *Journal of European Social Policy*, 6, 17-37.
[26] Amable, B. (2003) *The Diversity of Modern Capitalism*, Oxford: Oxford University Press, p. 157.
[27] Ibid.
[28] Fenger, H.J.M. (2007) Welfare regimes in Central and Eastern Europe: Incorporating post-communist countries in a welfare regime typology. *Contemporary Issues and Ideas in Social Sciences*, 3: 2, 1-30.
[29] Orenstein, M.A. (2008) Poverty, Inequality, and Democracy: Postcommunist Welfare States, *Journal of Democracy*, 19, 4: 80-94.

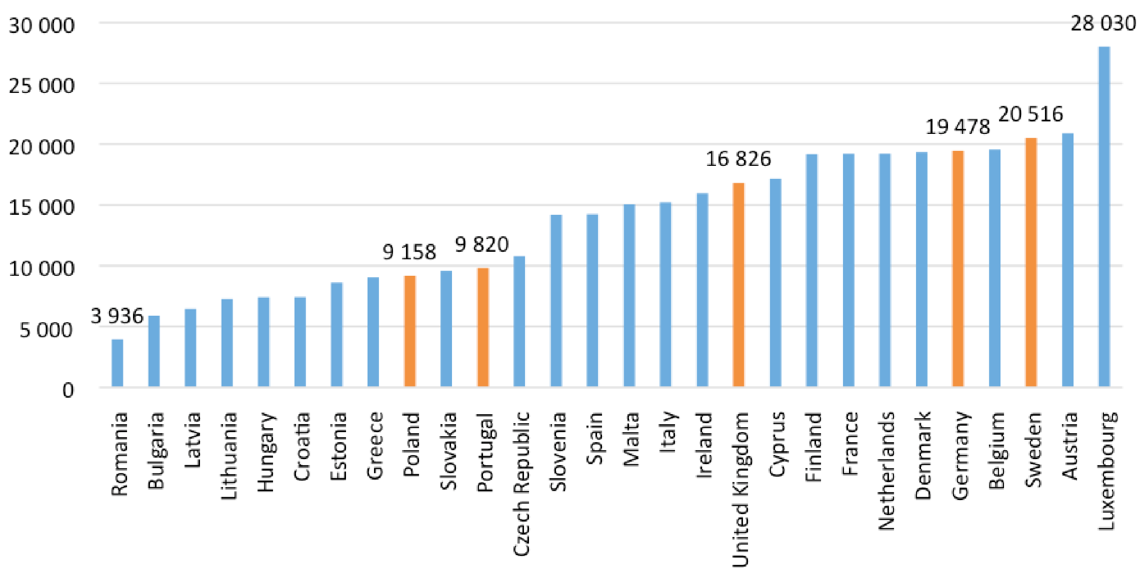
Figure 2. Expenditure on social protection to GDP, 2012
(Source: Eurostat, %)



1.5. The economic and financial crisis in the five countries

The institutional differences between the countries translate into corresponding socioeconomic positions. Of the five countries of the study, Poland, closely followed by Portugal, generally occupies a position at the lower end of various economic and social indicators, such as equivalised household net income, while Sweden generally occupies the upper end, closely followed by Germany. The UK stands somewhere in between these two poles (Figures 3).

Figure 3. Median equivalised household net income, 2013
(Source: Eurostat, Euro PPS)



This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

Figure 4. Unemployment rate, 2008 and 2013
(Source: Eurostat, percentage)

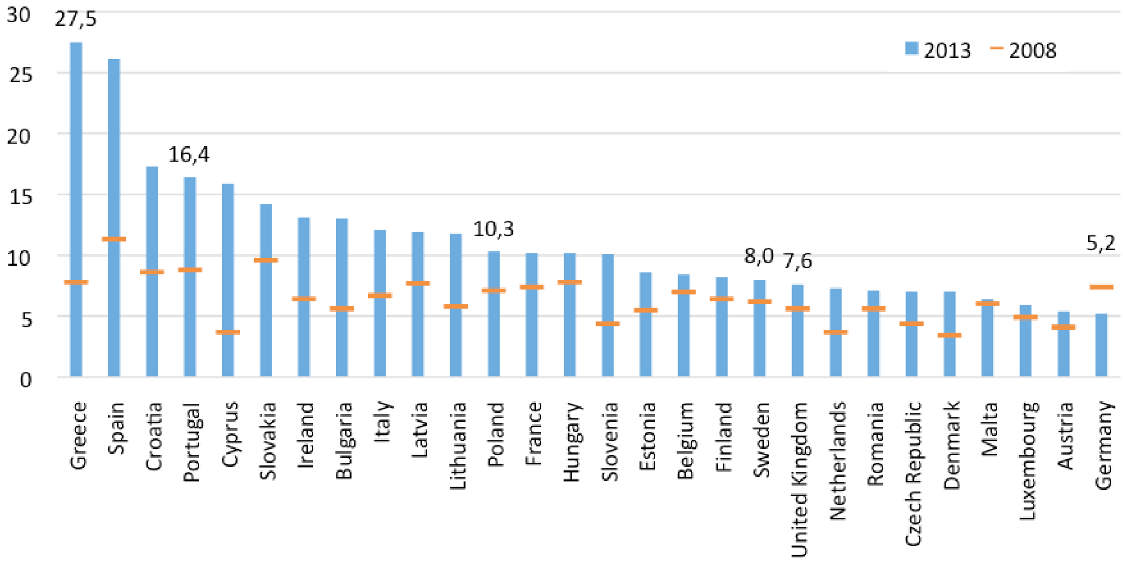
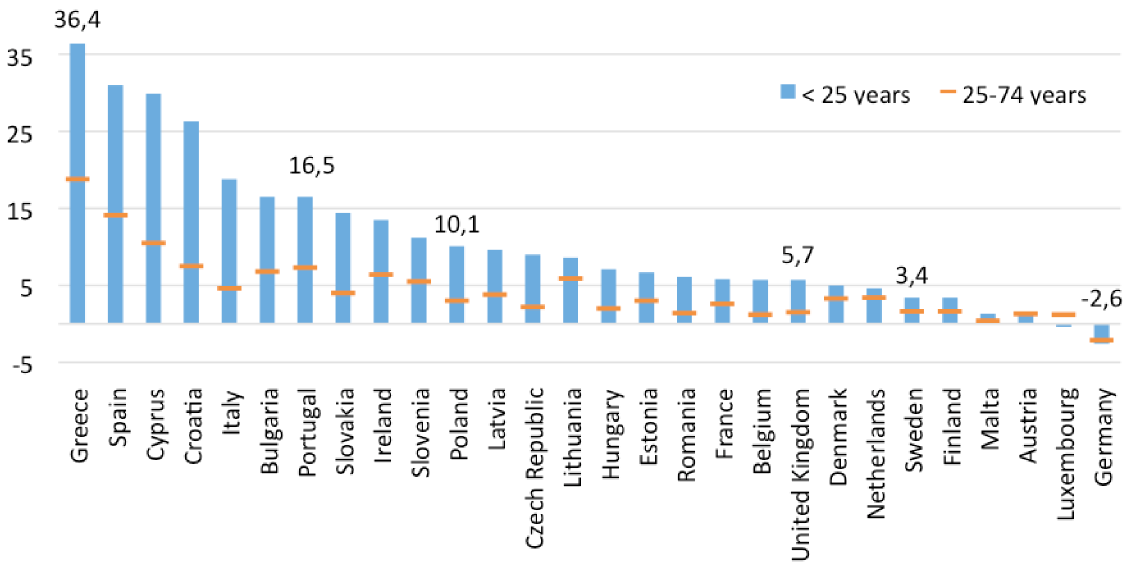


Figure 5. Variation in unemployment rate, by age group, 2008-2013
(Source: Eurostat, percentage points)

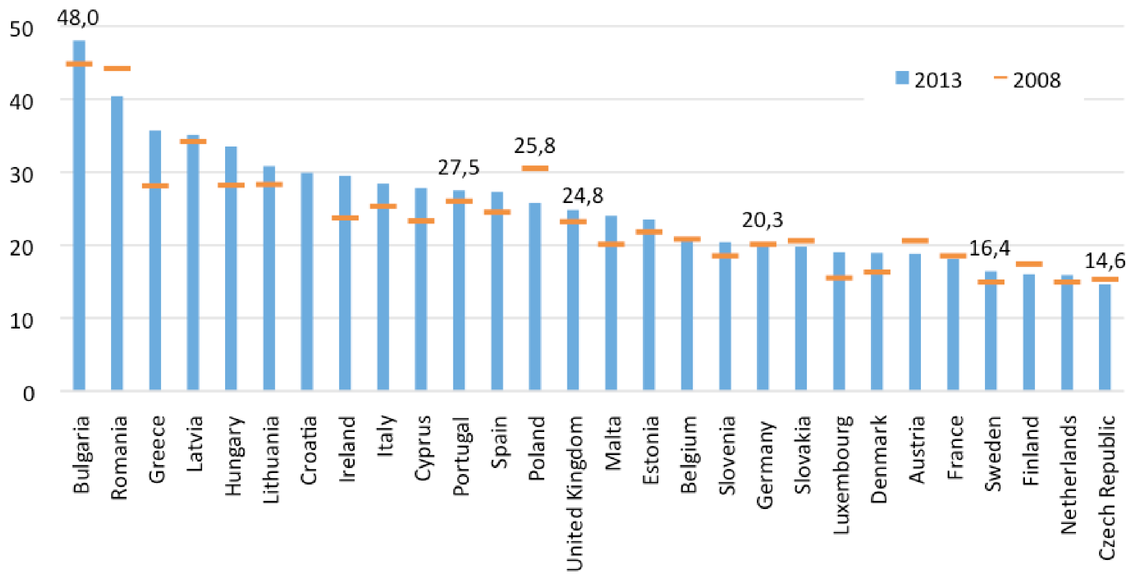


The economic and financial crisis has had a negative and prolonged impact in most countries, as attested by the generalised rise in the unemployment rate between 2008 and 2013, and the still significantly high values in 2013, as compared to 2008, in all the countries but Germany (Figure 4). But this impact varies considerably across the EU. As Figure 4 shows, unemployment rose dramatically in Greece, Spain, Croatia, Portugal and Cyprus, surpassing in all these countries an annual average of 15%, in 2013, reaching 26.1% in Spain and 27.5% in Greece. The impact of the economic and financial crisis also varies within countries, affecting particularly hard the youngest cohorts of the active population, who struggle to find their first job (Figure 5).

The crisis has resulted in a generalised deterioration in the living conditions of Europeans, as measured by the percentage of people at risk of poverty or social exclusion, which increased in most countries with the notable exceptions of Romania, Poland, Austria and Finland. But again, it is the Central and Eastern and the Southern European countries, plus Ireland that present the higher percentage of the population at risk, in all cases higher than 25%, 48.0% in Bulgaria and 25.8% in Poland. The only exception is the Czech Republic with the lowest value among the EU countries with 14.6% of the population below the poverty line (Figure 6).

Figure 6. People at risk of poverty or social exclusion, 2008 vs 2013[30]

(Source: Eurostat, percentage of total population)



Even though the crisis has had a more negative impact on the Southern and Eastern European countries, the strength of the impact does not perfectly match the relative socioeconomic position of the countries. The crisis has had a more severe impact on the Southern European countries and Ireland, where the financial crisis degenerated into a "Euro crisis".

[30] The at-risk-of-poverty rate measures the percentage of the population with low income relative to other residents in the country. It is the share of people with an equivalised disposable income (after social transfer) below 60% of the national median equivalised disposable income after social transfers.

Early participation in the Economic and Monetary Union allowed the Southern European countries to benefit from almost unlimited access to capital markets and at very low interest rates, thereby circumventing their less well-developed financial systems.[31] But the eased access to capital markets fuelled the biggest net external debts at the world level, culminating in the sovereign debt crises of 2010-11, forcing these countries to request financial bail-outs from official lenders. This was the case of Greece, Portugal and Spain, and also Ireland, which had to request financial assistance from the 'troika' made up of the European Central Bank, the International Monetary Fund and the European Commission, when borrowing on markets to refinance public debt became prohibitively expensive.[32]

As has always been the case, these loan arrangements implied the implementation of restrictive austerity measures, which have aggravated the situation of these countries. What was not as common was the fact that the imposed structural adjustments were carried out without the traditional policy instruments, namely an exchange rate policy, that would normally have been used to alleviate the adjustment process.

Particularly in the aftermath of recent developments in Greece, there is a growing consensus that austerity measures are not working. They are instead deepening and prolonging recession, through their effects on income, as a result of the cuts to salaries, increasing unemployment and underemployment. Also, through their effects on indirect income via the contraction of public services, austerity measures leave increasing segments of the population at greater risk of vulnerability.[33]

1.6 Final remarks

To summarise, aggregate data at the country level clearly indicate that the effects of financialisation and of the financial crisis go beyond the maturity of national financial systems and the extent of

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[31] Ireland, Portugal and Spain joined the euro with the official launch on 1 January 1999. Greece soon followed on 1 January 2001. CEE countries adopted the euro at a much later stage: Slovenia in 2007, Slovakia in 2009, Estonia in 2011, Latvia in 2014, and Lithuania in 2015.

[32] The EU Member States that initiated bailout programmes since 2008 are: Hungary (2008), Latvia (2008), Romania (2009), Greece (2010), Ireland (2010), Portugal (2011), Cyprus (2011), and Spain (2012).

[33] Lehndorff, S. (2012) The triumph of failed ideas: introduction, in S. Lehndorff (Ed.), *A Triumph of failed ideas: European models of capitalism in the crisis*, Brussels: ETUI. See also Paul Krugman's 'The Austerity Delusion' in *The Guardian*: http://www.theguardian.com/business/ng-interactive/2015/apr/29/the-austerity-delusion, consulted 22 July 2015,

household engagement with finance. The countries most severely hit by the financial crisis were not the most financialised countries of the West and North of Europe where household dealings with finance is most intense. On the contrary, analysis at country level reveals that the integration of very different economies into the international financial markets has unequal effects, mainly through increased access to external funding, rendering the more fragile economies vulnerable to external shocks.[34]

As the countries most negatively affected by the crisis are among those with the biggest gaps in their social protection systems, the differentiated impact of the crisis is hardly mitigated by the protection provided by those systems - belonging to the Southern or post-communist welfare regimes. Thus, not only has the crisis had a varied impact across countries, but also the austerity measures adopted to address it in the weakest economies has produced growing levels of inequality within these countries.

This is not to say that Western and Northern European countries have not been affected. They have also been hit by declining income and rising unemployment, though not to the same extent as Southern and Eastern Europe. The varied impact of the crisis again highlights the importance of the institutional framework of each country, in particular the extent to which employment regulations and the welfare states can effectively attenuate its impact.

However, existing aggregate data by country do not allow us to draw significant conclusions about the impact of new individual and household engagements with finance on material and non-material well-being. The *FESSUD Finance and Well-being Survey* was designed to fill this gap. It sought to do so by collecting individual- and household-level data that could provide information about the differentiated financial engagements and the impact of these engagements and of the financial crisis on individuals and households, accounting for their specific circumstances and the role of different institutional settings in tempering, or consolidating, the more negative outcomes. The remainder of the present report presents the survey findings in detail.

[34] Wolf, M. (2014) *The Shifts and the Shocks: What we've learned and have yet to learn*, New York: Penguin Books.

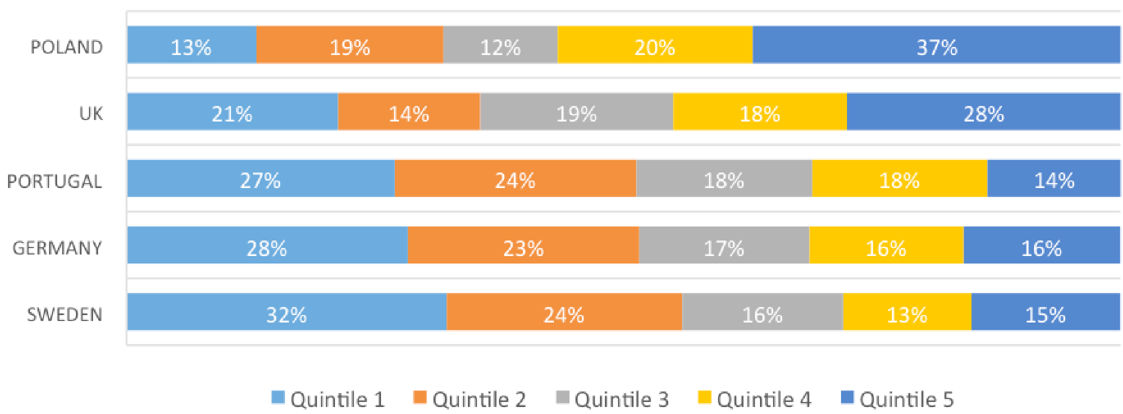
2. Household financial situation

The *FESSUD Finance and Well-being Survey* collected individual- and household-level data about the varied engagements with finance with the aim of assessing the impact of these engagements on well-being. It also collected data about the specific circumstances of individuals and households and about public welfare provision in order to assess their role in tempering the expected negative impact of financialisation and of the financial crisis on individual well-being. This section presents the results of the household financial situation in the five countries of the study based on various measures of household wealth and financial difficulties.

2.1. Household income quintiles

The samples of the five countries are composed of households belonging to all income groups, as reported by the respondents. However, they are unequally distributed across the five quintiles of household income defined for the population of those countries. Were they evenly spread across the five income groups, we would have obtained 20% of respondents in each of the five income thresholds and unbiased samples relative to the population. The highest deviations are found in the bottom (Quintile 1) and top (Quintile 5) income groups. There is an over-representation of the bottom income group (Quintile 1) in Sweden (32%), Germany (28%) and Portugal (27%). There is an over-representation of the top income group (Quintile 5) in Poland (37%) and the UK (28%). The percentage of the middle income groups are more in line with their distribution in the population (Figure 7).

Figure 7. Household income quintiles (%)

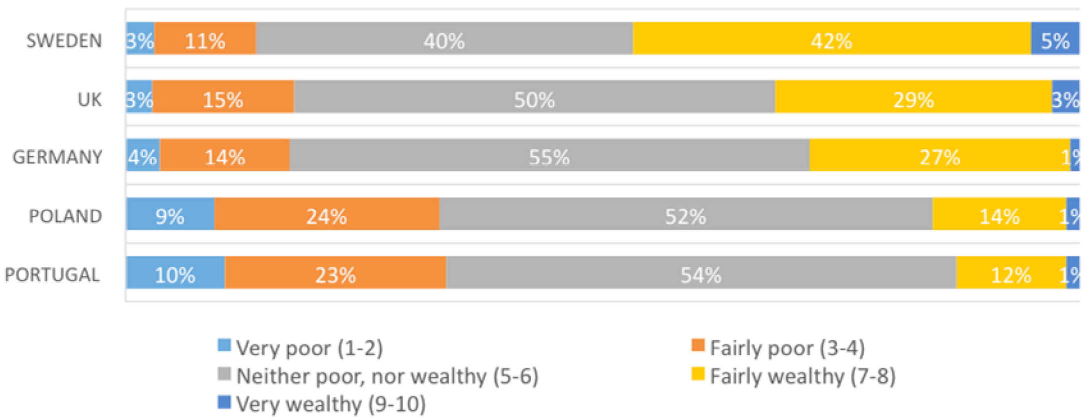


D12. Which of the following band represents your household's total income per year from all sources, before tax and other deductions? Data: Respondents who provided an answer, excluding 'DK/NA' answers.

2.2 Household relative current living standards

When asked to compare the household current living standards to those of others living in the same country, a very different pattern emerges across groups, based on household income. With the exception of Sweden, around half of the respondents consider that their household living standards place them in a median position of being neither poorer, nor wealthier than others (50% in the UK, 52% in Poland, 54% in Portugal and 55% in Germany). Comparing the distribution of reported household income (cf. Figure 7) to the perceived living standards of households (cf. Figure 8), the concentration around the middle of the scale in the latter suggests distorted perceptions from respondents in lower and higher income groups as being respectively relatively better or worse than it really is. Swedish respondents contrast with their counterparts, with nearly half of the sample considering that their household is relatively better off (42% consider themselves fairly wealthy and 5% very wealthy). Notwithstanding what appears to be biased perceptions about household relative positions, and especially in the lower income groups, in Poland and Portugal about a third of respondents consider their households to be poor (around 9-10% very poor, and around 23-24% fairly poor). This value is under a fifth in the UK and Germany (around 3-4% very poor, and around 14-15% fairly poor), and under a sixth in Sweden (3% and 11% respectively).

Figure 8. Perception of household current living standards as compared to others (%)



Q2. On a scale from 1 to 10, where would you place the current living standards of your household compared to others in …? Please choose one number from 1 to 10, where "1" stands for "very poor", and "10" stands for "very wealthy", while the remaining numbers indicate something in between these two positions. Data: Respondents who provided an answer, excluding 'DK/NA' answers.

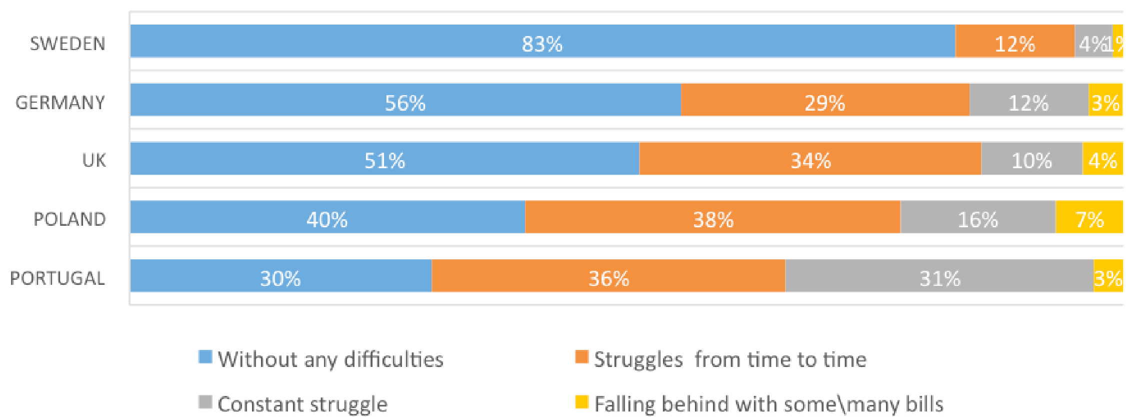
2.3 Household current financial difficulties

The degree of financial difficulty varies considerably across the 5 countries, as measured by a scale of difficulty experienced by households in keeping up with household bills and credit commitments.

While 83% of Swedish respondents say that making such payments is never a problem, only 30% of the Portuguese and 40% of the Polish respondents declare they have no financial difficulties. Germany and the UK stand somewhere in between with 56% and 51% of respondents respectively, declaring they have no such difficulties. And while 12% of Swedish respondents report that their households occasionally struggle to keep up with their payments, this value is about three times higher in the other countries.

By the same token, in Sweden only 4% of respondents say that it is a constant struggle to keep up with household bills and credit commitments, whereas in Portugal 31% of the respondents reported experiencing this level of financial difficulty. The other countries again stand somewhere in between with no statistically significant differences between them (10% in the UK, 12% in Germany and 16% in Poland). In all the countries, only a small proportion of households (less than 8%) report having fallen behind bills and credit commitments.

Figure 9. Keeping up with household bills and credit commitments, 2014 (%)

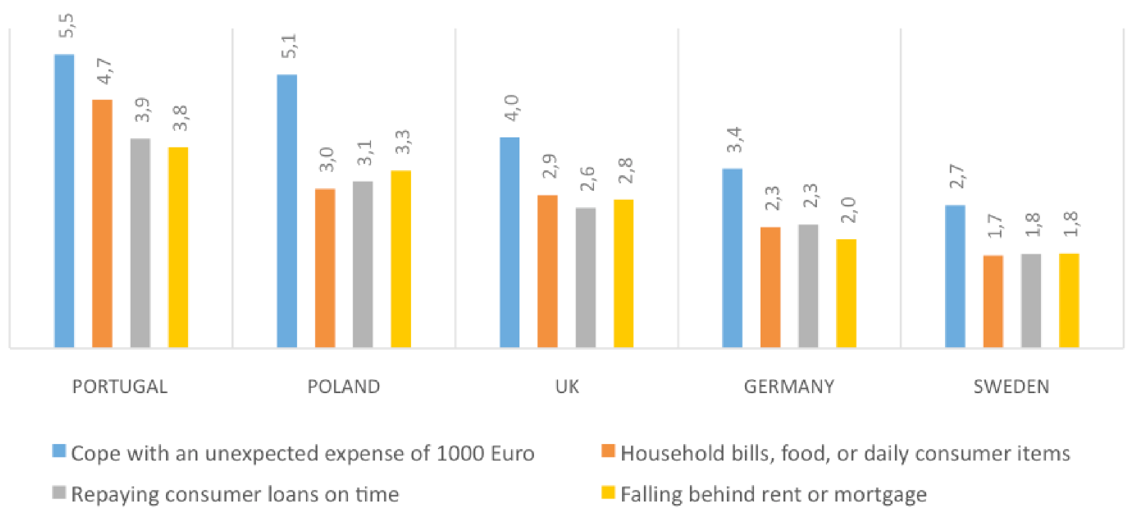


Q3 Which of the following best describes how you/your household is keeping up with all its bills and credit commitments at present? Would you say your household is ... keeping up without any difficulties, keeping up but struggles to do so from time to time, keeping up but it is a constant struggle, falling behind with some bills\credit commitments, having real financial problems and have fallen behind with many bills and credit commitments. Data: respondents who provided an answer, excluding 'DK/NA' answers.

2.4 Household financial risk

Financial hardship varies considerably across the 5 countries, as measured by respondents' perception of risk of falling behind with various payments. When asked whether – in the next 12 months – there is a risk of falling behind with various payments, the situation seems again to be less favourable in Portugal, with respondents expressing a higher risk of their household being unable to cope with all types of payment (but on average a risk of up to 5.5, 10 being the highest risk). However, the risk of being unable to cope with an unexpected expense of €1,000 (or its equivalent in national currency) is perceived as presenting the highest risk in all the countries, being significantly higher in Portugal and Poland (5.5 and 5.1 respectively). The risk of falling behind with other types of payment is low in all the countries, presenting similar risks in all the countries (especially in Germany and Sweden whose differences are not statistically significant for the three types of expense).

Figure 10. Risk of being unable to cope financially in the next 12 months (scale 1-10)

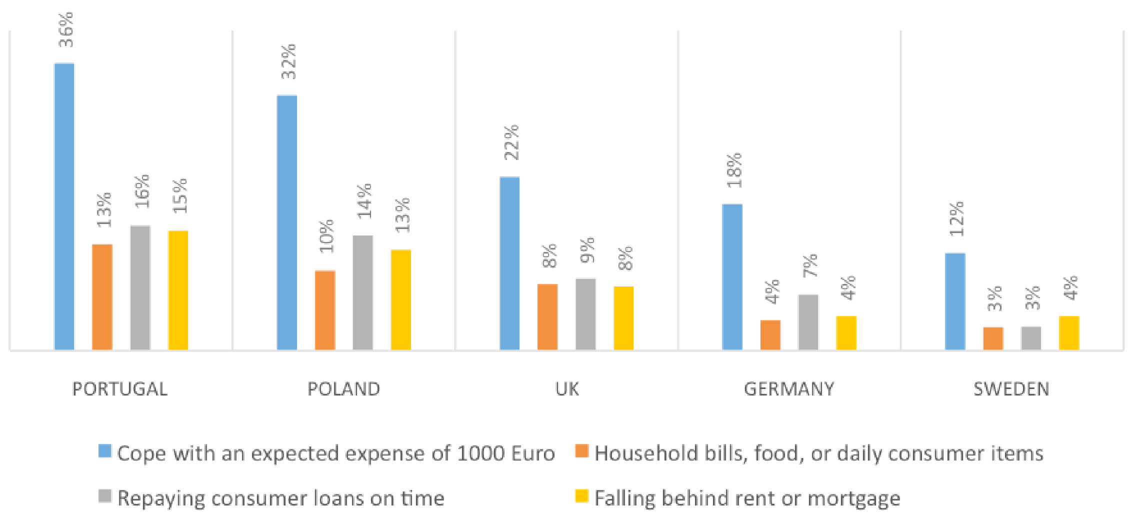


Q19 Looking at the next 12 months, how would you evaluate the risk of falling behind with the payment of the following expenses? Please use a scale from 1 to 10, where 1 means 'no risk at all' and 10 means 'Very high risk'. Note: The difference between the countries is statistically significant at 0.05 level, except for: payment of household bills, food or daily consumer items in Poland, the UK and Germany; and payment of consumer loans on time in the UK and Germany.

The same relative position of the countries is found in the distribution of responses across the scale of 1-10. The Portuguese and the Polish respondents perceive their households as facing a higher risk of falling behind bills and credit commitments, particularly related to coping with an unexpected expense of €1,000. Circa one third of respondents in these countries declare that their households have a high risk (scale 8-10) of not being able to cope with an expense of €1,000 (36% in

Portugal and 32% in Poland). This risk is lower in Sweden and Germany (12% and 18% respectively), with the UK standing somewhere in between (22%).

Figure 11. Households at high risk of falling behind payment of bills and credit commitments (%)



Q19 Looking at the next 12 months, how would you evaluate the risk of falling behind with the payment of the following expenses? Please use a scale of 1 to 10, where 1 means 'no risk at all' and 10 means 'Very high risk'. Note: High risk comprises scores 8 to 10. Data: respondents who provided an answer, excluding 'DK/NA' answers.

Taken together, these results illustrate the diversity of situations across the countries of the study, with Portuguese and Polish respondents reporting the most severe experiences of household financial hardship and Swedish respondents reporting the lowest, with the UK and Germany standing somewhere in between the two poles.[35] The relative position of the countries in terms of household financial situation conveys not only the different relative socioeconomic rank, but also the differentiated impacts of financialisation and of the financial crisis on the household and the country, as will be shown in the next section.

[35] These results are consistent with the findings of the Flash Eurobarometer 338. With fieldwork carried out in December 2011, it offers additional support for the deterioration of the household financial situation in Portugal and the stability of the country's relative positions since 2011. See European Commission (2012). Monitoring the social impact of the crisis: public perceptions in the European Union (wave 6): Report. *Flash Eurobarometer 338*. Brussels, European Commission, Ch. 2.

3. Household financial wealth

This section characterises household relations with finance in regard to their savings and investment decisions and behaviours.

Financial assets vary in their attributes and in the motives for which they are generally held. Traditional bank products such as deposits (bank current and savings accounts) are often held for transaction purposes. A different class of financial products are insurance-type products. Some of these insurance products are compulsory (e.g. car insurance and life assurance) while others are voluntary (e.g. health insurance and private pension plans) and they may depend on broader institutional factors such as underlying systems of provision. Finally, another class of financial asset might be purchased as part of a financial investment decision based on their risk and return, such as shares, bonds and investment funds.

3.1 Participation in financial asset markets

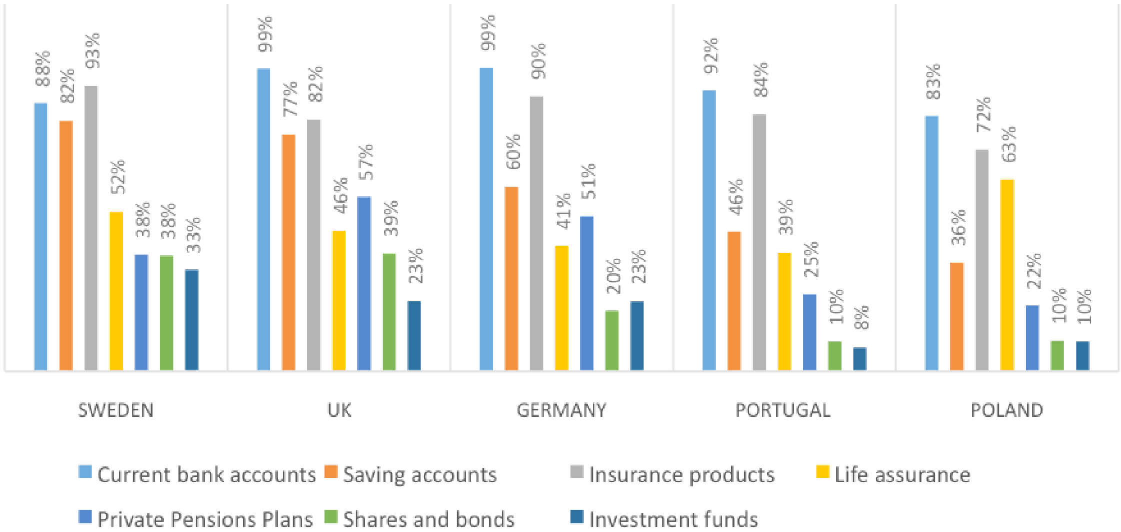
The most prevalent financial assets held by households in the five countries are bank current accounts, insurance products and saving accounts. Shares, bonds and investment funds are owned by a smaller proportion of households in every country studied.

The majority of households holds bank current accounts, reaching 99% of respondents in the UK and Germany, 92% in Portugal, 88% in Sweden and 83% in Poland. Insurance products are the second most relevant financial asset, being held by 93% of Swedish and 72% of Polish households, with the other households ranging somewhere in between (82% in the UK, 84% in Portugal and 90% in Germany).

Other assets are less prevalent. The percentage of households with savings accounts ranges from 82% in Sweden to 36% in Poland. The percentage of households with life assurance ranges from 63% in Poland to 39% in Portugal. The percentage of households with private pensions ranges from 57% in the UK to 22% in Poland. The percentage of households with shares and bonds ranges from 39% in the UK to 10% in Portugal and Poland. And the percentage of households with investment funds ranges from 33% in Sweden to 8% in Portugal.

Taken together, these results suggest that household participation in financial asset markets is more relevant in a wider range of markets in Sweden and the UK and lower in Portugal and Poland, with Germany standing somewhere in between. The composition of financial assets is similar across the countries, with a more relevant participation of UK and German households in the private pensions market, and of Polish households in life assurance products.[36]

Figure 12. Percentage of households with financial assets



Q9 Which of the following financial products and services do you/your household have, if any? Data: respondents who provided an answer, excluding 'DK/NA' answers.

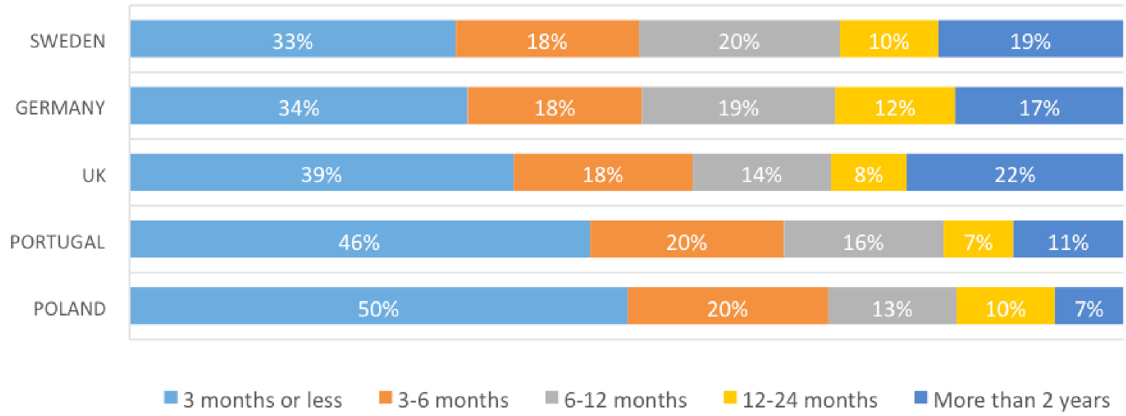
3.2 Relative weight of financial wealth to household monthly income

The total value of household financial assets, as measured by monthly household income, also varies across the countries. Reflecting the intensity and diversity of household participation, the most significant differences are observed between two groups of countries: Sweden, the UK and Germany, on the one hand, and Portugal and Poland, on the other. The former group of countries has a significantly higher proportion of households holding financial assets worth more than 2 years of average household net monthly income (17%-22% vs 7-11%); and a lower percentage of households holding a total amount of savings and investments worth 3 times or less of average

[36] The Eurosystem Household Finance and Consumption Survey (HFCS) provides comparable data for Germany and Portugal. Notwithstanding differences in survey method and implementation, and based on fieldwork carried out in 2010, the findings of HFCS confirm the relative importance of financial assets within and between these two countries. In 2010, 46.5% of households in Germany and 14.1% in Portugal had private pension plans/life insurance, 5.2% of households in Germany and 0.4% in Portugal had bonds, and 10.6% of households in Germany and 4.4% in Portugal had shares. See European Central Bank (2013). The Eurosystem Household Finance and Consumption Survey: Results from the First Wave. *Statistics Paper Series,* nº2, April 2013.

household net monthly income (33%-39% vs 46-50%). These results offer a seemingly different picture from that obtained with country-level data, such as the percentage of household financial assets to GDP, which align Portugal with and set Germany apart from Sweden and the UK (cf. Figure 1).

Figure 13. Comparison of financial assets to monthly household income (%)



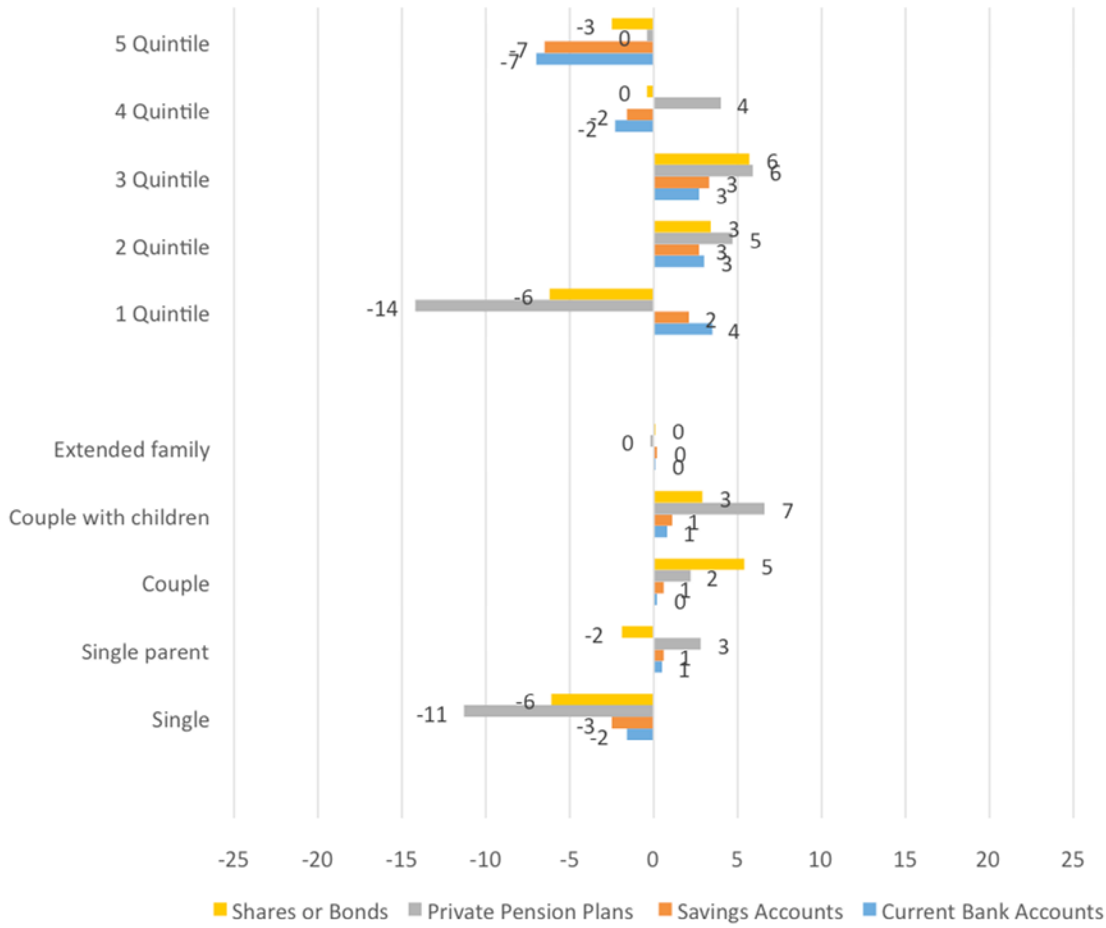
Q10 You mentioned your household has the following savings or investments... Please add up the values of those savings or investments and compare to your average household net monthly income. Would the total value of such savings or investments be equivalent to approximately ... Data: respondents who provided an answer, excluding 'DK/NA' answers.

3.3. Participation in financial asset markets by household type and household income

The distribution of financial assets across the various socioeconomic groups within each country varies with the type of financial asset. Reflecting the overall rates of participation, the financial assets held by a higher proportion of households, such as bank current and savings accounts, are those that are more evenly distributed across the various socioeconomic groups. Conversely, financial assets that are owned by a smaller proportion of the population, such as shares and bonds and private pension plans, are more concentrated in particular socioeconomic groups.

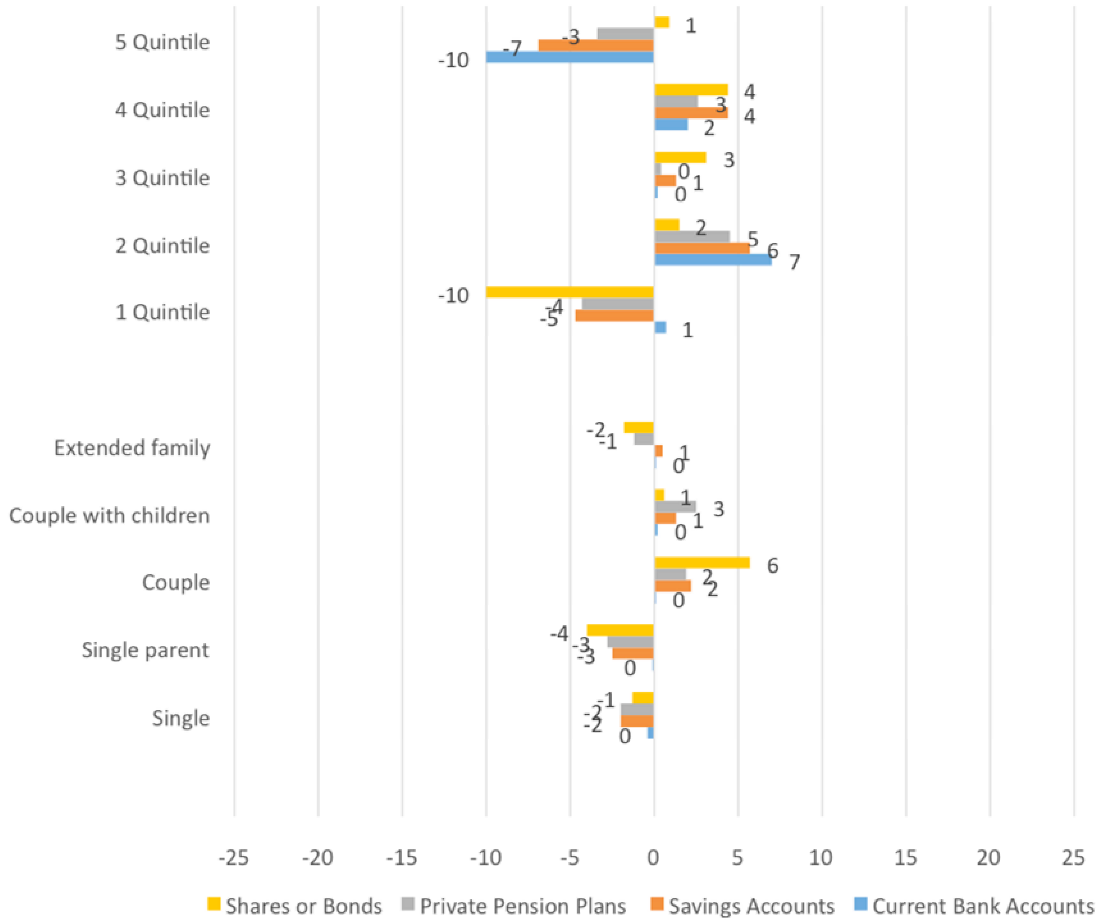
Figures 14a to 14f depict, for each and all the countries, the distribution of bank current accounts, savings accounts, private pension plans and shares and bonds by household type and household income. In order to isolate the effect of the socioeconomic composition of the population, Figures 14a to 14f depict for each socioeconomic group, the difference in percentage points (p.p.) between the percentage of households that hold the financial asset and the percentage of this group in the country sample. A positive deviation signals a skew towards a particular group, meaning that the percentage is higher than expected based on the sample distribution of the socioeconomic variables, while a negative deviation means that the percentage is lower than expected and skewed away from that particular group. For example, in Figure 14a, the value of -14 p.p. in private pension plans held by households belonging to the first income group in Sweden indicates that the percentage of this asset held by this group is less than we would expect from an even distribution of this asset across all household types, as 32% of Swedish households belong to the first income quintile but only 18% of private pension plans are held by this group. Figure 14a then shows that in Sweden, bank current and savings accounts are relatively evenly distributed across the two socioeconomic groups, more or less matching the composition of the population. Private pension plans are the most unevenly distributed types of asset, being more concentrated in households composed by a couple with children (+7) and on the third income quintile (+6), while they are significantly less prevalent among single person households (-11) and households from the first income group (-14).

Figure 14a. Deviations in the distribution of financial assets relative to distribution of socioeconomic group (p.p.), Sweden



Question Q9, cf. Figure 12 above.

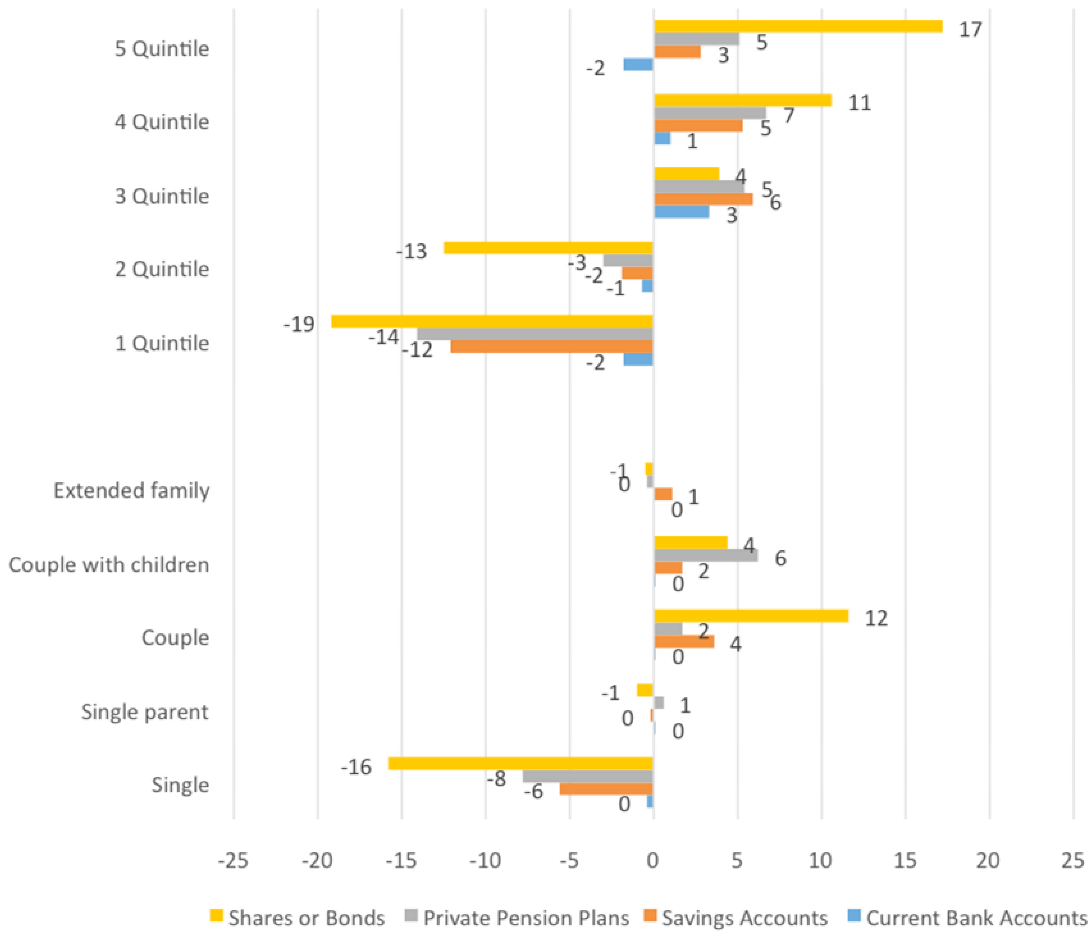
Figure 14b. Deviations in the distribution of financial assets relative to distribution of socioeconomic group (p.p.), UK



Question Q9, cf. Figure 12 above.

In the UK, financial assets seem to be relatively evenly distributed across the two groups, with maximum deviations ranging within an interval of ±10 pp, the most asymmetric distribution being observed in the case of bank current accounts and shares and assets. Bank current accounts are relatively more concentrated in the second income quintile (+7) and less so in the fifth (-10). Shares and assets are more concentrated in couples (+6) and households belonging to the fourth income quintile (+4).

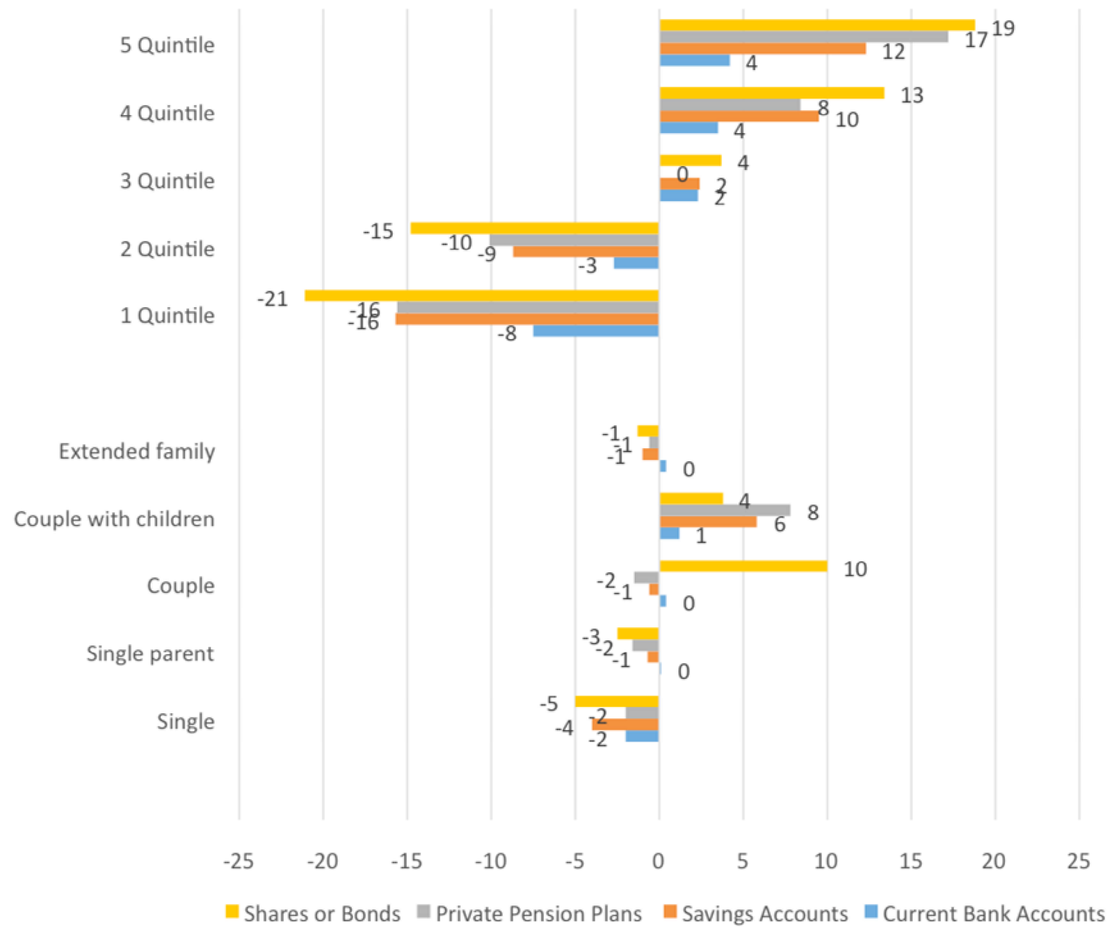
Figure 14c. Deviations in the distribution of financial assets relative to distribution of socioeconomic group (p.p.), Germany



Question Q9, cf. Figure 12 above.

In Germany, with the only exception of bank current accounts, all assets are very unevenly distributed. This is especially the case of shares and bonds which are significantly more concentrated in the top income group (+17 pp) and significantly absent in the bottom income group (-19 pp); they are also more predominant among couples (+12 pp) than single person households (-16 pp).

Figure 14d. Deviations in the distribution of financial assets relative to distribution of socioeconomic group (p.p.), Portugal



Question Q9, cf. Figure 12 above.

In Portugal, the asymmetric distribution of financial assets also encompasses bank current accounts, though to a much lesser extent than other assets. Interestingly, the distribution of the four types of asset follows the same pattern, revealing a very clear linear relation with household income. Nonetheless, shares and bonds are the most unequally distributed types of asset, which is significantly more concentrated in the top income group (+19 pp) and significantly absent in the bottom income group (-21 pp); shares and bonds are also more prevalent among couples (+10 pp) than single person households (-5 pp).

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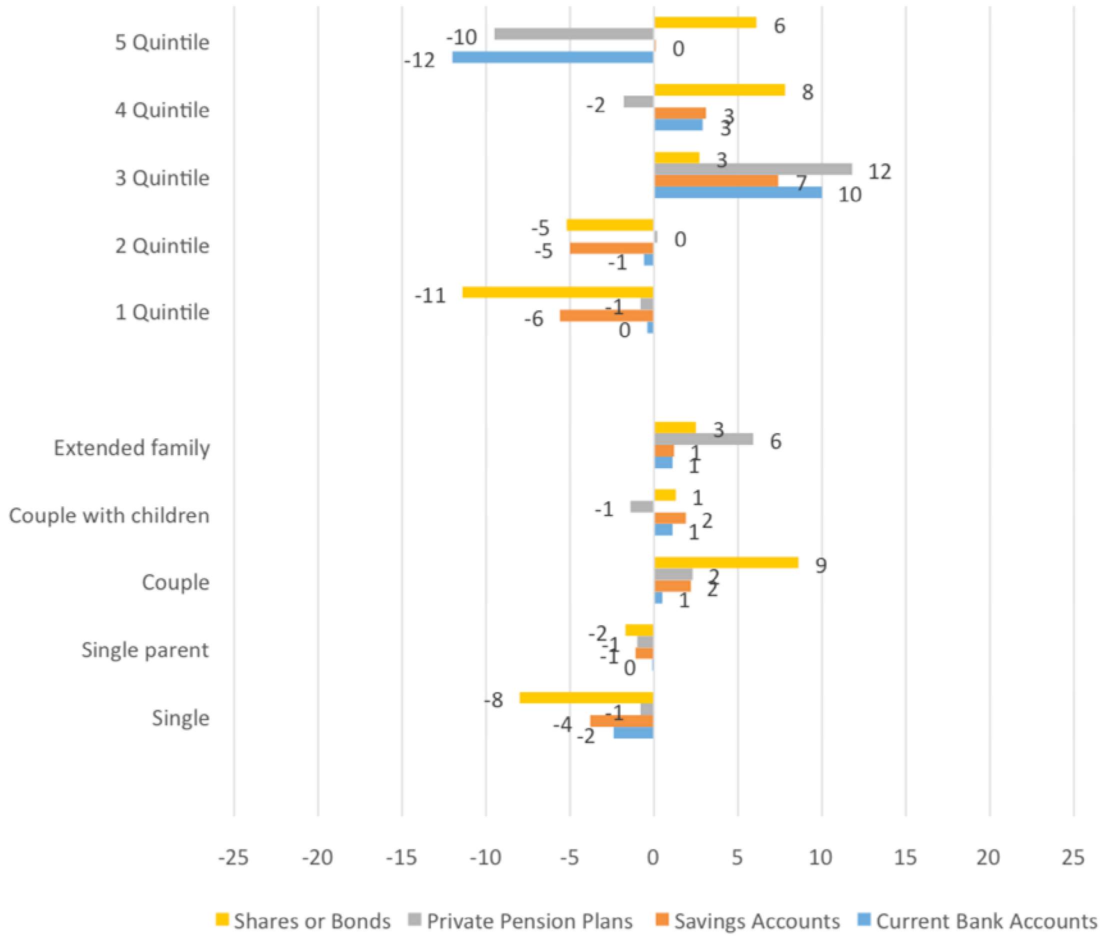
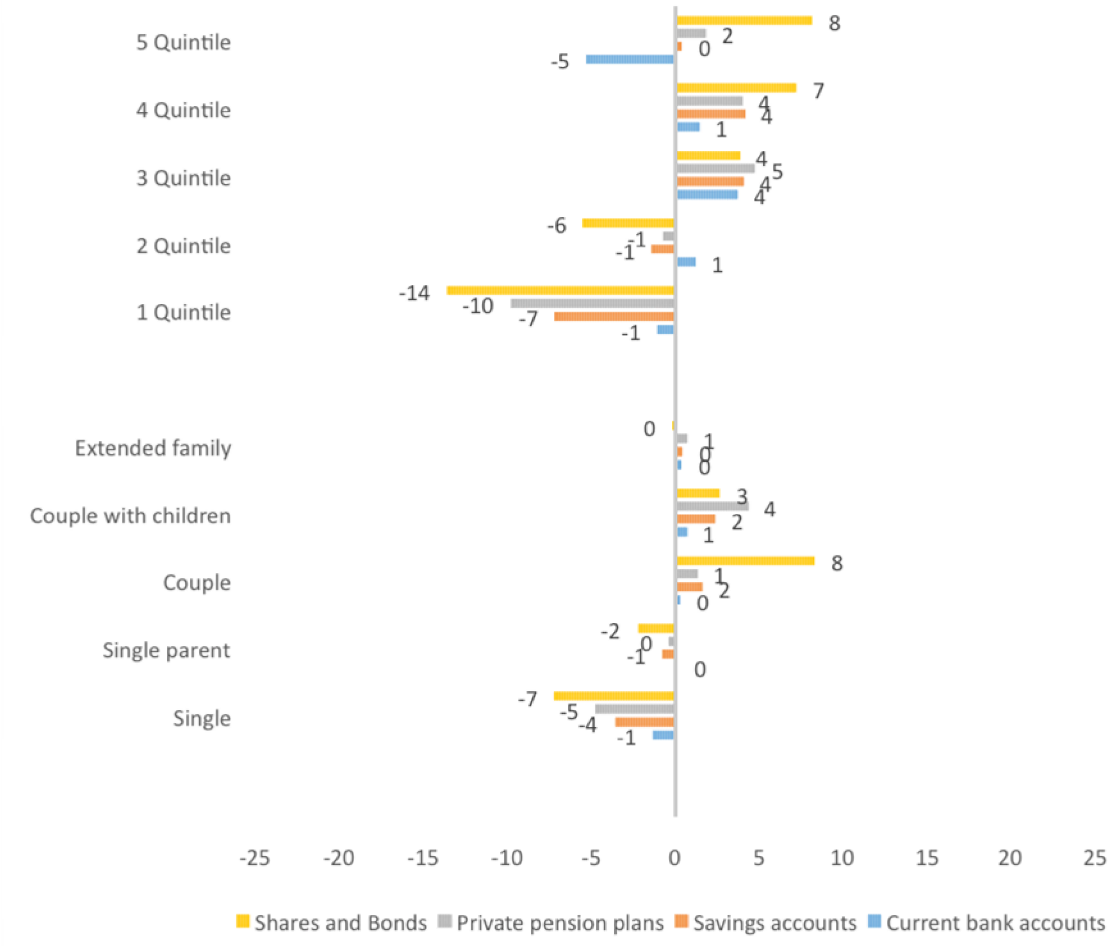
Figure 14e. Deviations in the distribution of financial assets relative to distribution of socioeconomic group (p.p.), Poland



Question Q9, cf. Figure 12 above.

In Poland, the distribution of financial assets seems to follow yet another pattern. In Poland not only is there a more even distribution of all financial assets, but this distribution does not obey a clear linear relation to income. In Poland, there is a relative concentration of all assets in the third income group; and, in contrast to the other countries, the distribution of savings accounts is more unequal than the distribution of private pension plans, denoting a more widespread use of this form of provisioning for old age. But similarly to the other countries, shares and bonds are the most unequally distributed types of asset, being more concentrated in the higher income groups and in couples, and less so in the lower income groups and single person households.

Figure 14f. Deviations in the distribution of financial assets relative to distribution of socioeconomic group (p.p.), All the countries



Question Q9, cf. Figure 12 above.

Figure 14f presents the average distribution of financial assets for the five countries. Given the differences between the countries, the deviations are smaller for the average of the five countries. However, it affirms that shares and bonds are the most unequally distributed asset, varying almost linearly with income. Taken together, these results indicate that despite similar magnitudes and rates of participation in financial markets at the aggregate level (i.e. between Sweden, the UK and Germany, on the one hand, and between Portugal and Poland, on the other), the contents and the meanings of individual and household engagement with financial markets differ considerably across the countries, revealing their varied institutional settings and entailing differentiated implications for individual and household well-being.

This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

4. Household debt

This section characterises household relations with finance with regard to their borrowing decisions and behaviours. The questionnaire inquired about the following categories of household debt: mortgages, personal loans (including consumer loans, credit lines or accounts with overdraft facilities, and instalment loans), and car loans. It also included payday and pawnbroker loans in the UK, and pawnbroker and employer loans in Poland, which are relatively more prevalent there.[37]

4.1. Participation in debt markets

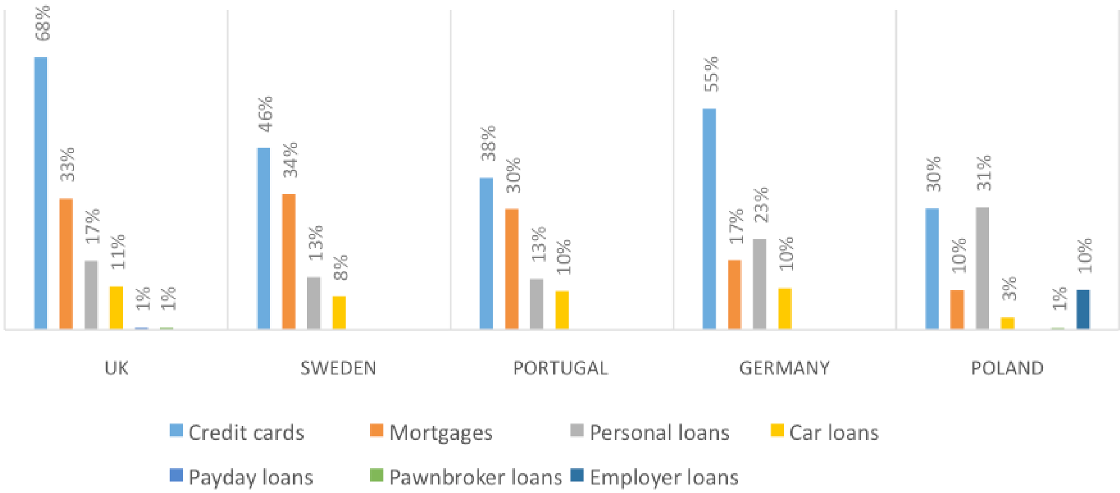
Household participation in debt markets varies within and across countries in terms of which types of household have which types of debt, and also in the overall level of household indebtedness.

While a significant proportion of households hold credit cards in the 5 countries, ranging from 30% in Poland to 68% in the UK, the possession and use of credit cards does not necessarily imply credit card debt.

As for effective participation in debt markets, the UK, Sweden and Portugal present very similar patterns of household indebtedness with rates of household participation in the various debt markets, where the rate of participation in mortgage markets ranges between 30-34%, the rate of participation in personal loans markets ranges between 13-17%, and the percentage of households with car loans ranges between 8-11%.[38] Germany and Poland present the reverse pattern, with a higher prevalence of personal loans (31% in Poland and 23% in Germany) relative to mortgages (10% in Poland and 17% in Germany).[39]

[37] According to Polish law all employers, except very small companies, are each year obliged to create a social fund, from which employees can take out loans, mainly for buying or renovating their flat or house. These loans can be as high as about €20,000.
[38] None of the differences between these three countries is statically significant at 0.05 level.
[39] The Eurosystem Household Finance and Consumption Survey (HFCS) provides comparable data for Germany and Portugal. Notwithstanding differences in survey method and implementation, and based on fieldwork carried out in 2010, the findings of HFCS confirm the relative importance of financial liabilities within and between these two countries. For example, in Germany 21.5% of households has mortgage debt and 21.7% of households has non-mortgage loans; in Portugal 26.7% of households has mortgage debt and 13.3% of households has non-mortgage loans. See European Central Bank (2013). The Eurosystem Household Finance and Consumption Survey: Results from the First Wave. *Statistics Paper Series,* nº2, April 2013.

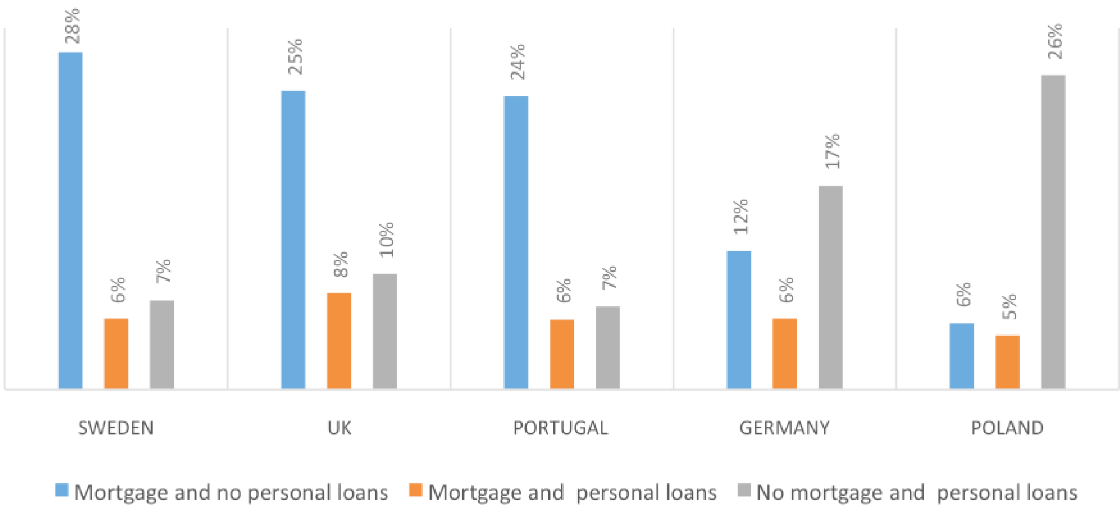
Figure 15. Households that have financial products and services (%)



Q9 Which of the following financial products and services do you/your household have, if any? Data: respondents who provided an answer, excluding 'DK/NA' answers.

Interestingly, the percentage of households having both mortgages and personal loans is small and similar in all the countries, ranging from 5-8% of households (thus with no statistically significant differences at the 5% level), (Figure 16). This thus points to the presence of segmented markets, with different households participating in different markets in each country.

Figure 16. Participation in mortgage and personal loan markets

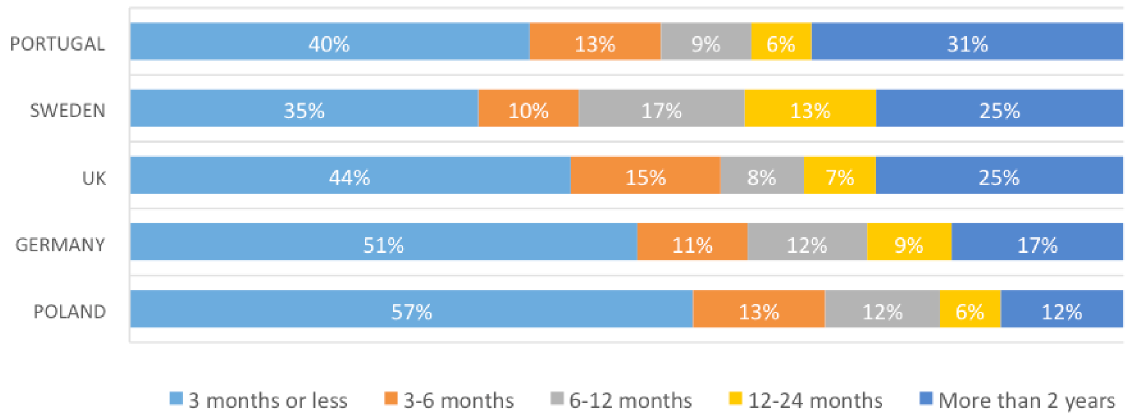


Question Q9, cf. Figure 15 above.
Note: Personal loans include consumer loans, credit lines or accounts with overdraft facilities, and instalment loans; they exclude car loans and credit card debt.

4.2 Total debt to household net monthly income

Not surprisingly, the amount of debt, as measured by monthly household income, varies across countries. Reflecting the differentiated participation in debt markets, respondents in the UK, Sweden and Portugal declare high levels of household indebtedness, with more than 25% of households in these countries having a total amount of debt worth more than 2 years of average household net monthly income. By the same token, the Polish and the German respondents report substantially lower amounts of debt, with more than 50% of respective households having a total amount of debt equal to or below 3 months of household net income (Figure 17).

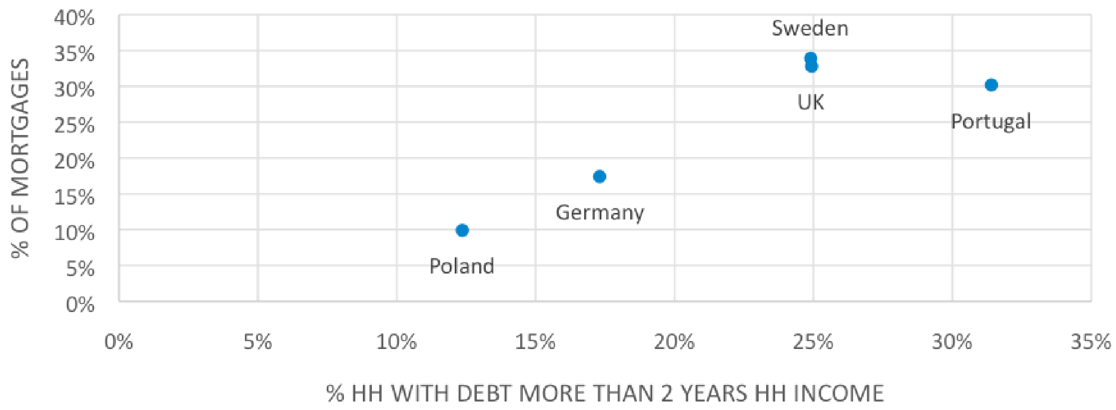
Figure 17. Household debt to household monthly income (%)



*Q11 You mentioned your household had the following loans…Please add up the value of those loans and compare to your average household net monthly income. Would you say that total household debt is about…*Data: respondents who provided an answer, excluding 'DK/NA' answers.

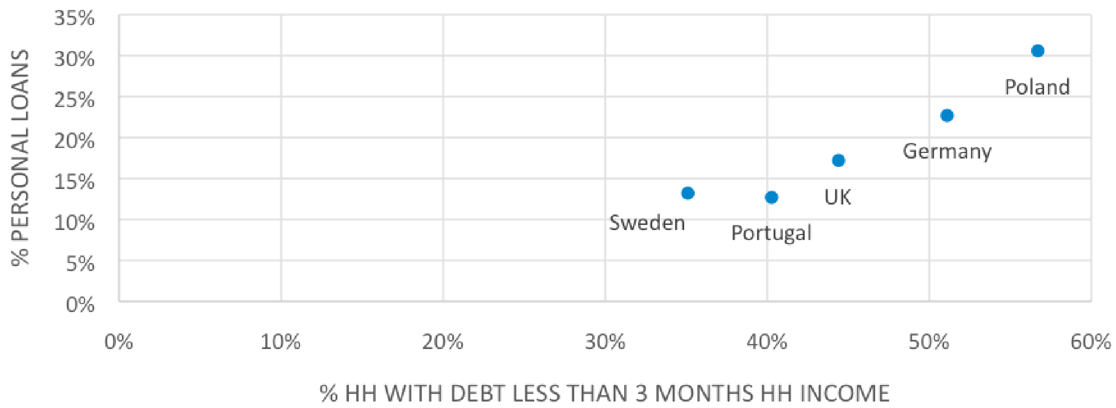
There is thus a clear relation, at the aggregate level, between the type of debt that is more prevalent in each country and its value. In the UK, Sweden and Portugal, where participation in the mortgage debt markets is higher (involving a high loan amount for the purchase of the family home), the percentage of households with debt constituting more than 2 years of household average monthly income is also higher. By the same token, in Poland and Germany, where personal loans are more prevalent (involving smaller amounts of loans generally for the purchase of various consumer items), the percentage of households with debt worth less than 3 months of household net income is higher. These relations clearly emerge in Figures 18 and 19 which cross-tabulate the type and amount of debt at the country level respectively.

Figure 18. Households with mortgages and debt worth more than 2 years of household monthly income (%)



Cf. Questions Q9 and Q11 above.

Figure 19. Households with personal loans and debt worth less than 3 months of household monthly income (%)



Cf. Questions Q9 and Q11 above.

4.3 Distribution of household debt by household type and household income

In contrast to the distribution of financial assets by household type and household income, which vary considerably for the different types of asset and across countries, the distribution of financial liabilities is fairly uniform across the five countries for both mortgages and personal loans.[40]

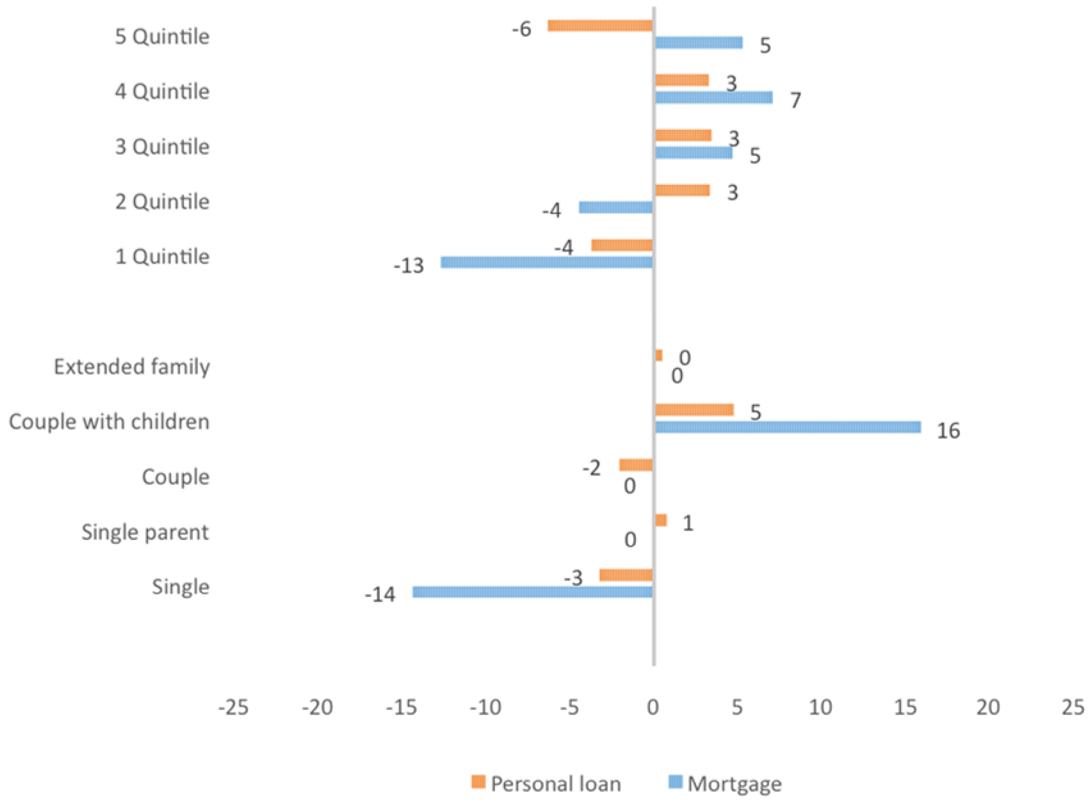
Figures 20a-20f depict the distribution of both types of debt by household type and household income group for the five countries, and for the sum of all the countries. Similarly to Figures 14a-14f above, Figures 20a-20f represent the difference (in percentage points) between the percentage of

[40] Personal loans include consumer loans, credit lines or accounts with overdraft facilities, and instalment loans; they exclude car loans and credit card debt.

households with each type of debt by socioeconomic group and the total percentage of each group in the country sample. A positive deviation signals a skew towards a particular group, meaning that the percentage is higher than expected based on the sample distribution of the socioeconomic variables, while a negative deviation means that the percentage is lower than expected and skewed away from that particular group.

Taking all the countries together, Figure 20a shows that mortgages are disproportionately concentrated on households made up of a couple with children (+16 pp) and that belong to the three higher income quintiles (+5/7 pp). It also shows that mortgages are relatively less prevalent among single person households (-14 pp) and the bottom income group (-13 pp). Personal loans are relatively more evenly distributed across the population than mortgages. The relative dispersion of personal loans by income group indicates that these loans are more prevalent within lower income groups than mortgages, notwithstanding some country-level differences.

Figure 20a. Deviations in the distribution of household debt relative to distribution of socioeconomic group (p.p.), All the countries



Cf. Question Q9 above.

Figure 20b. Deviations in the distribution of household debt relative to distribution of socioeconomic group (p.p.), Sweden

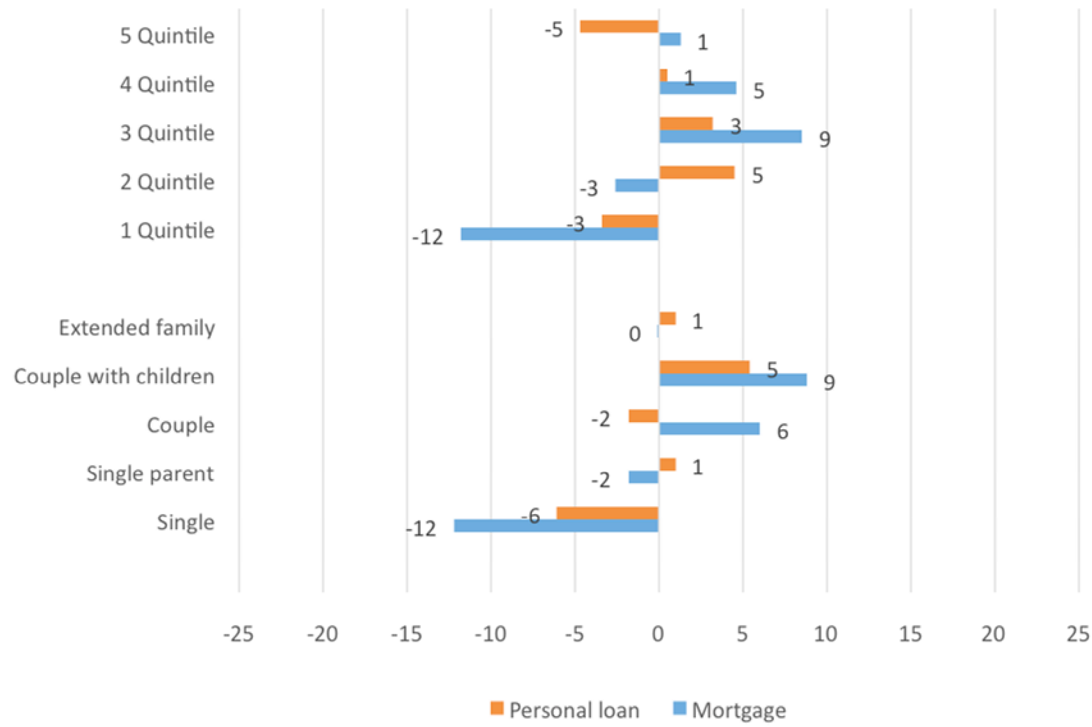


Figure 20c. Deviations in the distribution of household debt relative to distribution of socioeconomic group (p.p.), UK

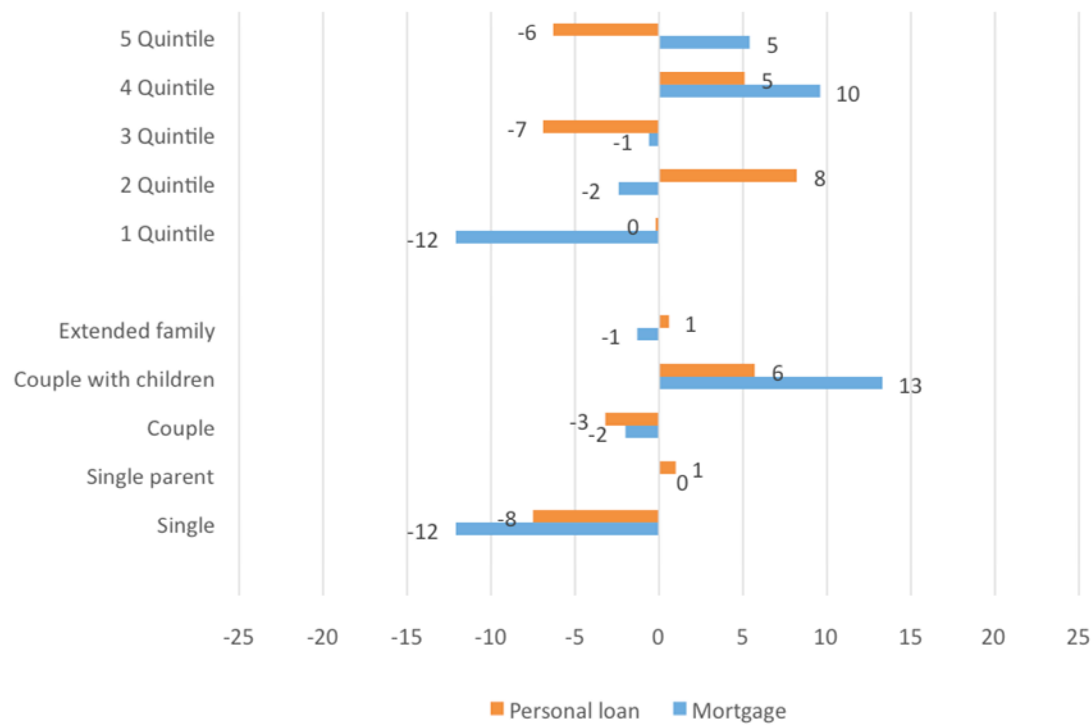


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Figure 20d. Deviations in the distribution of household debt relative to distribution of socioeconomic group (p.p.), Germany

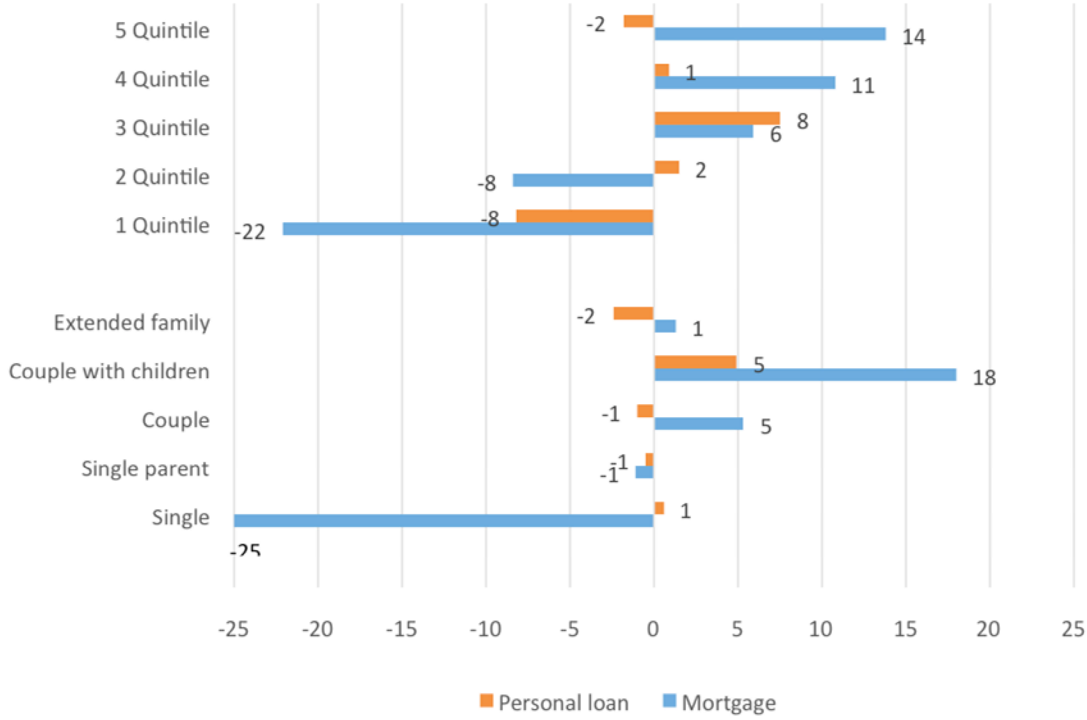

Figure 20e. Deviations in the distribution of household debt relative to distribution of socioeconomic group (p.p.), Portugal

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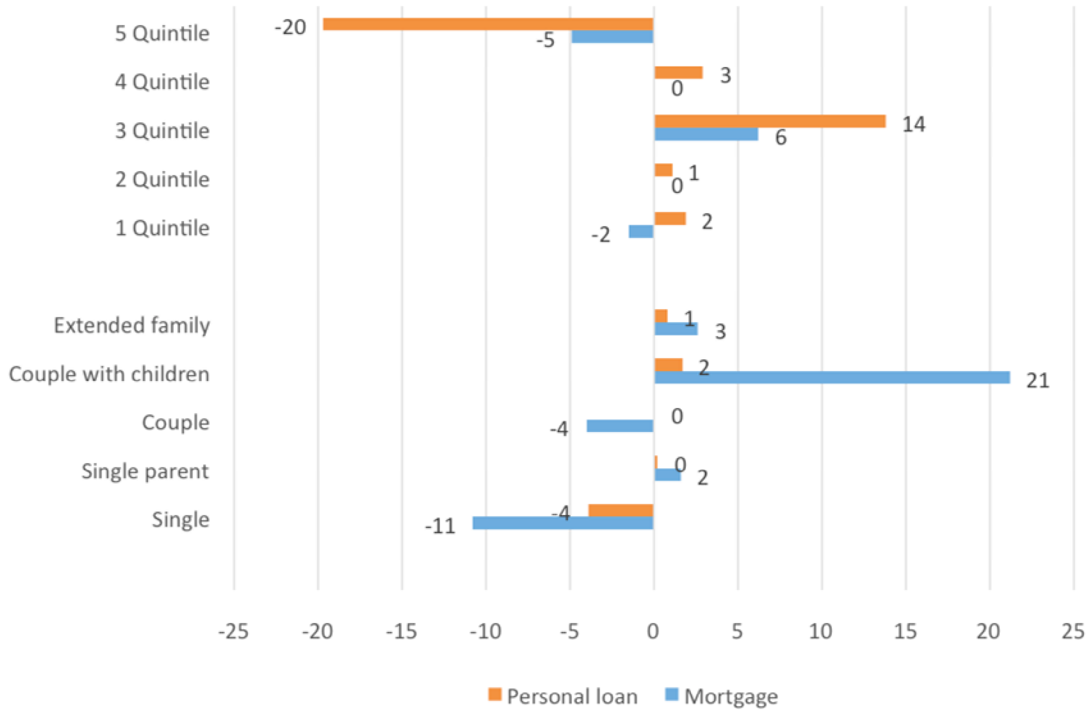
Figure 20f. Deviations in the distribution of household debt relative to distribution of socioeconomic group (p.p.), Poland



The distribution of mortgage and personal loans by country reveal very similar patterns (Figures 20b to 20f). First, they show a significantly higher concentration of mortgages on couples with children (+9 in Sweden, +13 in the UK, +18 in Germany and Portugal, and +21 in Poland), and its relative absence among single person households (-25 in Germany, -12 in Sweden and in the UK, -11 in Portugal and Poland). Second, they display a significantly low concentration of mortgages in the bottom income group (-22 in Germany, -16 in Portugal, -12 in Sweden and the UK, -2 in Poland). Third, they indicate a relatively higher concentration of mortgages in the higher income groups, though the patterns are more variable. While in Germany (+11 and +14), Portugal (+10 and +11) and the UK (+10 and +5) mortgages are more concentrated in the fourth and fifth quintiles, in Sweden (+9 and +5) mortgages are more concentrated in the third and fourth quintiles. Poland is the outlier of the group in that mortgages are fairly evenly distributed across groups with deviations ranging from -5 pp (Quintile 5) to +6 pp (Quintile 3). Fourth, in all the countries the distribution of personal loans is relatively homogeneous across both income and household types of group.

These results taken together provide further evidence that participation in personal loan markets is relatively more widespread than that in mortgage markets, which is more concentrated in higher income groups. This is particularly so in Poland. Reflecting the more widespread use of personal loans (by 31% of households) and the relatively limited size of the mortgage market (involving 10% of households) in Poland, personal loans are fairly widespread across the population being highly concentrated in Quintile 3 (+14 pp).

Table 1 below presents the results of a binary logistic regression analysis performed to determine the main effects of the socioeconomic factors on the probability of having a mortgage. The results show that household socioeconomic circumstances are more relevant in countries where participation in the mortgage market is more prevalent, i.e. in Sweden, the UK and Portugal. This is revealed by higher coefficients of determination (both R^2 Cox & Snell and R^2 Nagelkerke) that indicate how much of the variation in the dependent variable (having a mortgage or not) is explained by the variation of all the independent variables in the model. The coefficients indicate the estimated increase/decrease in the odds of having a mortgage for the groups of households in the categories listed, compared to those in the baseline group shown in the header. For example, in Sweden the odds of having a mortgage for couples with children is 2.93 higher than the odds of having a mortgage for couples without children, after controlling for respondents' gender, age, education, employment status and household income. That is, being a couple with children v. without children increases the odds of having a mortgage by 193%.

Table 1 shows that household income has a statistically significant effect on the probability of having a mortgage in Sweden, the UK, Portugal and Germany. In these countries, the lower income quintiles have a significantly lower likelihood of having a mortgage than the fifth quintile. For example, in Sweden the odds of households in the first income quintile having a mortgage is 0.166 times the odds of those in the fifth income quintile, controlling for the effects of other variables in the model. The odds of the first income quintile v. the fifth quintile having a mortgage are 83.4% lower in Sweden, 80.3% in the UK, 76.7% in Germany, and 73.2% in Portugal. Couple with children v. couple without has a higher likelihood of having a mortgage in Sweden (193%), the UK (89.7%) and Germany (90.7%).

Table 1. Regression coefficients for the binary logistic regression of socioeconomic determinants of the likelihood of having a mortgage

	Sweden		UK		Portugal		Poland		Germany	
R^2 Cox & Snell	0.198		0.266		0.230		0.097		0.162	
R^2 Nagelkerke	0.266		0.357		0.318		0.174		0.243	
	B	odds ratio	B	odds ratio	B	odds ratio	B	odds ratio	B	odds ratio
ref = 5th quintile										
First income quintile	-1.80*	0.166	-1.62*	0.197	-1.32*	0.268	-0.58	0.561	-1.46*	0.233
Second income quintile	-1.13*	0.325	-0.99*	0.368	-0.75*	0.473	-0.14	0.867	-1.08	0.340
Third income quintile	-0.57*	0.563	-1.00*	0.367	-0.44	0.644	-0.20	0.818	-0.80*	0.449
Fourth income quintile	-0.32	0.727	-0.34	0.713	0.13	1.137	-0.20	0.817	-0.48*	0.617
ref = couple without children										
Single	-0.18	0.832	-0.02	0.979	-0.46	0.634	-0.15	0.864	-0.73*	0.484
Single parent	-0.82	0.442	-0.17	0.844	0.10	1.104	-0.19	0.820	-0.40	0.670
Couple with children	1.08*	2.930	0.64*	1.897	0.20	1.218	0.57	1.763	0.65*	1.907
Extended family	-0.28	0.753	-0.34	0.715	-0.83*	0.435	0.17	1.182	0.31	1.361
ref = male respondent										
Female	-0.03	0.970	-0.06	0.942	0.27	1.305	-0.09	0.909	0.08	1.079
ref = respondent aged 40-54										
18-24	-1.46	0.232	-0.26	0.771	-1.84*	0.159	-0.19	0.830	-	-
25-39	-0.08	0.924	-0.14	0.866	-0.57*	0.568	0.37	1.446	-	-
55-64	0.08	1.082	-0.53*	0.586	-1.01*	0.364	-0.35	0.707	-	-
> 64	-0.01	0.988	-1.49*	0.225	-1.83*	0.161	-1.97*	0.140	-	-
ref = respondent with secondary education										
Primary education	-0.17	0.845	-0.18	0.832	0.46	1.584	-0.97	0.378	-0.56	0.572
Tertiary education	0.23	1.255	-0.03	0.968	0.36	1.439	0.64*	1.892	-0.16	0.854
ref = employed respondent										
Unemployed	0.67	1.953	-0.43	0.648	0.49	1.633	-0.41	0.662	-0.36	0.697
Self-employed	-0.17	0.842	-0.21	0.809	-0.18	0.833	0.31	1.366	-0.17	0.843
Retired	-0.15	0.861	-0.99*	0.372	-0.67*	0.510	-0.15	0.859	-0.91*	0.403

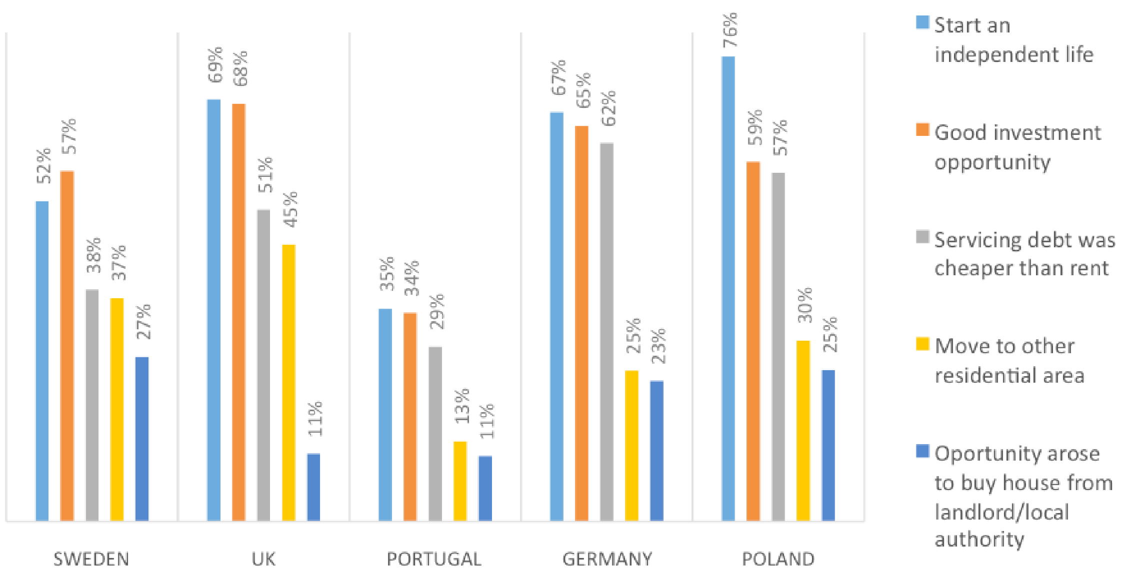
Note: Binary logistic regression model based on unweighted variables. In order to obtain an interpretable model, we removed variable age for Germany as the model did not converge. * Coefficients shown are significant at 0.05 level.

4.4. Reasons for the uptake of mortgage and other loans

'To start an independent and autonomous life' and 'It was a good investment opportunity' are the two main reasons given by respondents for taking on the mortgage, respectively: 35% and 34% in Portugal, 52% and 57% in Sweden, 67% and 65% in Germany, 69% and 68% in the UK, and 76% and 59% in Poland. With the exception of Poland, the similar scores for these two reasons (the differences are not statistically significant for a 5% level) suggest that along with the stage within the life-cycle, the purchase of the household home is also perceived as part of an investment decision. This is consistent with the socio-demographic distribution of mortgages, which are concentrated on couples with children having resorted to housing loans to provide for the family home.

It is also interesting to note that in Germany and Poland, where household participation in the mortgage market is substantially lower, rational justifications to buy a home on credit are more prevalent than in other countries, namely the comparison between the servicing of debt and the value of rent ('servicing debt was cheaper than paying rent'), reaching the highest values in Germany and Poland (62% and 57% respectively) than in the other countries (29% in Portugal, 38% in Sweden and 51% in the UK). This might be explained by the relatively greater salience of the rental market as an alternative to the mortgage market in the former countries. By the same token, the low values observed in Portugal, far below 50% in all options, suggest that housing provision via the mortgage market was not as grounded on explicit criteria but on a more established social norm for accessing housing where the rental market does not serve as a viable alternative.

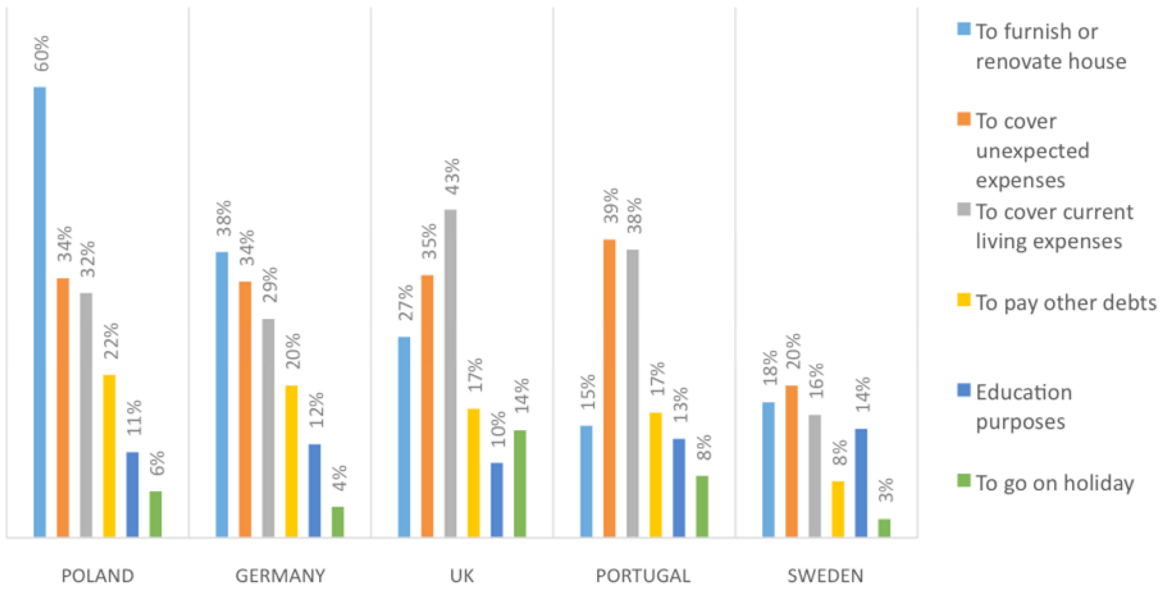
Figure 21. Reasons for taking on the mortgage



Q7 What were the reasons for you/your household to take on the mortgage? Please tell me whether the following reasons apply. Data: respondents who provided an answer, excluding 'DK/NA' answers)

The reasons for the uptake of other loans vary considerably in the five countries. These loans include credit cards, personal loans (comprising consumer loans, credit lines, accounts with overdraft facility, and instalment loans), payday loans (in the UK only), pawnbroker loans (in the UK and Poland) and loans from the employer (in Poland only), (cf. Figure 15).

Figure 22. Reasons for taking out other loans (other than mortgages or car loans)



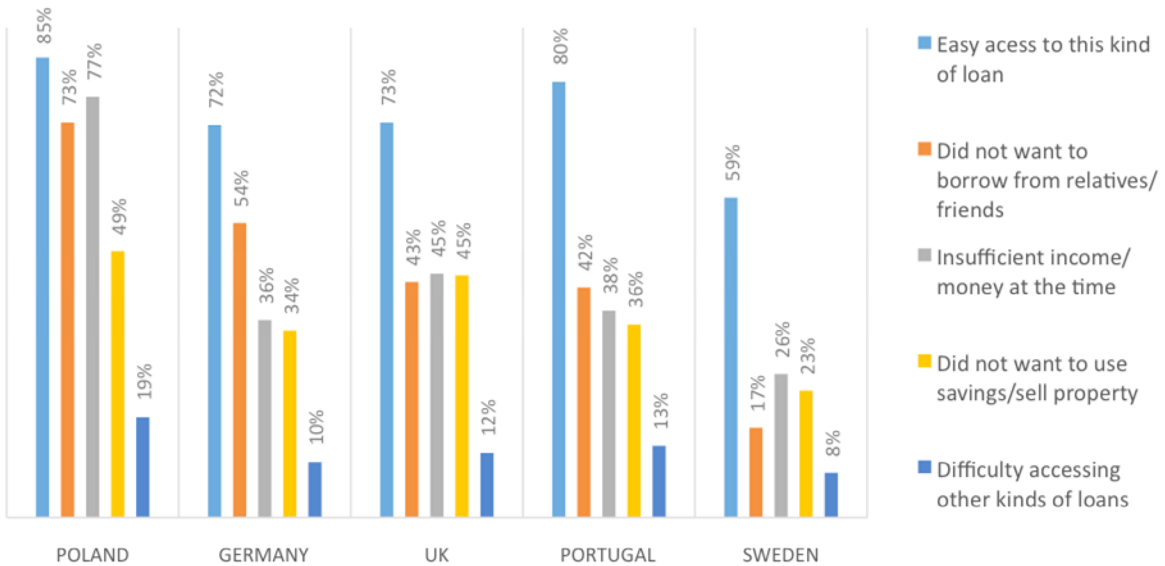
Q12 Now please think about the biggest loan you have, excluding mortgages and car loans. Why did your household take out this loan? Please tell me whether or not the following reasons apply. Data: respondents who provided an answer, excluding 'DK/NA' answers.

When asked to indicate whether or not a given reason applies for the uptake of a household's biggest loan, 60% of Polish respondents say this loan was used 'To furnish or renovate your house or flat'. This can be explained by the fact that Polish employees have access to a credit line offered by their employers, which is mainly used for buying or renovating their flat or house.[41] 38% of German respondents also declare that the main reason for taking out the biggest loan was to furnish or renovate their house or flat. In the UK, 43% of respondents selected 'To cover current living expenses or other everyday purchases'. In Portugal 39% of the Portuguese instead picked the option 'To cover unexpected expenses', which was also the most chosen option in Sweden, with 20% positive responses. Notwithstanding this variation, the use of loans to cover unexpected and current living expenses is significant in every country but Sweden. In Poland they gathered about 34% and 32% of affirmative responses, in Germany 34% and 29%, in the UK 35% and 43% and in Portugal 39% and 38%, respectively. The other reasons – 'To pay other debts', 'For education purposes' and 'To go on holiday' are less prevalent in all the countries.

[41] See note 37 above.

When asked about the reasons that led the household to take out the loan instead of using other sources of finance, most respondents in all the countries answered affirmatively to the option 'had easy access to this kind of loan' (85% in Poland, 80% in Portugal, 73% in the UK, 72% in Germany and 59% in Sweden). By the same token, the option 'had difficulty accessing other kinds of loans' received least positive replies (8% in Sweden, 10% in Germany, 12% in the UK, 13% in Portugal, and 19% in Poland). Having facilitated access to credit, debt emerges as a viable alternative to borrowing from relatives or friends for a significant percentage of respondents in all the countries but Sweden (73% in Poland, 54% in Germany, 43% in the UK, 42% in Portugal, and 17% in Sweden), and as a means to keep savings and property (49% in Poland, 45% in the UK, 36% in Portugal, 34% in Germany, and 23% in Sweden). The absence of other financial sources at the time ('Did not have enough income at the time') is also predominant, especially in Poland with 77% of respondents answering positively (45% in the UK, 38% in Portugal, 36% in Germany, and 26% in Sweden).

Figure 23. Reasons for taking out a loan vs other financial sources



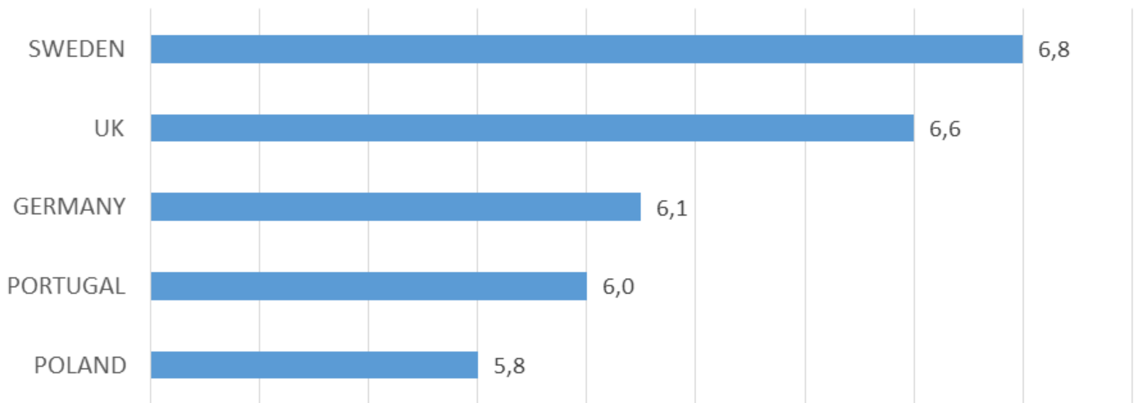
Q13 Why did your household take out this loan instead of using other sources of finance? Please tell me whether the following reasons apply. Data: respondents who provided an answer, excluding 'DK/NA' answers.

5. Evaluation of household dealings with finance

The questionnaire also asked respondents to assess household dealings with finance. Overall, respondents positively evaluate their household's dealings with finance, meaning that positive assessments are associated with higher levels of household debt and of financial wealth.

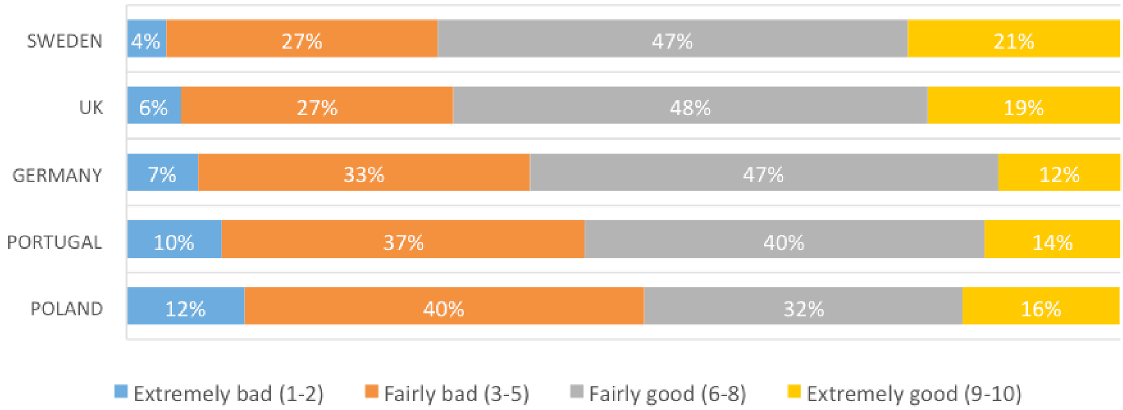
The countries where respondents give a higher score to their household dealings with finance are Sweden (6.8) and the UK (6.6) and lower in Poland (5.8), Portugal (6.0) and Germany (6.1), (Figure 24). This ranking of countries is mirrored when considering the distribution of responses across the scale from 1-10, with Polish (52%) and Portuguese (47%) respondents expressing a more negative evaluation (from 1 to 5) of their households' dealings with financial institutions than German (40%), UK (33%) and Swedish (31%) respondents. Taken together, these results suggest that the rising engagement of households with finance has been a more positive experience (6-10) in Sweden (68%) and the UK (67%), where household engagement is also more intense on both sides of the balance sheet, than in Germany (59%), Portugal (54%) and Poland (48%) where this engagement has been less intense. Interestingly, evaluations are the most negative in Poland where household engagement with finance is the lowest of the five countries of the study (Figure 25).

Figure 24. Evaluation of household dealings with finance (scale 1-10)



Q14 Overall, how would you evaluate your household dealings with financial institutions? Please use a scale from 1 to 10, where 1 means "extremely bad" and 10 means "extremely good. (Base: respondents who provided an answer, excluding 'DK/NA' answers). Note*: All differences are statistically significant at 0.05 level, except the differences between Germany and Portugal and Portugal and Poland.*

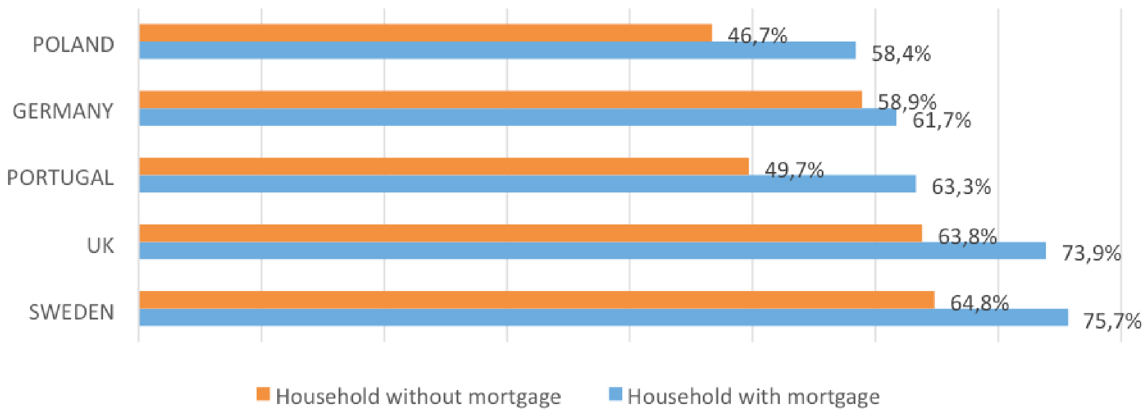
Figure 25. Evaluation of household dealings with finance (%)



Question Q14, cf. Figure 25 above. Data: respondents who provided an answer, excluding 'DK/NA' answers.

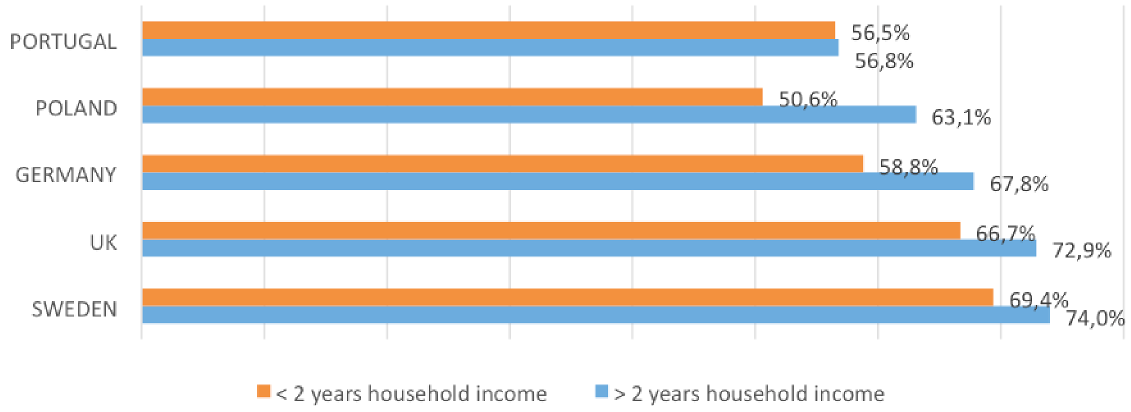
The better to assess the extent to which a more intense relation with finance favours positive appreciations, Figures 26 and 27 below compare the evaluations of respondents whose households have more intense relations with finance, taking as proxies for a high level of intensity: 1) having a mortgage (Figure 26), and 2) having financial assets worth more than two years of household net income (Figure 27). In all the countries, with the exception of Portugal, respondents in households with more intense relationships with finance, as both borrowers and investors, make significantly more positive appraisals of their dealings with finance. This is more clearly the case for respondents in households with mortgages than for financially wealthy households.

Figure 26. Percentage of positive evaluations of household dealings with finance (6-10) among households with and without mortgages



Question Q14, cf. Figure 24 above. Data: respondents who provided an answer, excluding 'DK/NA' answers.

Figure 27. Percentage of positive evaluations of household dealings with finance (6-10) among financially wealthy households and others



Question Q14, cf. Figure 24 above. Data: respondents who provided an answer, excluding 'DK/NA' answers.

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6. Household Material Wealth: Housing

The questionnaire included a set of questions that inquired about the household's main home, since having a mortgage is a relevant mechanism through which households engage with finance, and housing conditions are an important factor to household well-being.

6.1 Housing ownership

Housing tenure varies considerably within and across the countries of the study. This is explained by the varied ways in which the state in each country has participated in housing provision, ranging from public offer of social housing, through the organisation of private rental markets, to fiscal incentives to homeownership with recourse to credit.[42]

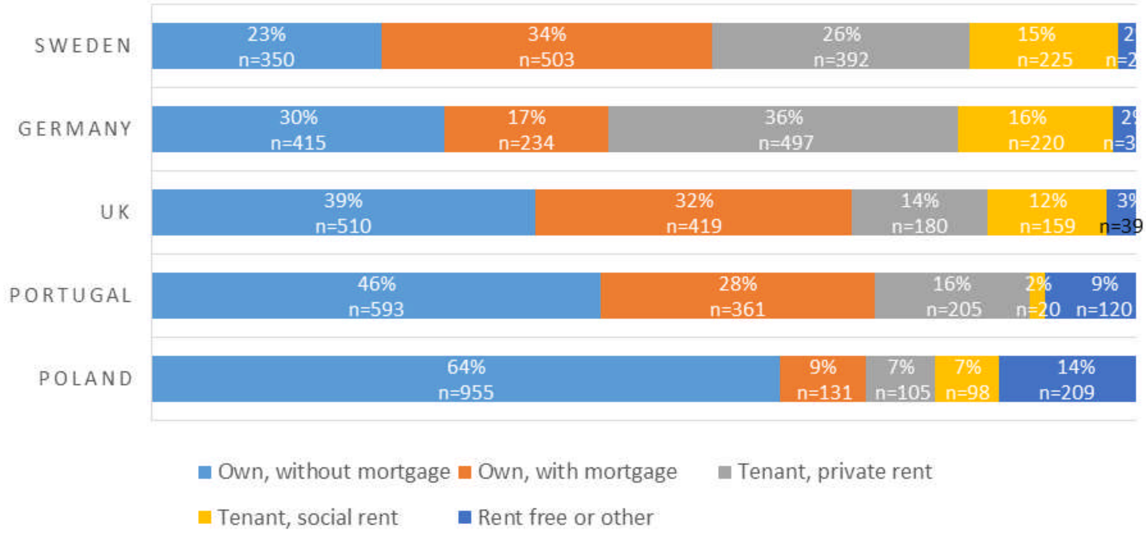
In line with official statistics, the highest percentage of ownership without mortgage is found in Poland (64%), which is largely explained by the rapid privatisation of accommodation in the early 1990s, when tenants could buy state homes at relatively low cost. Homeownership is lowest in Sweden (23%), where social housing and rented accommodation have historically been more prevalent. However, the situation is rapidly changing in that Sweden has the highest rate of 'owned' homes being paid for with a mortgage (34%), close to the UK (32%), closely followed by Portugal (28%). Nonetheless, social housing is still significant in Sweden (15%).[43]

Germany is the only country where rented accommodation is predominant, with 36% of respondents declaring that their households rent their accommodation on the private market and 16% of the respondents reporting that their households live in social or municipal housing. It is interesting to note that in Portugal and Poland non-market and non-state forms of housing provision have some relevance (9% and 14%, respectively), suggesting the still relevant role of family networks in these countries.

[42] Robertson, M. (2015), "Synthesis Report: The system of provision for housing in selected case study countries", mimeo, paper prepared for FESSUD project, Deliverable D8.26.

[43] *The Third European Quality of Life Survey* reports that, in 2011, the percentage of people living in accommodation that their household owns with a mortgage was 4% in Poland, 16% in Germany, 25% in Portugal, 30% in the UK and 41 % in Sweden. See Eurofound (2012), *Third European Quality of Life Survey: Impacts of the crisis*. Luxembourg: Publications Office of the European Union, p 105.

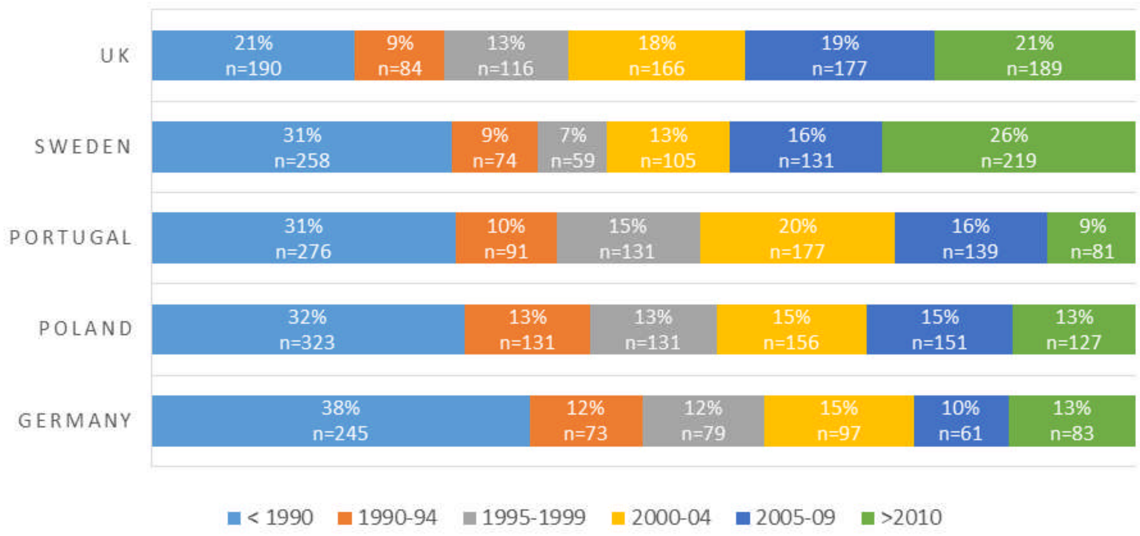
Figure 28. Types of housing tenure



Q4 Which of the following best describes your accommodation? Data: respondents who provided an answer, excluding 'DK/NA' answer.

The year of purchase of the accommodation, including owned or homes bought with a mortgage, gives some indication of recent transformations in housing provision. Consistent with their low levels of mortgage debt, Germany and Poland emerge as the countries in which the rate of homeownership seems to have been fairly stable since the 1990s, with an even distribution of respondents declaring that their households bought the family home across each five-year period from 1990 to 2014, around 10-15%. In Portugal, homeownership seems to have reached its peak in the first half of the 2000s, with 20% of respondents reporting that their households acquired their homes in this period. In the UK, homeownership seems to be a more relevant phenomenon after 2000, with a significant distribution of respondents (18-21%) saying they bought the household home in each five-year period since then. Finally, homeownership seems to have started later and at a slower pace in Sweden, but only to become what appears a firm trend, with 26% of respondents declaring that they bought their homes after 2010.

Figure 29. Year of purchase of accommodation



Q5 In which year did you/your household become the owner of household accommodation? Data: respondents who are owners (with and without mortgage) who provided an answer.

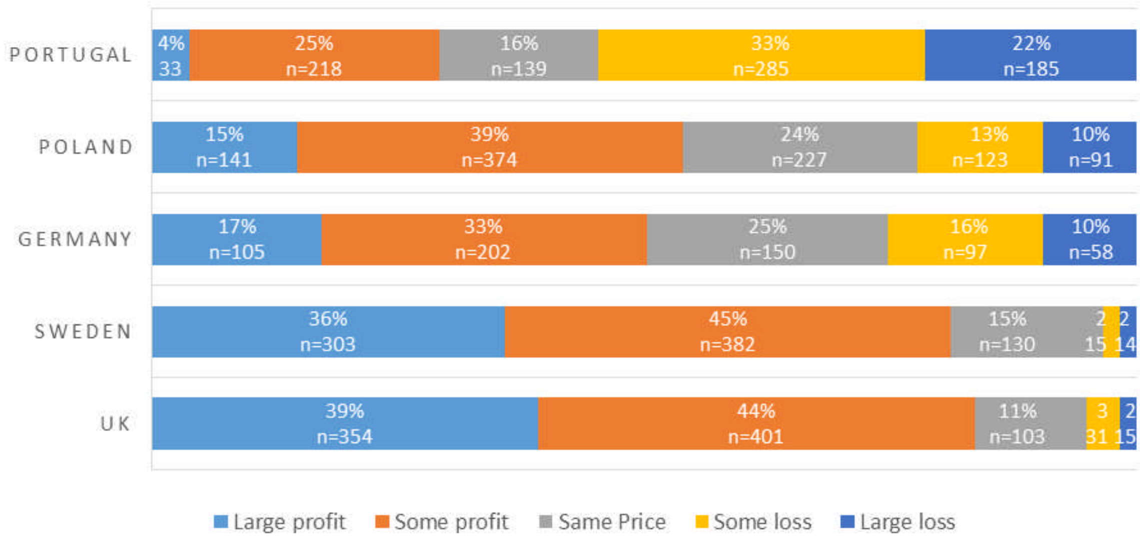
6.2. Housing wealth

Besides providing a home for households, homeownership is a form of wealth accumulation, which households seem to factor in when they opt for their acquisition (see Section 4.4 above). However, the value of household homes varies, depending on a number of factors, not all of which the owner controls, such as the evolution of housing prices and the quality of the local neighbourhood. Nonetheless, when asked about whether the household would make a profit or loss, two almost coincidental patterns are observed, one shared by Poland and Germany, and the other by the UK and Sweden.

Indeed, in Germany and Poland, at least half of the respondents declare that were their households to sell their homes at the time they answered the questionnaire (in November/December 2014), they would make a profit (15%-17% declare they would make a large and 33%-39% declare they would make some profit). Around a quarter of German and Polish respondents declare they would make a loss (10% would make a large and 13%-16% would make some loss). In contrast, in the UK and Sweden, where the mortgage markets are most widespread, and have evolved most steadily or even accelerated in recent years, homeownership seems to be not only a means of wealth preservation, but also of wealth creation. When posed the same question, a large majority of UK (81%) and of Swedish respondents (83%) report that their households would make a profit with the sale of their homes (36%-39% would expect to make a large and 44%-45% would expect to make some profit).

Only around 4-5% of respondents in these countries consider the possibility of making a loss. Portugal is the outlier. Even though it has a similar rate of household participation in the mortgage market to the UK and Sweden, its pattern is very distinct, with 55% of respondents declaring their households would make a loss with the sale of their home.

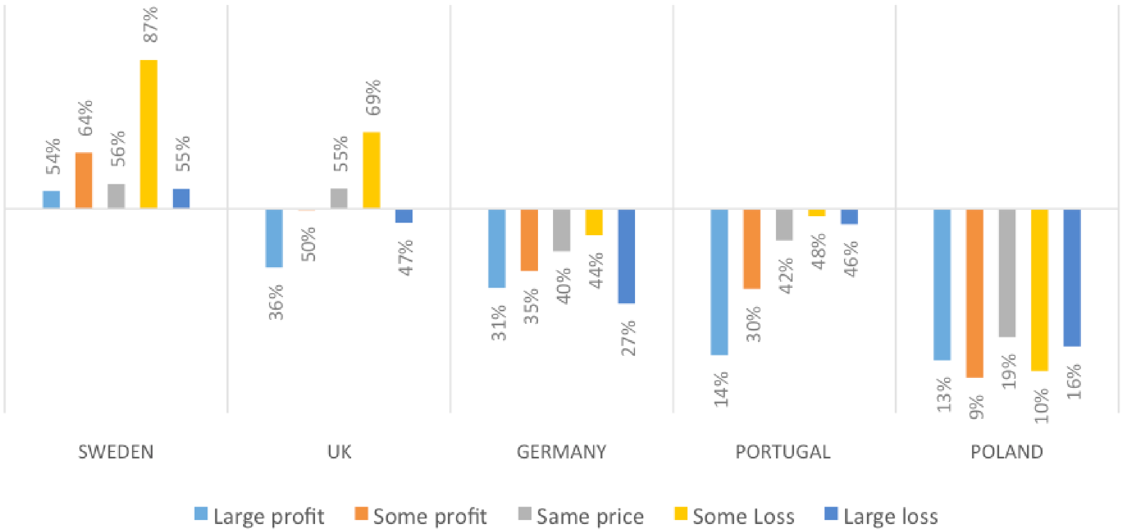
Figure 30. Potential profit or loss of selling household accommodation



Q6 Please consider the total amount you/your household paid for and/or spent upgrading or improving your household accommodation. If you/your household decided to sell household accommodation now, would you/your household make a large profit, some profit, sell accommodation at about the same price, make some loss or a large loss as compared to the price paid for and/or spent on it? Data: respondents who are owners (with and without mortgage) that provided an answer, excluding 'DK/NA' answers.

Potential gains and losses are unevenly distributed between households with and without mortgages across the countries. In contrast to the other countries, the majority of Swedish respondents who declared their households would make a large and some profit on the sale of the house are households with mortgages, 54% and 64%, respectively (Figure 31). Households with mortgages are also the large majority of those that would make some loss in Sweden (which corresponds to only 2% of the respondents, cf. Figure 30). In the other countries, the potentially big gainers are households without mortgages, as households with mortgages are significantly less than half of those that declare they would make a large or some profit: 13% and 9% in Poland, 14% and 30% in Portugal, 31% and 35% in Germany and 36% and 50% in the UK. With the exception of the UK, households with mortgages are also those that concentrate the majority of potential losses. This is especially the case of Poland since among the respondents declaring the possibility of some or a large loss only 10% and 16%, respectively, belong to households with mortgages.

Figure 31. Distribution of gains and losses between owners with and without mortgage (Percentage of households with mortgage to total households that own their homes)

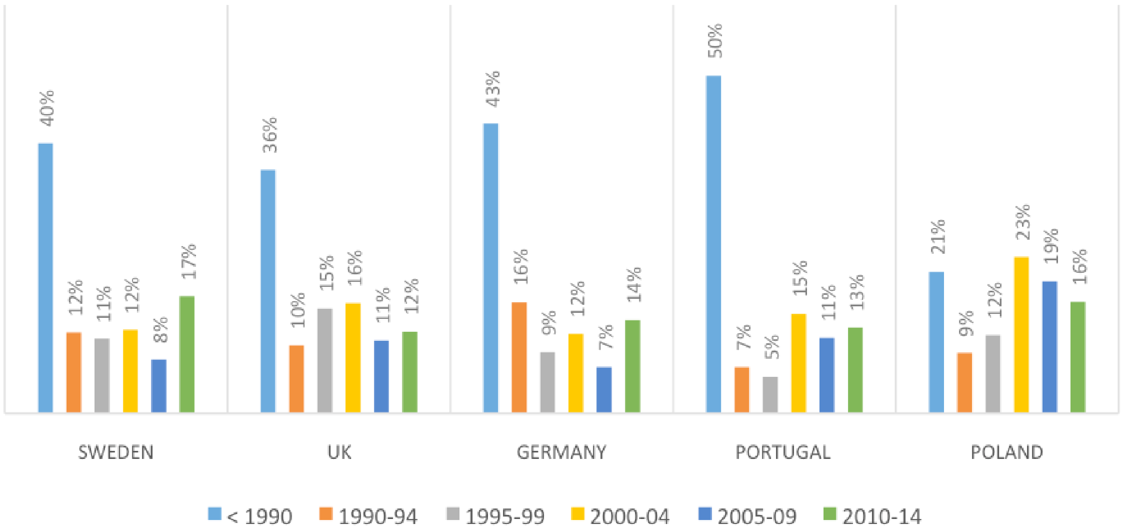


Question Q6, cf. Figure 27 above.

Households that own their home (with and without a mortgage) and that bought the accomodation before 1990 are those that would make a large profit with the sale of the household home. This is especially the case in Portugal (50%), Germany (43%), Sweden (40%), and the UK (36%). There is, however, a more or less even distribution of profitable sales with houses bought after 1990. In more recent years, those who bought their homes in 2010-14 in Sweden and Germany, in 1995-2004 in the UK, after 2000 in Portugal, and in 2000-09 in Poland are among the owners who would benefit the most were they to sell their homes (Figure 32).

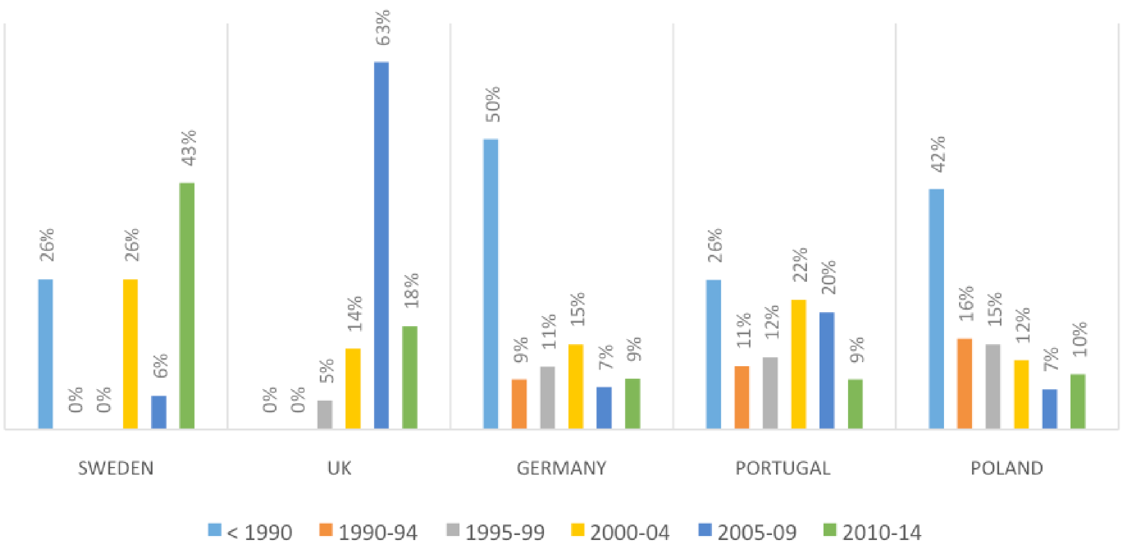
Potentially large losses are more unevenly distributed across the countries. Bearing in mind that they are only reported by 2% of the Swedish and the UK respondents (cf. Figure 30), they are more concentrated in recent purchases in these countries, in the period 2005-09 in the UK (63%) and in the period 2010-14 in Sweden (43%). In Germany and Poland, large losses are mostly reported by respondents whose households bought their homes prior to 1990 (50% in Germany and 42% in Poland), (Figure 33).

Figure 32. Distribution of large profits, by year of purchase



Question Q6, cf. Figure 30 above.

Figure 33. Distribution of large losses, by year of purchase

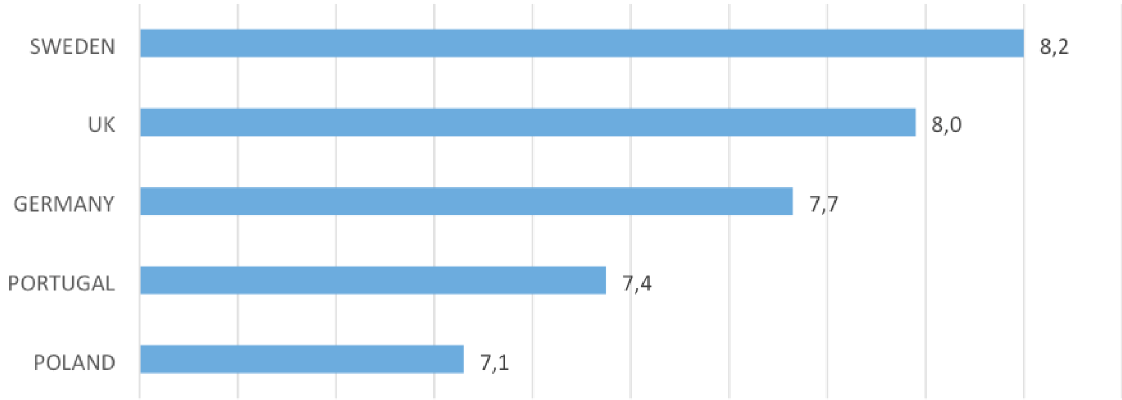


Question Q6, cf. Figure 30 above.

6.3 Satisfaction with accommodation

Overall, respondents are satisfied with their accommodation, with scores ranging from 7.1 in Poland to 8.2 in Sweden on a scale of 1 to 10.[44]

Figure 34. Satisfaction with accommodation (scale 1-10)



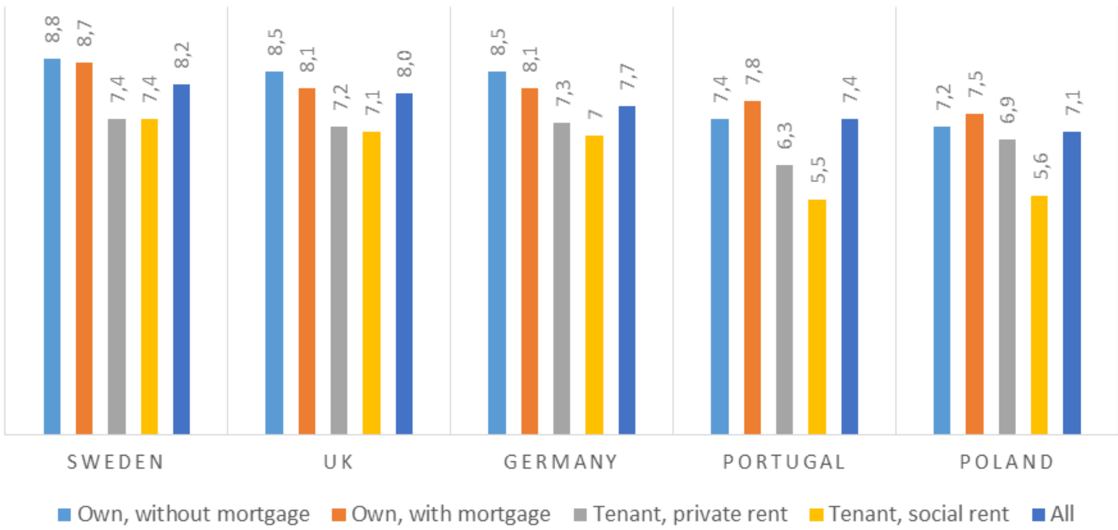
Q8 All things considered, how satisfied are you with your current accommodation? Please use a scale from 1 to 10, where 1 means "extremely dissatisfied" and 10 means "extremely satisfied". Note: Difference between the countries is statistically significant at 0.05 level.

However, satisfaction with accommodation varies considerably with tenure status. Satisfaction is relatively higher for respondents who are homeowners, with or without a mortgage, compared to those who rent their accommodation on the private market or in social/municipal housing. It is interesting to note that in most countries there is almost no distinction between owners with and without mortgages, on the one hand, and between tenants paying rent to a private landlord or paying rent in social/municipal housing, on the other, as far as satisfaction with accommodation is concerned. This suggests a high degree of homogeneity within the group of owners and within the group of tenants.[45] The clear exception is Poland, with respondents who are tenants of private market housing reporting similar levels of satisfaction (6.9) to those of owners (7.2 and 7.5) and tenants of social housing (5.6), (Figure 35).

[44] This is in line with Eurostat data. In 2013, the rating of satisfaction with accommodation was 7.3 in Portugal, 7.4 in Poland, 7.5 in Germany, 7.9 in the UK and 8.2 in Sweden. Cf. http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do, consulted on 22 July 2015.
[45] That owners have a higher level of satisfaction with their housing conditions than tenants has been noted elsewhere. See Eurostat (2015). *Quality of life – facts and views*. Luxembourg: Publications Office of the European Union, pp. 42-43.

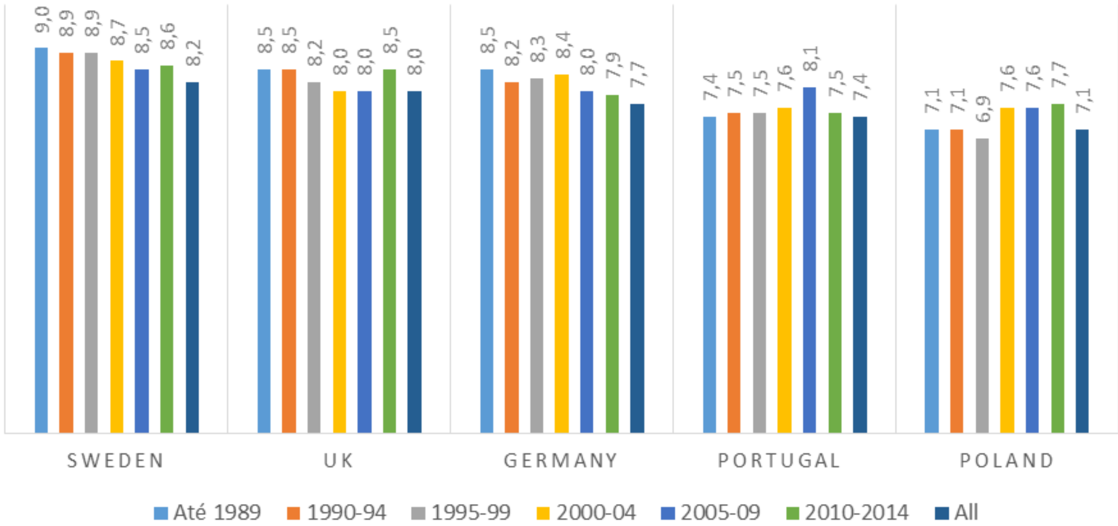
Reinforcing the high level of homogeneity of owners, the level of satisfaction with accommodation is remarkably similar across the various periods of the purchase of household homes for the five countries, especially in the UK, Germany and Poland, where differences are not statistically significant. In Sweden, respondents whose households bought their homes up to 1989 report a higher level of satisfaction with accommodation than respondents whose households bought their homes after 2005 (9.0 v. 8.5-8.7). In Portugal, respondents whose households bought their homes between 2005-09 report higher levels of satisfaction than those that bought theirs before 1989 (8.1 v. 7.4), (Figure 36).

Figure 35. Satisfaction with accommodation, by tenure status



Question Q8, cf. Figure 34 above. Note: Difference within the countries is statistically significant at 0.05 level, except between: owners with and without mortgages in Sweden and Germany; tenants paying private market and social rents in the UK, Portugal and Poland, and owners (with and without mortgages) and tenants paying rent to private landlords in Poland.

Figure 36. Satisfaction with accommodation, by year of purchase



Question Q8, cf. Figure 34 above. Data: respondents who are owners (with and without mortgage) who provided an answer, excluding 'DK/NA' answers) Note: Only signalled differences are statistically significant at 0.05 level: between purchases before 1989 and in the 2005-09 period, and before 1989 and in the 2010-14 period in Sweden; and between purchases before 1989 and in the 2005-09 period in Portugal.

Taken together, these results confirm that homeownership is an important element to both household wealth accumulation and well-being, suggesting that these effects are stronger in the more financialised countries where household engagement with the financial sector is both more widespread and diversified and where the mortgage market expanded most in recent years, such as the UK and Sweden.

7. Welfare State

The content and the impact of the engagement of households with finance and that of the financial crisis on well-being depend on social institutional settings, which may temper the more negative outcomes to varying degrees. The level and quality of public provision of essential social services that address the basic needs of the population are central. And these include childcare services, the education system, employment promotion measures, health services, long-term care services, social housing, and social security. Thus, the analysis of individual and household relations with finance and of the financial crisis, and their variations across the socio-demographic groups, must be put in the context of the "systems of provision" in place in each country.[46] This is the more relevant as the penetration of finance into ever more areas of social reproduction is taken to be a direct consequence of the weakening of regulatory and welfare institutions within most EU countries, as mentioned above. Moreover, in the context of the recent crisis, public services have been further subjected to cuts, and further cuts are expected to follow in an attempt to decrease expenditure further. This is particularly problematic because these cuts occur in a period in which the need for these services increase as a consequences of the crisis.

7.1 Perceptions of public services

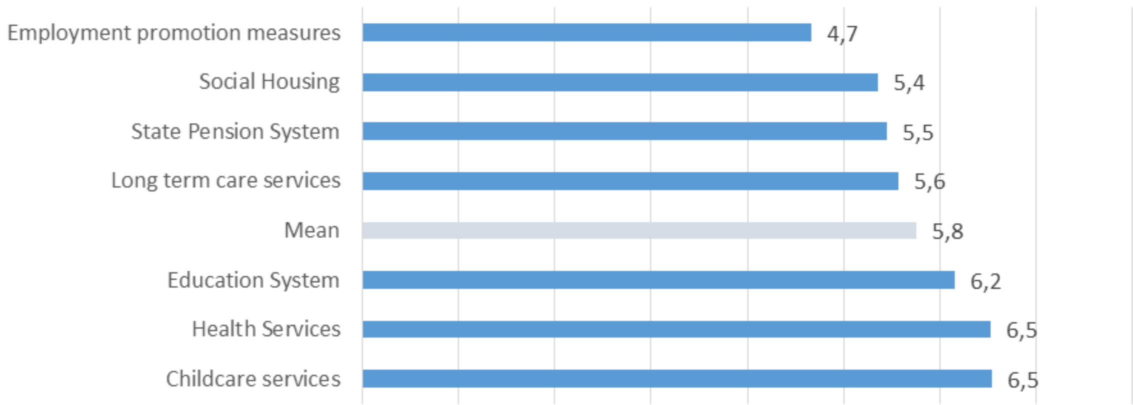
The survey thus inquired about people's perceptions of the quality of public services in their country. Overall the level of satisfaction with public services is low. In Sweden and the UK respondents report the highest level of satisfaction with public services with an average score of 5.8, on a scale of 1 to 10, where 1 means "extremely bad" and 10 means "extremely good". Germany barely meets a positive overall score of 5.2. Portugal and Poland stand far below the waterline with scores of 4.2 and 3.9, respectively. Of course, these averages hide large variations in the perceived quality of a particular public service. Overall, respondents are more satisfied with childcare services, health services and education systems than they are with employment promotion measures, state pension systems and long-term care services. Employment promotion measures score particularly low, receiving negative scores in all the countries.

[46] Bayliss, K., Fine, B. and Robertson, M. (2013). From Financialisation to Consumption: the System of Provision Approach Applied to Housing and Water. *FESSUD Working Paper Series*, nº 2.

This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

At the country level, one observes that the Swedish are most satisfied with health and childcare services (scoring 6.5 each), (Figure 37a). UK respondents clearly appreciate the provision of social housing, giving it a significantly superior rating (7.7) as compared to the other services that are also relatively more appreciated, such as health services (6.4) and the education system (6.0), (Figure 37b). The Germans are most satisfied with the health service (6.3), being mildly satisfied with childcare services and the education system (both with a rating of 5.6), (Figure 35c). Except for the Polish education system, which gets a score of 5.0, the Polish and the Portuguese are the most dissatisfied with welfare provision in their countries attributing negative evaluations to all services, betraying the relative weakness of their welfare regimes (Figures 37d and 37e).[47]

Figure 37a. Perceptions of public services, Sweden (scale 1-10)



Q16 Using a scale of 1 to 10, where 1 means "extremely bad" and 10 means "extremely good", please say what you think overall about each of the following public services in the [country]? Note: Differences are statistically significant at 0.05 level, except between social housing and the state pension system.

[47] See also Eurofound (2012). *Third European Quality of Life Survey: Impacts of the crisis*. Luxembourg: Publications Office of the European Union, pp. 119-22.

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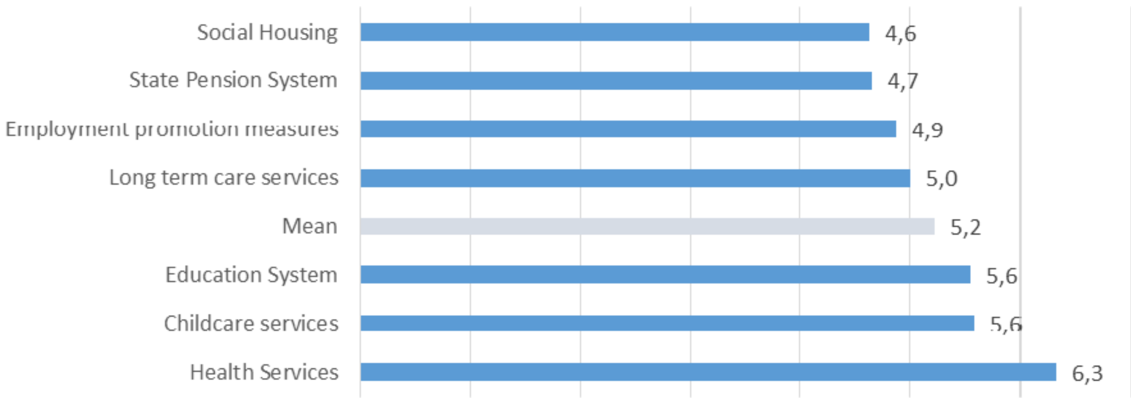
Figure 37b. Perceptions of public services, UK (scale 1-10)

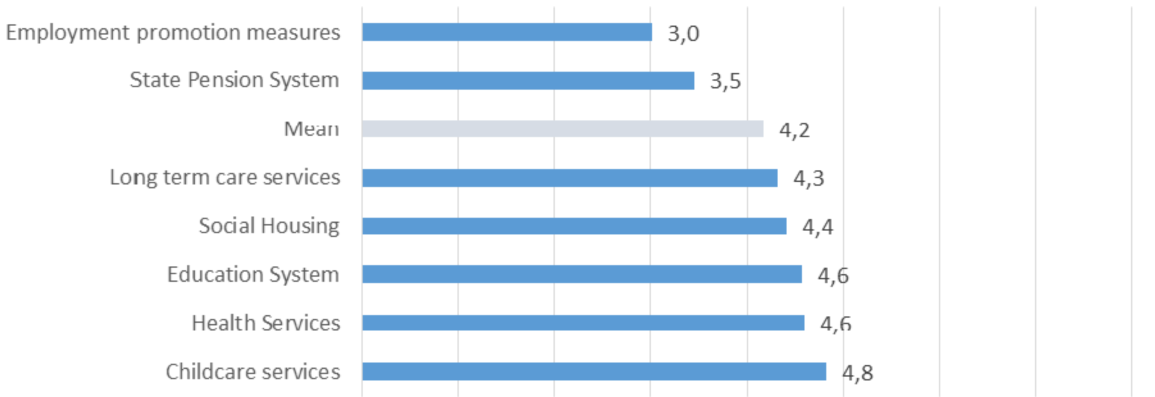
Question Q16, cf. Figure 37a above. Note: Differences are statistically significant at 0.05 level, except between employment promotion measures, long term care services and the state pension system.

Figure 37c. Perceptions of public services, Germany (scale 1-10)



Question Q16, cf. Figure 37a above. Note: Differences are statistically significant at 0.05 level, except: between social housing and the state pension system, and between employment promotion measures and long term care services.

Figure 37d. Perceptions of public services, Portugal (scale 1-10)



Question Q16, cf. Figure 37a above. Note: Differences are statistically significant at 0.05 level, except: between long term care services and social housing, and between social housing and health services.

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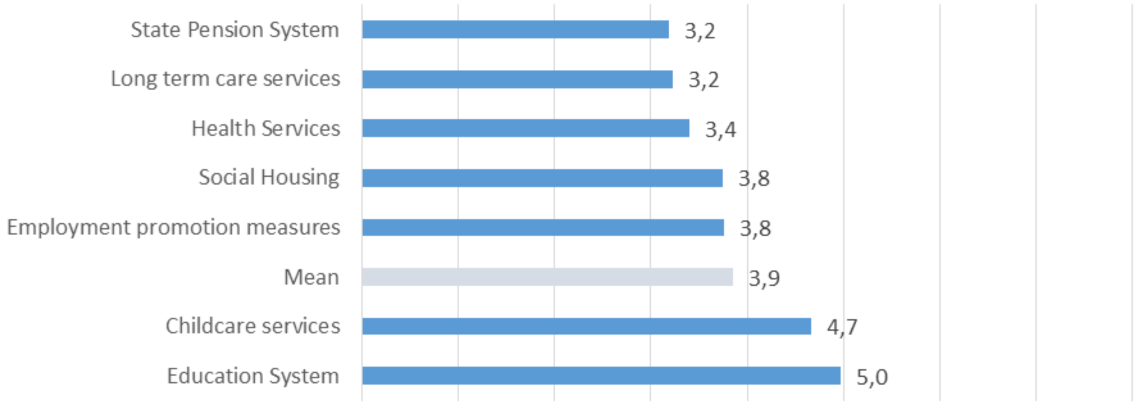
Figure 37e. Perceptions of public services, Poland (scale 1-10)



Question Q16, cf. Figure 37a above. Note: Differences are statistically significant at 0.05 level.

7.2 Perceptions of public services: users v. non-users

While all groups of the population have an opinion on the various public services, opinions diverge among actual/potential users and non-users of these services. In order to evaluate these differences, Figures 38-42 below present the evaluations of public services for particular target groups. Overall, users of childcare services (i.e. parents), of the education system (i.e. students) and of the state pension system (i.e. the retired) attribute a higher rating to these services than the general population.

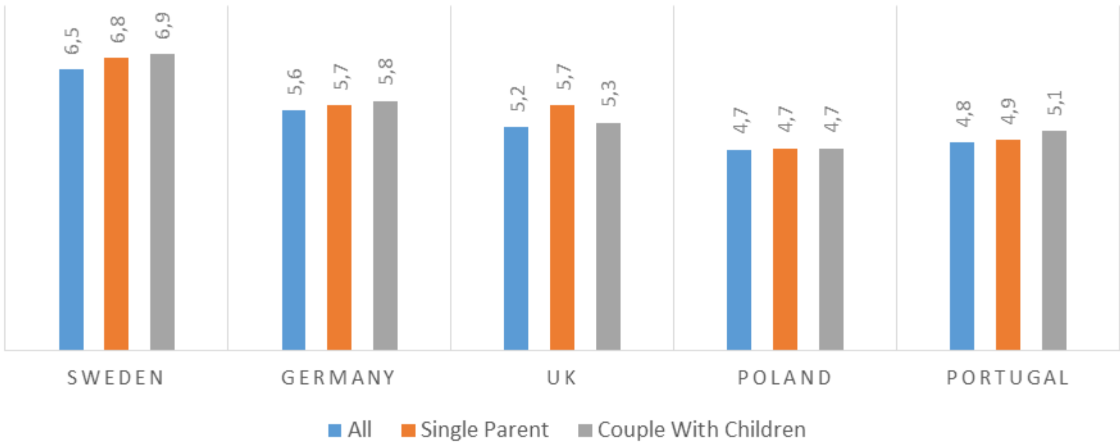
Respondents in households with children (i.e. single parents and couples with children) tend to evaluate childcare services more positively than the general population. The only exception is Poland, where the ratings for childcare services is the same for the three groups. Respondents in households with children (singles and couples) give the highest rates in Sweden (6.8 and 6.9, respectively) and the lowest in Poland (4.7), (Figure 38).

With the exception of Poland, students tend to give a higher rating to the education system than the general population, and the difference between the two scores is highest in Portugal (1.4). Students give the highest rate to the education system in Sweden (6.6) and the lowest in Poland (4.4), (Figure 39).

The retired also tend to rate the state pension system higher than the general population, with the highest rating being observed in Sweden (5.9) and the lowest in Portugal (3.2), where the retired are less satisfied than the general population that, nonetheless, give a negative rating (3.5) to this public service, (Figure 40). The ratings of social housing by tenants of this type of dwelling are more varied across the countries. The UK stands out as being the country where the mean rating of social housing is not only high (7.7) but is also considerably higher than the rating given by its users (5.1). In Poland users also give a lower rating than the general population (3.8 v. 3.2). In the other countries the opposite trend is observed: lower average ratings than those given by tenants (Figure 41).

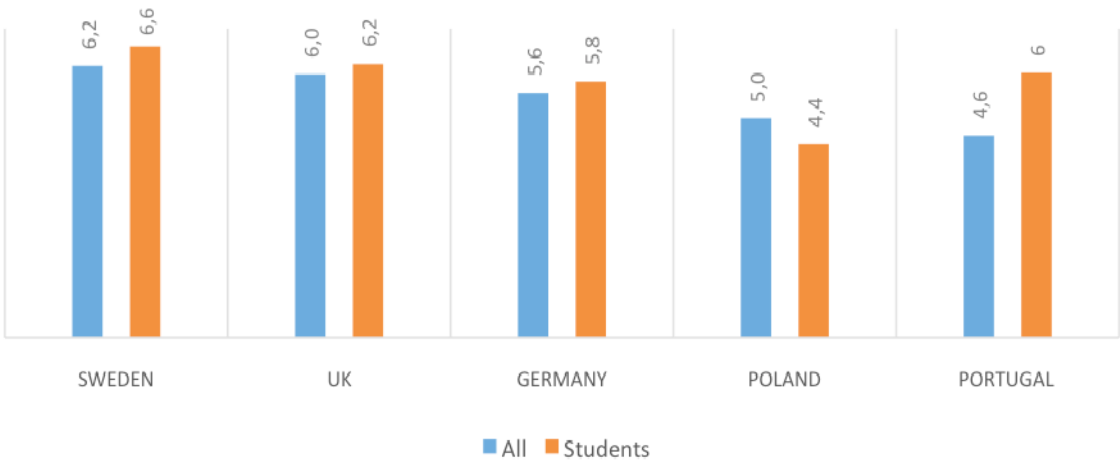
Employment promotion measures is the only service where the main beneficiaries, i.e. the unemployed, give substantially lower scores than the general population. The unemployed give the highest rating to these services in the UK (4.5) and the lowest in Sweden (2.5) (Figure 42).

Figure 38. Perceptions of childcare: all v. parents (scale 1-10)



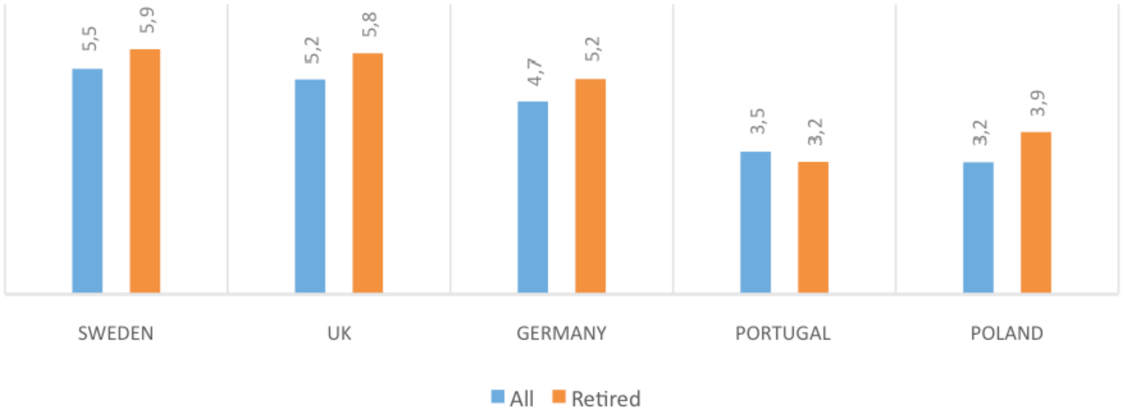
Question Q16, cf. Figure 37a above. Note: Differences are statistically significant at 0.05 level, except: between all households and couples with children in the UK, and between all households and single parents in Portugal.

Figure 39. Perceptions of education: all v. students (scale 1-10)



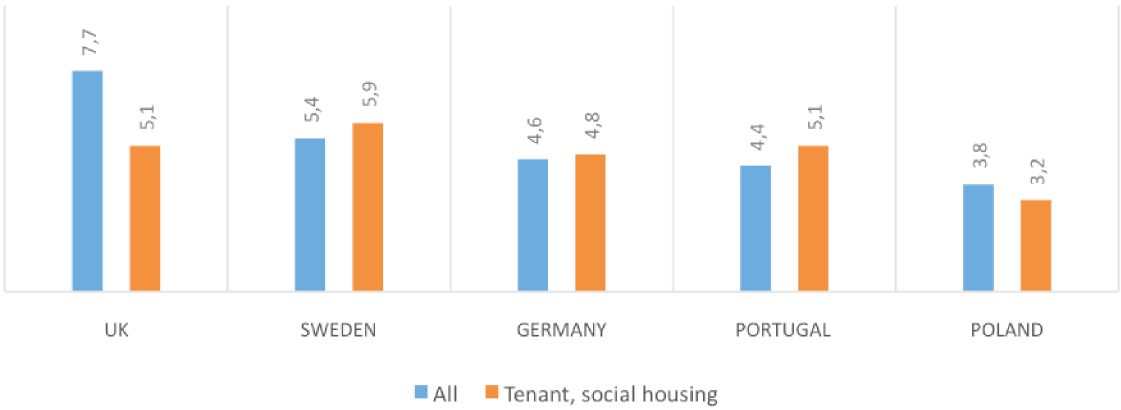
Question Q16, cf. Figure 37a above. Note: All differences are statistically significant at 0.05 level.

Figure 40. Perceptions of state pension system: all v. the retired (scale 1-10)



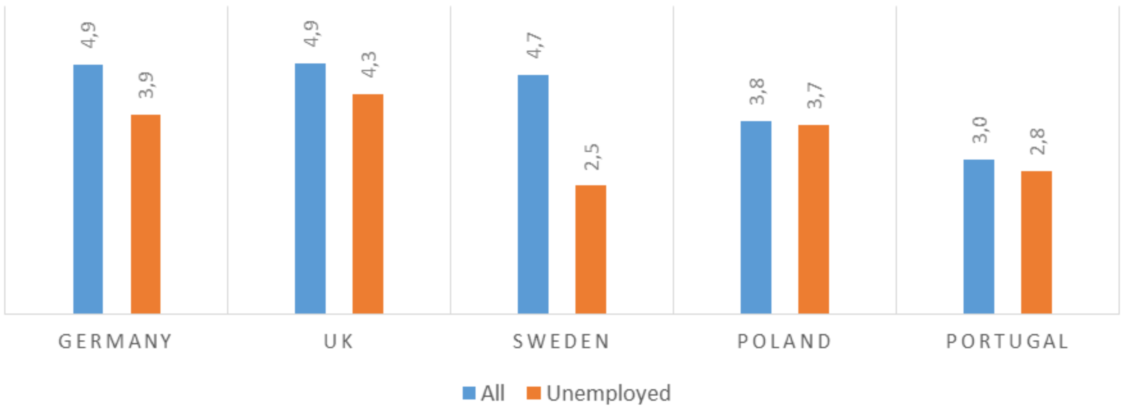
Question Q16, cf. Figure 37a above. Note: All differences are statistically significant at 0.05 level.

Figure 41. Perceptions of social housing: all v. tenants (scale 1-10)



Question Q16, cf. Figure 37a above. Note: All differences are statistically significant at 0.05 level.

Figure 42. Perceptions of employment promotion measures: all v. unemployed (scale 1-10)

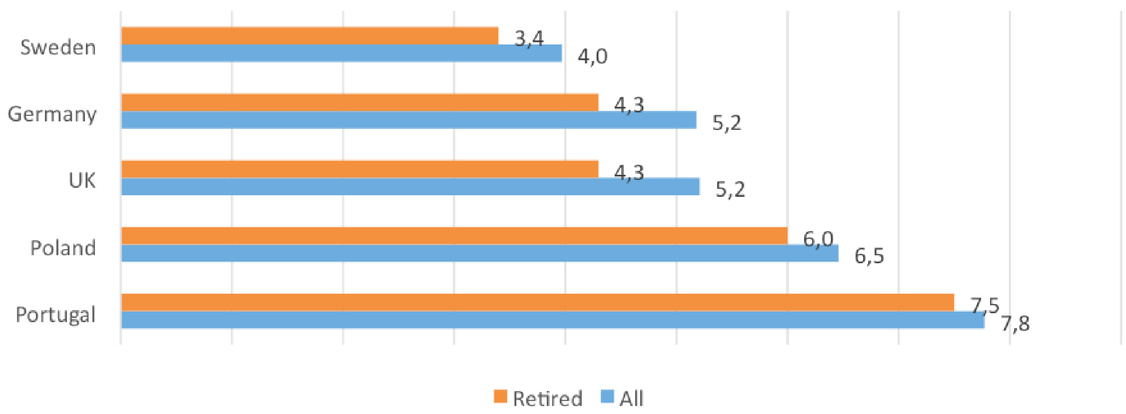


Question Q16, cf. Figure 34a above. Note: Differences are statistically significant at 0.05 level, except in Poland.

7.3. Personal concerns about income in old age

As we have seen, state pension systems receive low scores in all the countries. But in contrast to the other services, state pension systems refer to a benefit rather than an actual service, hence the ratings can refer to the amount of pension received or expected. Reflecting country differences regarding the state pension system (cf. Figure 40 above), the Polish and the Portuguese are the most concerned about their financial situation in old age, with ratings of 6.5 and 7.8 for their level of preoccupation, on a scale of 1 to 10, where 1 means "Not worried at all" and 10 means "Very worried". The Swedish are the least concerned, with an overall score of 4.0. It is interesting to note that in all the countries the retired are significantly less worried than the general population, suggesting that these concerns mostly affect the currently employed, who are the most affected by ongoing reforms to pension systems (Figure 43).[48]

Figure 43. Personal concerns about income in old age (scale 1-10)



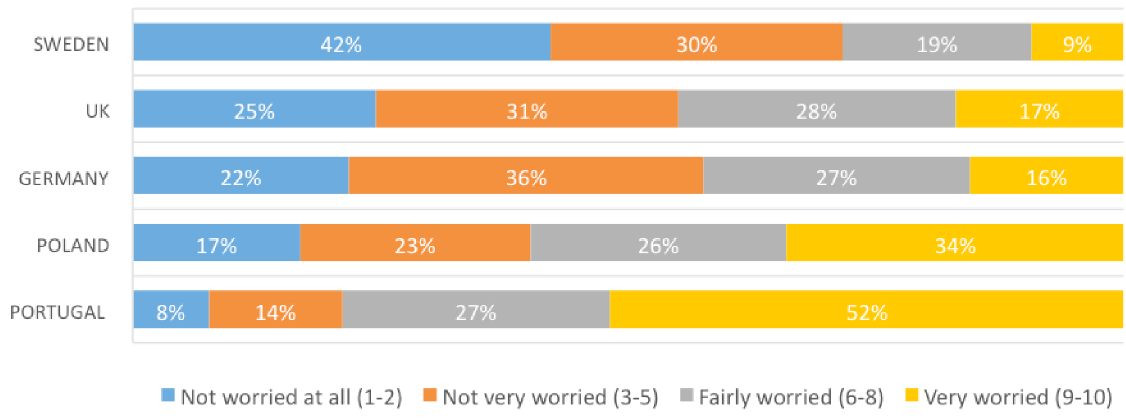
Q15 How worried are you, if at all, that your income in old age will not be adequate enough to enable you to live in dignity. Please use a scale of 1 to 10, where 1 means "Not worried at all" and 10 means "Very worried". Note: All differences within countries are statistically significant at 0.05 level.

Concerns about not having sufficient income in old age are particularly acute in Portugal, with 52% of respondents declaring they are very worried. In Poland these concerns are also significant with 34% of respondents declaring such a high level of concern. By the same token, while in Portugal

[48] See Churchill, J. (2014). Towards a Framework for Understanding the recent evolution of pension systems in the European Union. *FESSUD Working Paper Series*, nº 12; Serap, S. (2014). Review of pension provision across the European Union countries. *FESSUD Working Paper Series*, nº 13.

22% of respondents declare they are not worried about the level of their income in old age, this percentage is 40% in Poland, 56% in the UK, 58% in Germany and 72% in Sweden.[49]

Figure 44. Personal concerns about income in old age (%)



Question Q15, cf. Figure 43 above. Data: respondents that provided an answer, excluding 'DK/NA' answers.

Table 2 below presents the results of a multiple linear regression analysis performed to determine the main effects of socioeconomic factors on the level of concern about not having enough income in old age.

The coefficients show the estimated increase/decrease in the level of concern for people who belong to each one of the listed characteristics and circumstances compared to the baseline group shown in the header. For example, in Sweden, women are expected to score, on average, 0.18 points more on the concern scale compared to men, after controlling for age, household type, education, economic status and income. In all the countries but Portugal, people belonging to the four income quintiles are expected to have a higher concern score relative to the top income quintile, especially so for the two lower quintiles. It is interesting to note that in all the countries people aged over 64 are expected to have a lower score relative to those now aged between 40 and 54 years.

[49] This is very much in line with the results of the Flash Eurobarometer 338. For the relative country position within the EU, see European Commission (2012). Monitoring the social impact of the crisis: public perceptions in the European Union (wave 6): Report. *Flash Eurobarometer 338*. Brussels, European Commission, pp. 78-83.

Table 2. Unstandardized regression coefficients for the socioeconomic determinants of level of concern about income in old age

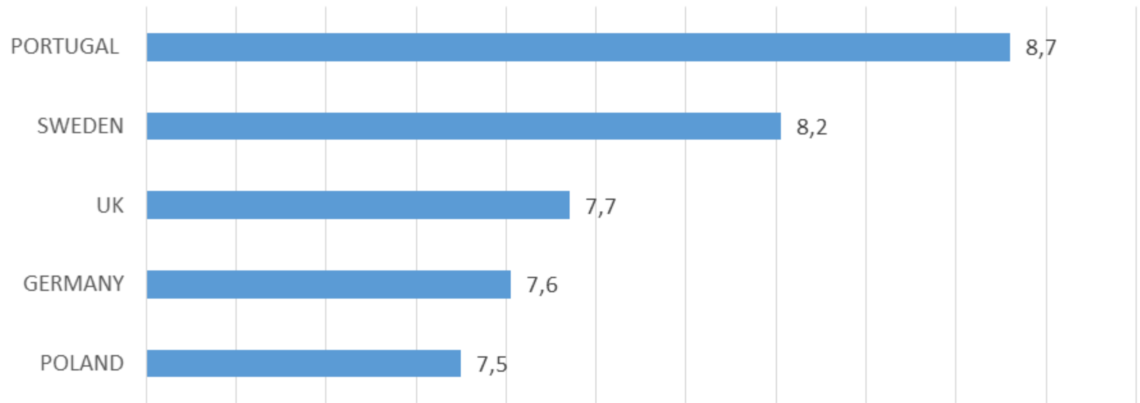
	Sweden	Germany	UK	Poland	Portugal
Adjusted R^2	0.14	0.18	0.18	0.13	0.07
ref = male					
Female	0.18*	0.12*	0.08*	0.13*	0.13*
ref = 40-54 years old					
Aged 18-24	-0.11*	-0.01	-0.07*	-0.05*	-0.04
25-39	-0.02	0.02	0.03	-0.02	-0.00
55-64	-0.06	-0.05	-0.03	-0.03	-0.04
> 64	-0.27*	-0.16*	-0.13*	-0.12*	-0.12*
ref = couple					
Single	-0.05	-0.07*	-0.04	-0.01	-0.06*
Single parent	0,05	-0.00	0.02	0.00	-0.05
Couple with children	-0.05	0.04	0.00	-0.03	0.05
Extended family	0.03	-0.05	-0.01	-0.02	0.00
ref = secondary education					
Primary education	-0.02	0.08*	-0.03	0.00	0.08*
Tertiary education	-0.11*	-0.03	-0.02	-0.05	-0.05
ref = employed					
Unemployed	0.08*	0.03	0.05*	0.00	0.01
Self-employed	-0.03	-0.02	0.01	-0.05	-0.08*
Retired	-0.1	-0.13*	-0.18*	-0.08*	-0.03
ref = 5th quintile					
First income quintile	0.16*	0.36*	0.31*	0.23*	0.13*
Second income quintile	0.11*	0.18*	0.22*	0.23*	0.11*
Third income quintile	0.09*	0.10*	0.10*	0.12*	0.00
Fourth income quintile	0.10*	0.06*	0.07*	0.12*	-0.02

Note: OLS regression model, based on unweighted variables. * The estimated effect is significant at 0.05 level.

7.4. Perceptions of the role of the State

The differences between the countries can be explained by different attitudes and expectations, which are necessarily affected by extant social and cultural norms, making it particularly difficult to establish whether different ratings among the countries is due to different levels of scope and quality of services, or to different standards. For example, a high level of expectations may inform lower evaluations and vice-versa. Using reported appraisals for the role of the state in poverty alleviation as a proxy for expectations for the role of the state in welfare provision more generally, one observes that expectations are high in all the countries: they are virtually the same in Poland, Germany and the UK, ranging between 7.5 and 7.7 (whose differences are not statistically significant), and higher in Sweden (8.2) and Portugal (8.7). This may help explain the generally low scores of public services, even in countries known for providing higher levels of welfare provision such as Sweden and Germany, taken as representatives of the social-democratic and conservative-corporatist welfare regimes, respectively, and their extremely low levels in Portugal and Poland, belonging to the southern and the post-communist welfare states, respectively.

Figure 45. Role of the state in poverty alleviation (scale 1-10)



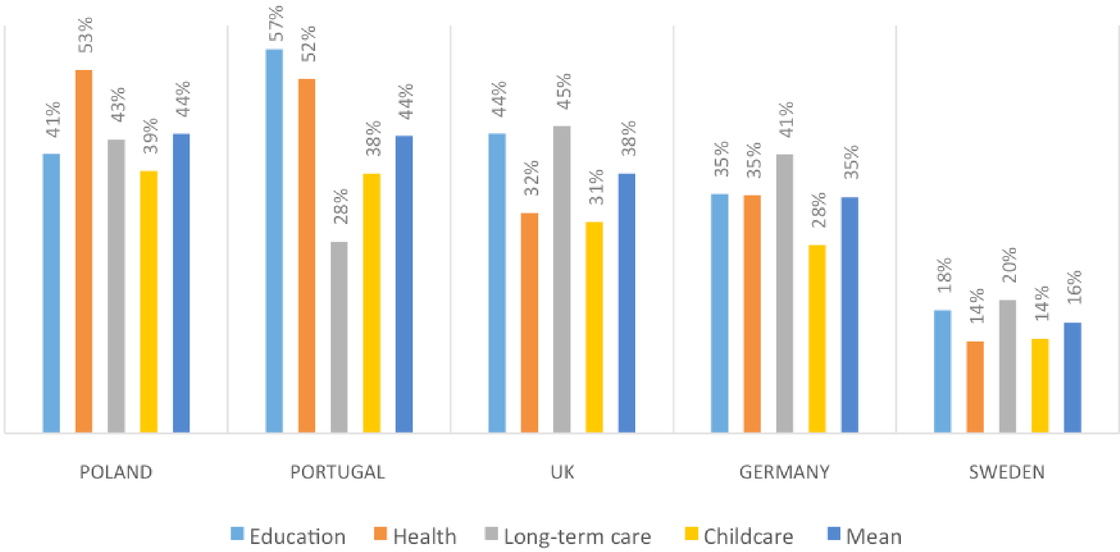
Q1 Please tell me how much you agree or disagree with the following statement. "The government should act to prevent people falling into poverty". Please choose one number from 1 to 10, where "1" stands for "disagree strongly", and "10" stands for "agree strongly", while the remaining numbers indicates something in between these two positions. Note: Difference between countries is statistically significant at 0.05 level, except between the UK, Germany and Poland.

7.5 Changes in social service affordability

The low scores for social services, and the marked differences between Sweden, the UK and Germany, on the one hand, and between Portugal and Poland, on the other, may also be due to recent transformations in welfare provision, and, specifically, in access to these services.

The survey asks whether, over the past 5 years, respondents noted any changes in their ability to afford education, healthcare, childcare and long-term care services. With the exception of Sweden (16%), on average more than one third of respondents (35% in Germany, 38% in the UK and 44% in Poland and Portugal) reported that it has become more difficult to afford some basic services, especially education and healthcare for themselves or their relatives. More than half of the Polish report having difficulties in affording health services (53%), and more than half of the Portuguese report having difficulties affording education (57%) and healthcare (52%).

Figure 46. Difficulty in affording social services over the past five years



Q17 Please tell me whether or not each of the following has happened to you in the last five years. 'It has become more difficult to afford childcare for my children', 'It has become more difficult to afford education for me or my relatives', It has become more difficult to afford healthcare for me or my relatives, 'It has become more difficult to afford long-term care for me or my relatives'. Data: respondents who provided an answer, excluding 'DK/NA' answers.

Notwithstanding different levels of expectations regarding the role of the State in welfare provision, these results show that welfare provision varies across countries, with Poland and Sweden standing at two extreme poles, conforming with what is known about their welfare regimes. They also show that the deterioration of public services has been felt more severely in countries with weaker levels of social provision: Poland and Portugal.[50]

[50] See also European Commission (2012). Monitoring the social impact of the crisis: public perceptions in the European Union (wave 6): Report. *Flash Eurobarometer 338*. Brussels, European Commission, Ch. 6.

8. Impact of the financial crisis

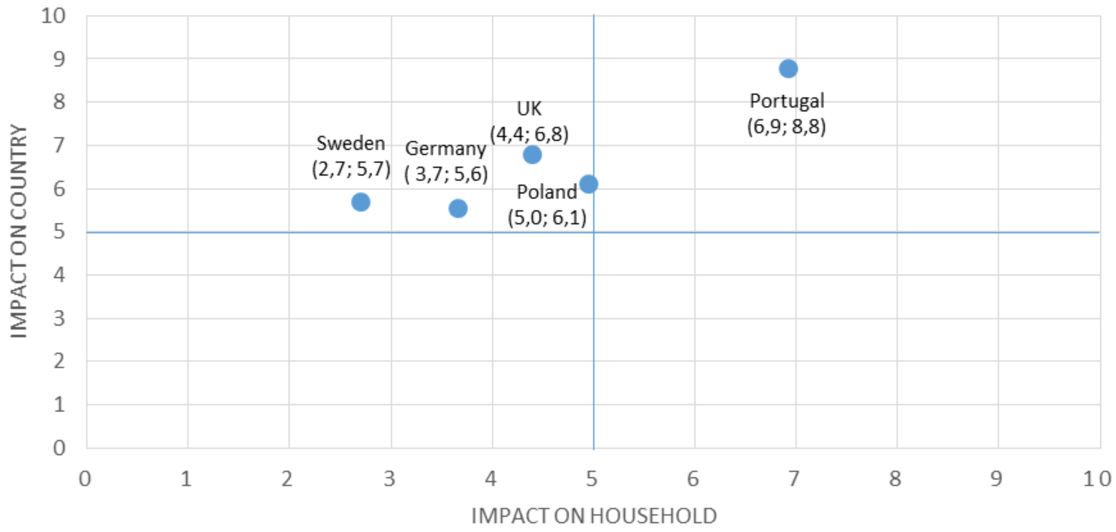
The 2008-09 financial crisis is in itself a consequence of financialisation, affecting, via its impacts on the labour market and welfare provision, individual and household well-being. The questionnaire included questions about recent changes in various aspects of household life to probe the impact of the crisis on households and the distribution of its effects across different socioeconomic groups.

8.1 Perceived impact of the crisis on the country and the household

The perceived impact of the crisis on households varies across countries. When asked to evaluate, using a scale of 1 to 10, where 1 means "not bad" and 10 means "extremely bad", how bad has the impact of the economic crisis been on the household, Portuguese respondents report they were severely hit, with an average score of 6.9, followed far behind by Polish respondents (5.0), UK respondents (4.4), the Germans (3.7) and the Swedish (2.7), (Figure 47). Reflecting these country differences, 30% of Portuguese respondents report their households had been extremely negatively affected by the crisis (score 9-10), while 3% of Swedish, 5% of German, 8% of UK and 13% of Polish respondents declare that their household suffered such a negative impact (Figure 48).

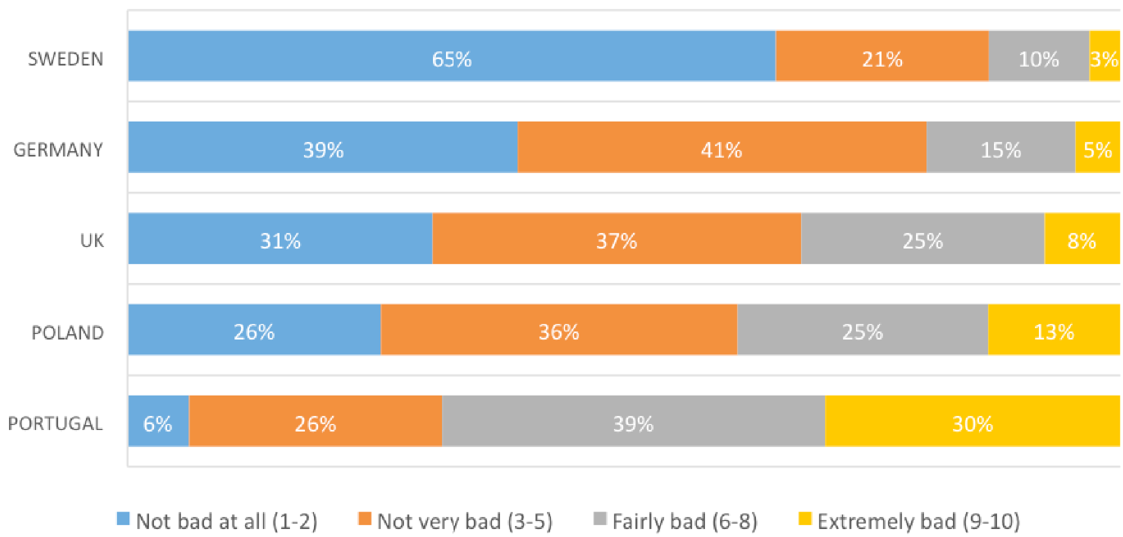
Interestingly, in all the countries the perception of the impact of the crisis on the country is considerably higher (above 5.0) than the perception of the impact on the household (below or equal to 5.0 in all the countries but Portugal). The country positions are similar on both counts, with Portuguese respondents (8.8) considering that their country has been extremely affected by the crisis and the German and Swedish respondents reporting a mild effect (5.6 and 5.7, respectively, cf. Figure 47). About two-thirds of Portuguese respondents (67%) declare that their country has been extremely badly affected by the crisis (score 9-10), while 6% of Swedish, 9% of German, 18% of Polish, and 21% of UK respondents consider that their households suffered such a negative impact (Figure 49).

Figure 47. Perceived negative impact of the crisis on the country and household (1-10)



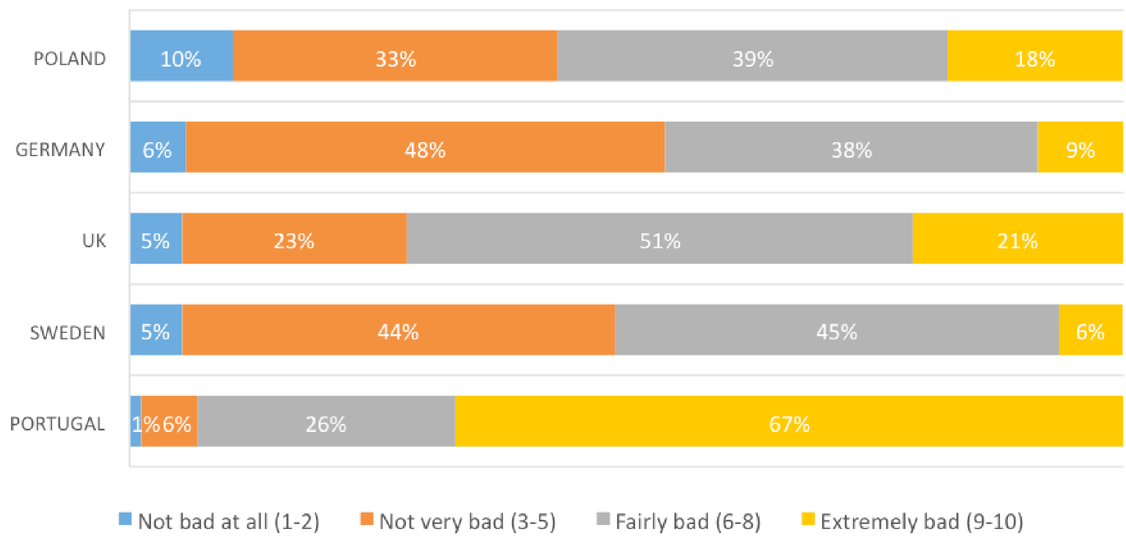
Q20 All things considered, how bad has the impact of the economic and financial crisis been on your *__household__*? *Please use a scale of 1 to 10, where 1 means "not bad" and 10 means "extremely bad".* Note: Differences between the countries are significant at 0.05 level. *Q21 All things considered, how bad has the impact of the economic and financial crisis been on your* *__country__*? *Please use a scale of 1 to 10, where 1 means "not bad" and 10 means "extremely bad".* Note: Except for Sweden and Germany, differences between the countries are significant at 0.05 level.

Figure 48. Perceived negative impact of the crisis on the household (%)



Question Q20, cf. Figure 47 above. Data: respondents who provided an answer, excluding 'DK/NA' answers.

Figure 49. Perceived negative impact of the crisis on the country (%)



Question Q21, cf. Figure 47 above. Data: respondents who provided an answer, excluding 'DK/NA' answers.

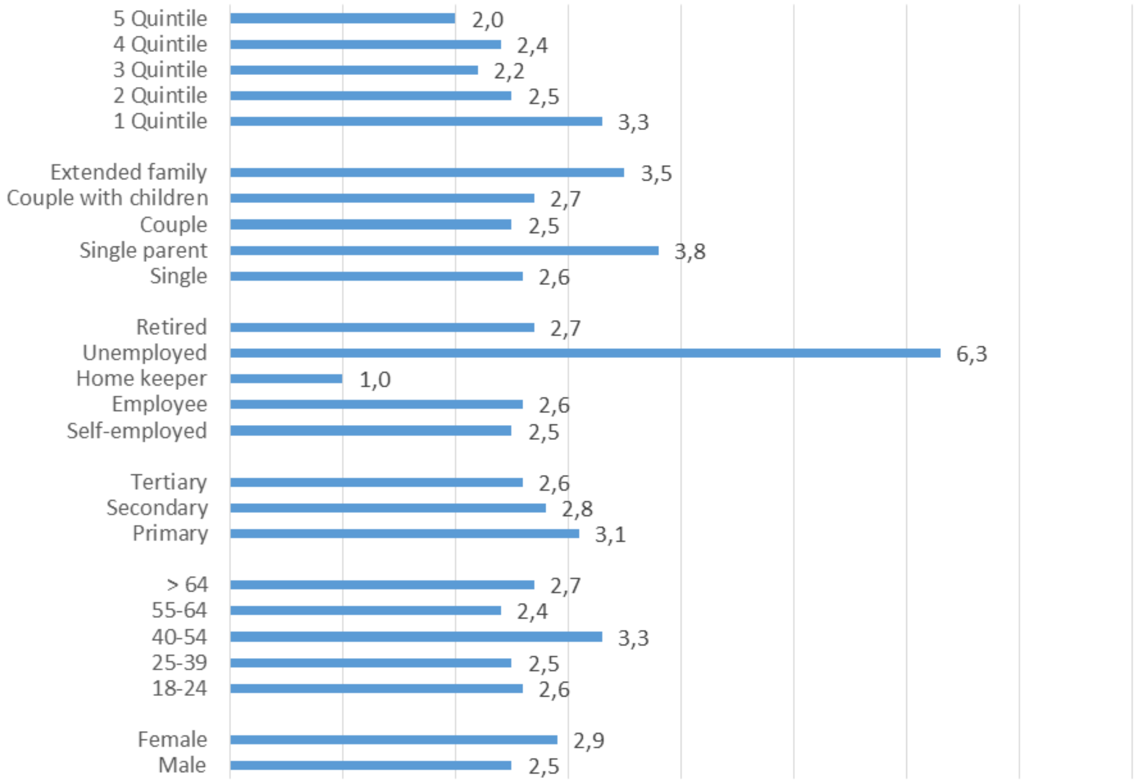
8.2. Perceived impact of the crisis by socio-demographic group

Respondents who are unemployed declare that their households have been most severely hit by the crisis, with scores higher than 5.0 in all the countries. This is interestingly the case of Sweden (6.3) and Germany (5.3), where non-unemployed respondents report that their households have not been considerably affected by the crisis, with average scores gravitating closely around the country mean (2.7 in Sweden and 3.7 in Germany), (Figures 50a and 50b). This indicates that unemployment is an important conduit through which financial and economic turmoil impacts on individuals and households.

In the UK, other socioeconomic characteristics emerge as significant. Along with unemployed respondents (6.0), single parent respondents (5.6) and respondents belonging to the first quintile income group (5.4) report that their households have been affected by the crisis, with an average country score of 4.4 (Figure 50c). Similarly, in Poland (with an average country score of 5.0), respondents from different socioeconomic groups present scores higher than 5.0. But, in contrast to the other countries, the households most affected by the crisis are not those hit by unemployment. The most significant impacts are reported by respondents that only have primary education (6.7), or belong to the first (6.5) and second (5.9) income groups (Figure 50d). With a country score as high as 6.9 in Portugal, all respondents report that their households have been affected by the crisis, though the highest score is still given by unemployed respondents (7.8), (Figure 50e).

Across the socioeconomic composition of the population, and as mentioned above (with the exception of Poland), the unemployed report that their households have been the most affected by the crisis. Single parents also declare that their household has been affected by the crisis (with the exception of Portugal), while respondents in households made up of couples without children declare they have been the least affected by the crisis.[51]

Figure 50a. Perceived negative impact of the crisis on households, Sweden



Question Q20, cf. Figure 47 above.

[51] The desegregation of perceived impacts of the crisis on the household by the socioeconomic characteristics of the respondent should be interpreted with caution as these may not be shared by the other members of the household. While household income and household type are features of the household, and while unemployment also has an impact on non-unemployed members of the household, education level, age and gender pertain only to the respondent. Consequently, respondents' sociodemographic characteristics should not be extrapolated to other members of the household.

This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

Figure 50b. Perceived negative impact of the crisis on households, Germany

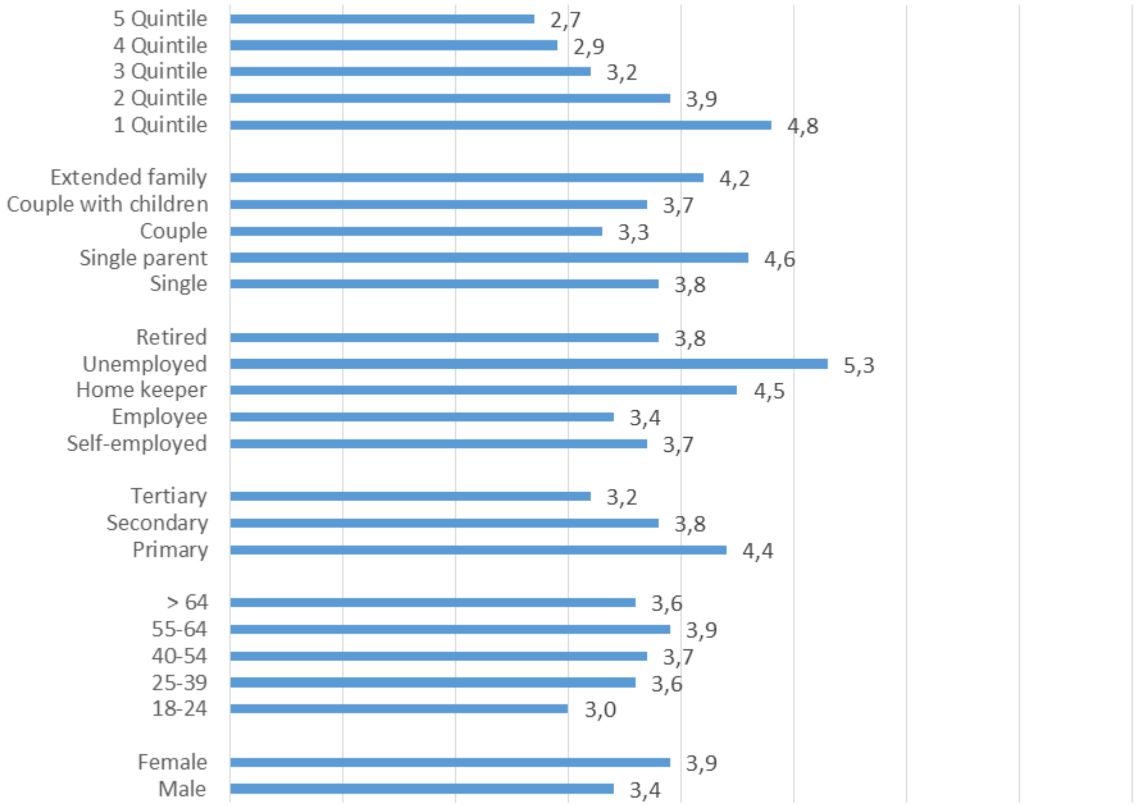
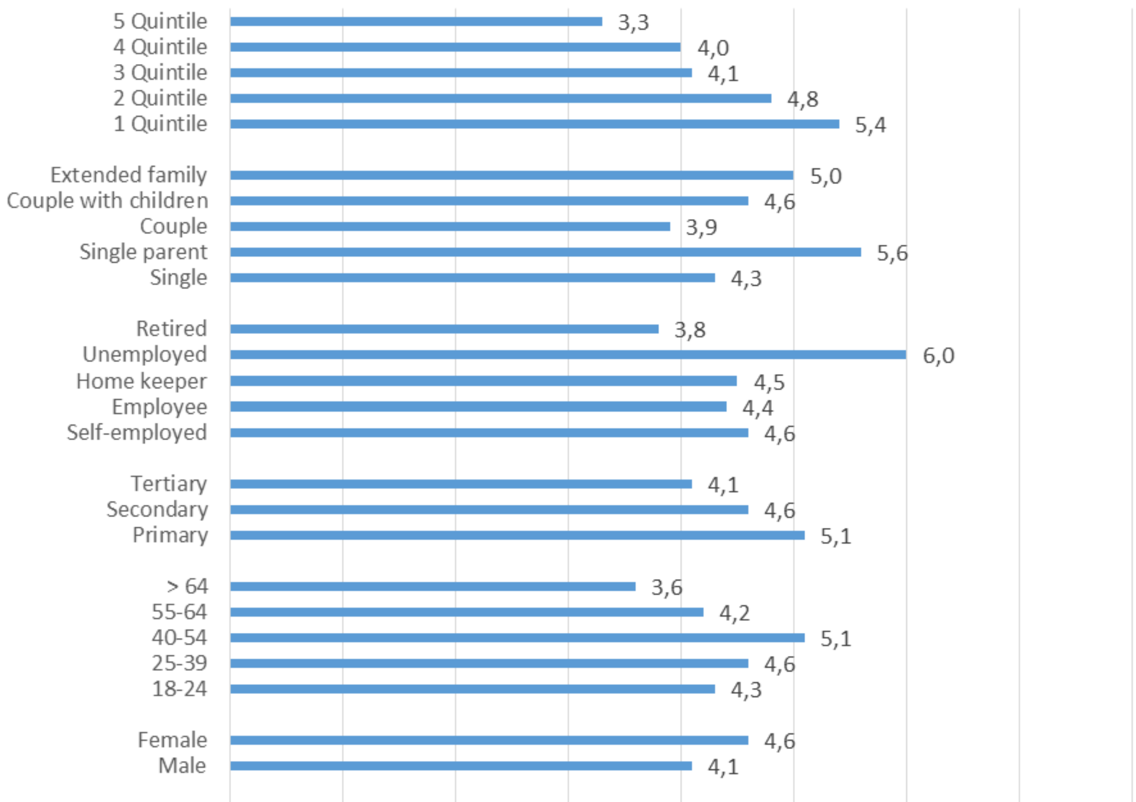


Figure 50c. Perceived negative impact of the crisis on households, UK



Question Q20, cf. Figure 47 above.

Figure 50d. Perceived negative impact of the crisis on households, Poland

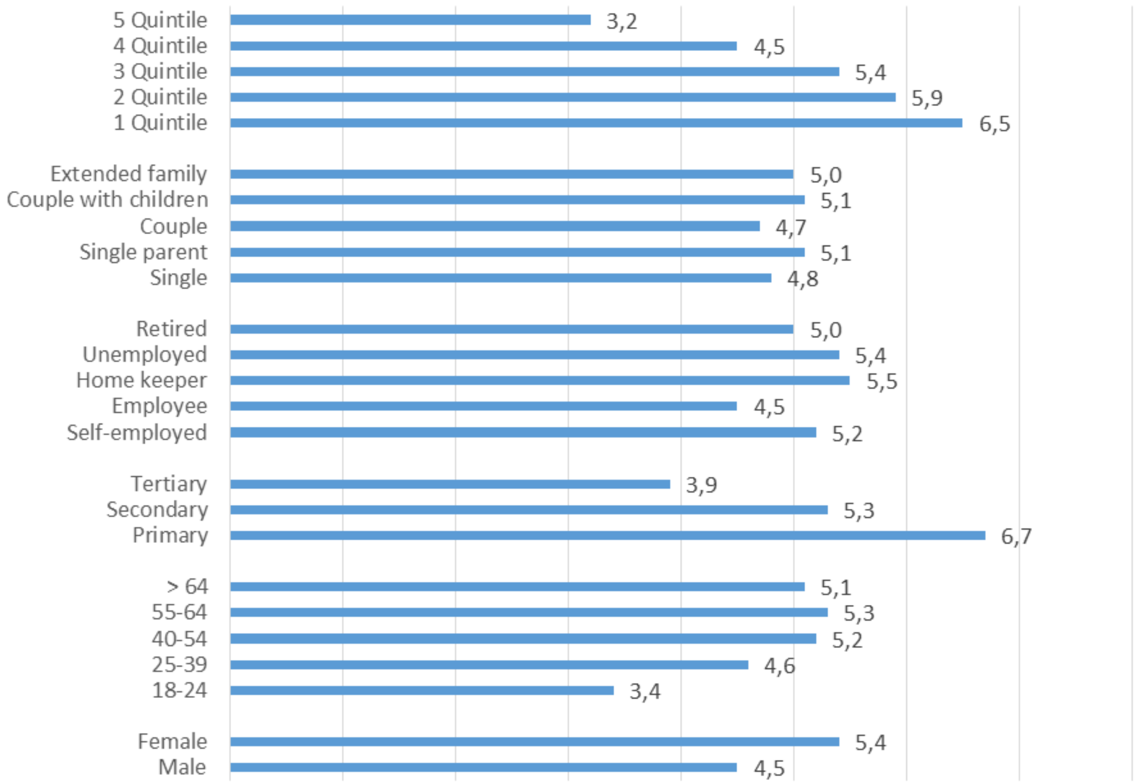
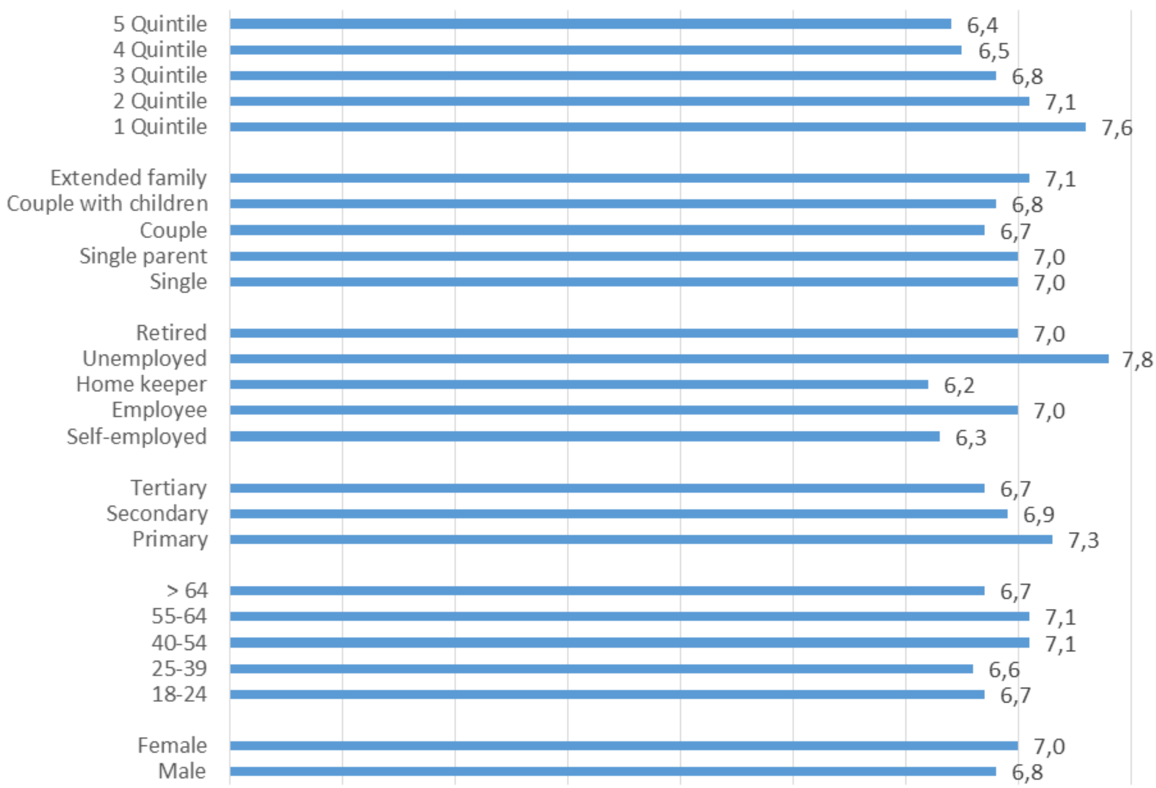


Figure 50e. Perceived negative impact of the crisis on households, Portugal



Question Q20, cf. Figure 47 above.

Table 3 below presents the results of a regression analysis that was performed to determine the main effects of socioeconomic factors on the impact of the economic and financial crisis on households. The coefficients show the estimated increase/decrease in the impact score compared with the baseline group shown in the header. For example, belonging to a household of the first quintile is associated with an increase of 0.33 points on the scale of perceived negative impact compared with a household belonging to the highest fifth quintile in Germany, the UK and Poland, after controlling for respondent's gender, age, household type, education and employment status.

Table 3. Unstandardised regression coefficients for the socioeconomic determinants of perceived negative impact of the crisis on the household

	Sweden	Germany	UK	Poland	Portugal
Adjusted R^2	0,07	0,13	0,14	0,19	0,04
ref = male respondent					
Female	0.06*	0,05*	0.01	0,08*	0.00
ref = 40-54 years old respondent					
18-24	-0.04	-0.04	-0.04	-0,07*	-0.04
25-39	-0.03	-0.02	-0.04	-0.04	-0.04
55-64	-0,07*	0.03	-0,09*	0.06	-0.04
> 64	-0,17*	-0.06	-0,15*	0.02	-0.15*
ref = couple					
Single	-0,08*	-0.06	-0.04	0.01	0.00
Single parent	0,07*	0.04	0.05	-0.02	-0.02
Couple with children	0.00	0,11*	0.03	0.01	0.02
Extended family	0,07*	0.04	0.02	-0.02	0.04
ref = respondent with secondary education					
Primary education	-0.01	0.04	0.01	0,05*	0.05
Tertiary education	-0.04	-0,07*	0.00	-0,11*	0.04
ref = employed respondent					
Unemployed	0,16*	0,07*	0.01	0.02	0,09*
Self-employed	0.04	0.04	0.05	0.04	-0,07*
Retired	0.1	0.03	-0.08	-0.03	0.06
ref = 5th quintile					
First income quintile	0,21*	0,33*	0,33*	0,33*	0,16*
Second income quintile	0,10*	0,23*	0,22*	0,27*	0,08*
Third income quintile	0,08*	0,07*	0,10*	0,13*	0.04
Fourth income quintile	0,07*	0.02	0,08*	0,09*	-0.02

Note: OLS regression model, based on unweighted variables. * The estimated effect is significant at 0.05 level.

Overall, the regression analysis indicates that the listed socio-demographic indicators account differently for the impact of the economic and financial crisis on households in the various countries, explaining about 19% of variability of perceived impact in Poland, 14% in the UK, 13% in Germany, 7% in Sweden and 4% in Portugal (according to the coefficient of determination). The low level of explanatory power of the model in Portugal might be interpreted as indicating that the economic and financial crisis had a quite transversal impact across the various socio-demographic groups.

The effect of respondents' gender, age, education, employment status, household type and income on respondents' perceived impact of the crisis on the household varies considerably across countries. This regression analysis suggests that: household type has a significant effect in Sweden (affecting more single parents and extended families than couples) and Germany (affecting more couples with than couples without children); employment status is more critical in Sweden, Germany and Portugal (e.g. affecting more the unemployed than the employed). In all the countries, household income was found to have a significant effect on the impact of the crisis on the household, with the lower income groups expected to have on average higher impact scores than the fifth quintile group.[52]

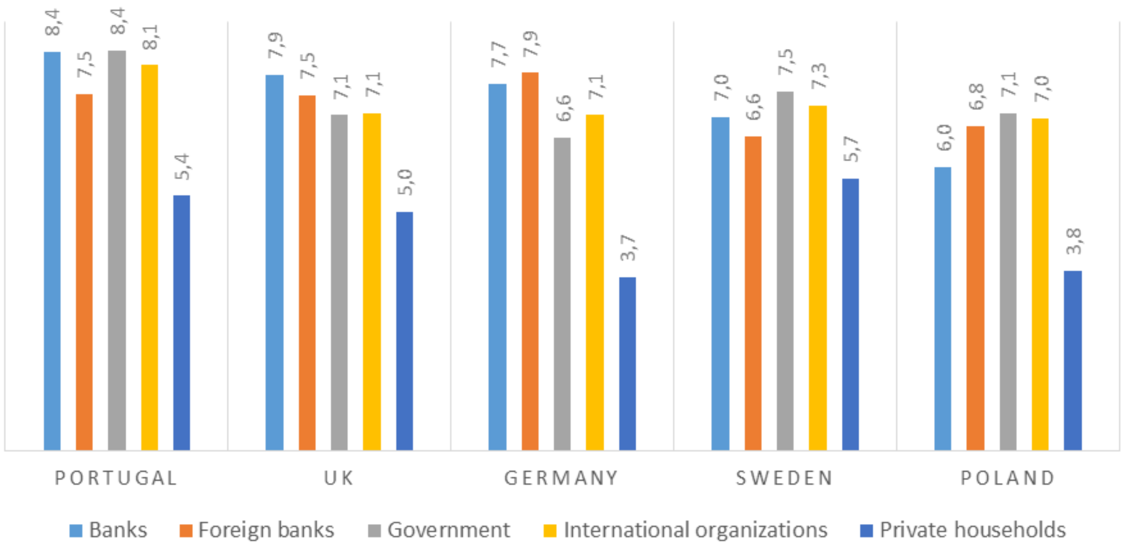
8.3. Responsibility for the crisis

Overall, respondents in the five countries attribute a high responsibility for the crisis to the national (6.0-8.4) and the international (6.6-7.9) banking sector, local governments (6.6-8.4) and international organisations (7.0-8.1) and a significantly lower responsibility to households (3.7-5.7).

Portuguese respondents tend to attribute a higher responsibility to the banking sector (ranging from 7.5 and 8.4) and Polish respondents the lowest (ranging from 6.0 and 7.1). Interestingly, Swedish respondents are relatively harsher on households, attributing a higher responsibility to these agents with an average score of 5.7, where the average score is 3.7 in Germany, 3.8 in Poland, 5.0 in the UK and 5.4 in Portugal. Within the countries, respondents in Germany and Sweden distinguish between the role of these agents, attributing differentiated responsibility to them. The Portuguese attribute most responsibility for the crisis to both national banks and the government (8.4), Polish respondents attribute an equally high share of responsibility to governments, international organisations and foreign banks (between 6.8-7.1, whose differences are not statistically significant at a 0.05 level). In the UK, while attributing most responsibility to the banking sector, respondents do not distinguish between government and international organisations (7.1 each).

[52] See footnote 51.

Figure 51. Perceived responsibility for the crisis

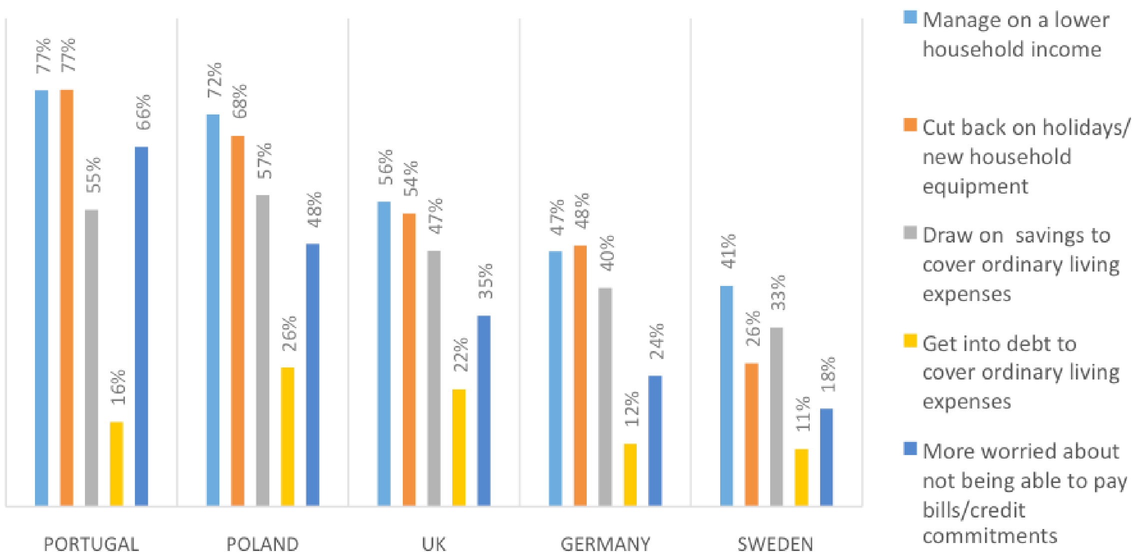


Q22. Using a scale of 1 to 10, where 1 means "not responsible at all" and 10 means "very responsible", please say how responsible you think the following entities are for the economic and financial crisis in ...?
Note: Differences within the countries are statistically significant at 0.05 level, except between foreign banks, the government and international organisations in Poland.

8.4 Perceived changes in the household financial situation

Notwithstanding the different perceptions of the impact of the crisis on households, with Portuguese respondents declaring the most severe impact (cf. Figures 48 and 49), when asked about changes occurring over the past five years, country divergences are less pronounced, especially between Portugal and Poland. In these countries, more than two-thirds of respondents declare that they 'had to manage on a lower household income' and 'cut back on holidays or new household equipment', and more than half admitted they 'had to draw on ... [household] savings to cover ordinary living expenses'. While in the other countries respondents declare they did not suffer as much, a high proportion of respondents still declare they had to manage a lower household income (56% in the UK, 47% in Germany and 41% in Sweden), had to change consumption patterns, cut back on holidays or household equipment (54% in the UK and 48% in Germany), and had to resort to savings to cover ordinary expenses (47% in the UK and 40% in Germany). Reflecting country differences, respondents have 'become more worried about not being able to pay bills/credit commitments', ranging from 66% of respondents in Portugal to 18% of respondents in Sweden. Only a small fraction of respondents declared that they 'had to get into debt to cover ordinary living expenses', with the highest percentages observed in Poland (26%) and the UK (22%), which may include loans other than those provided by the financial sector.

Figure 52. Perceived changes in household financial situation

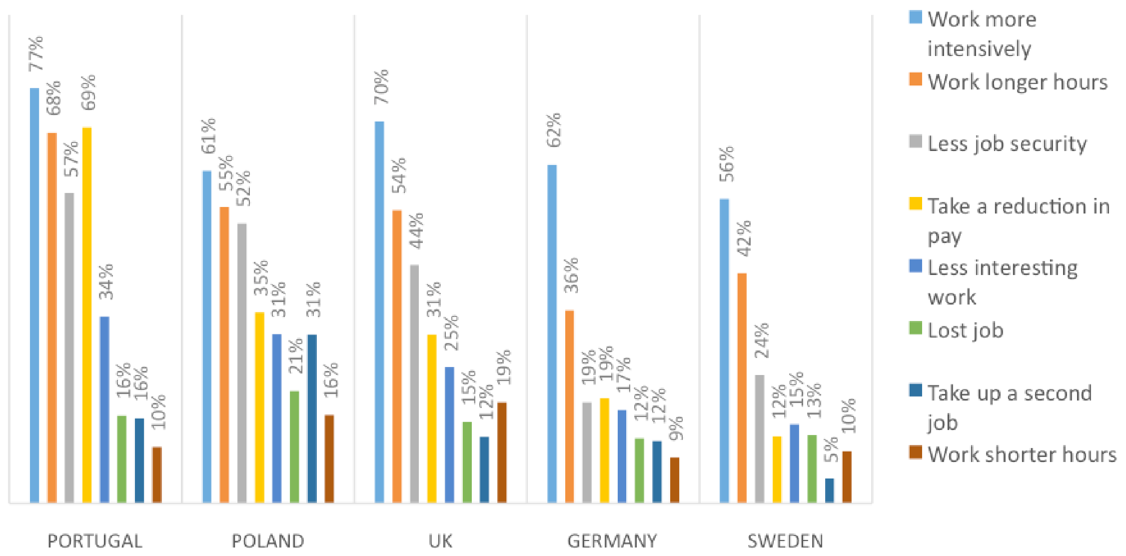


Q17 Please tell me whether or not each of the following has happened to you in the last five years… Data: percentage of 'yes' responses to total, excluding 'DK/NA' answers.

8.5 Perceived changes in employment situation

Country differences become even more attenuated when considering changes in employment over the past five years. In all the countries half of the respondents who are in work declare that they 'had to work more intensively at work' (ranging from 56% in Sweden to 77% in Portugal). But the deterioration in working conditions seems to have been more acute in Portugal, Poland and the UK, with a higher percentage of employees declaring that they 'had to work longer hours' (54% in the UK, 55% in Poland and 66% in Portugal), that they 'had less job security' (44% in the UK, 52% in Poland and 57% in Portugal), and that they 'had to take a reduction in pay' (31% in the UK, 35% in Poland and 69% in Portugal). Perhaps reflecting different labour market organisation, Poland stands out with 31% of respondents who declare that they 'had to take up a second job', where these values range between 5% in Sweden and 16% in Portugal.

Figure 53. Perceived changes in employment

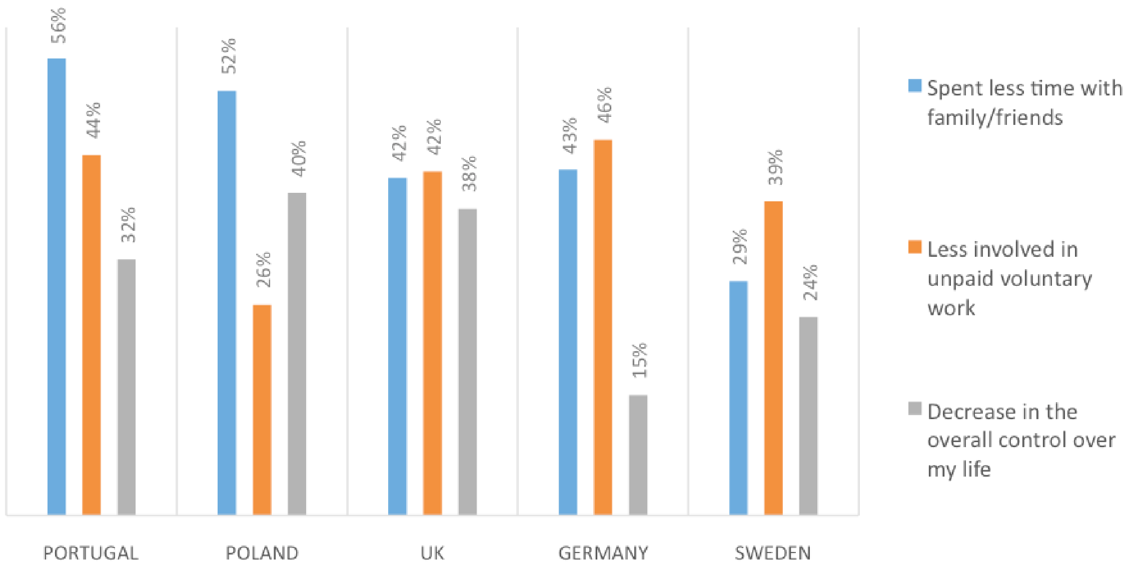


Q18 Please tell me whether or not each of the following has happened to you in the past five years. Have you… Data: percentage of 'yes' responses among employees, excluding 'DK/NA' answers.

8.6 Perceived changes in family life and community involvement

When considering changes in family life and community involvement, differences across the countries become even less marked, with a high percentage of respondents declaring they 'have spent less time with family/friends' (ranging from 29% in Sweden to 56% in Portugal) and that they 'have become less involved in unpaid voluntary work', such as social services, charities, political parties, clubs and associations, etc. (ranging from 26% in Poland to 46% in Germany). It is interesting to note that, notwithstanding country differences on perceptions of the negative impact of the crisis on the household, and on the deterioration of the household financial situation, about or more than a quarter of respondents in all the countries but Germany (15%) declared that they 'have felt a decrease in overall control over [his/her] life': 24% in Sweden, 32% in Portugal, 38% in the UK and 40% in Poland.

Figure 54. Perceived changes in family life and community involvement



Q17 Please tell me whether or not each of the following has happened to you in the past five years… Data: percentage of 'yes' responses to total, excluding 'DK/NA' answers.

To sum up, Portuguese respondents declare their households have been particularly affected by the crisis while Swedish respondents declare almost no effect on their households, with the reports of Polish, UK and German respondents standing somewhere in between these two extremes. And while the impact of the crisis has been more or less universal across the various socioeconomic groups in Portugal, this impact has been particularly felt by the respondents who are unemployed and their households in the other countries. However, and even if to different degrees, overall living conditions have worsened in the five countries of the study, as reflected in declining household income, deteriorated employment relations and experienced decreases in overall control over respondents' life.

This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

9. Subjective well-being

9.1. Life satisfaction and its recent evolution

The questionnaire included a question about subjective well-being, specifically about respondents' overall life satisfaction. Respondents were asked to make a reflective assessment of how things were going in their lives, i.e. how satisfied, all things considered, they were with their lives as a whole. Overall, and in all the countries, respondents report they are satisfied with their lives. But, again, the level of life satisfaction varies across the countries, with the Portuguese (5.7) declaring the lowest level of life satisfaction and the Swedish (7.8) the highest, and Poland (6.3), Germany (7.3) and the UK (7.1), standing somewhere in between (Figure 55).[53]

Figure 55. Life satisfaction (scale 1-10)

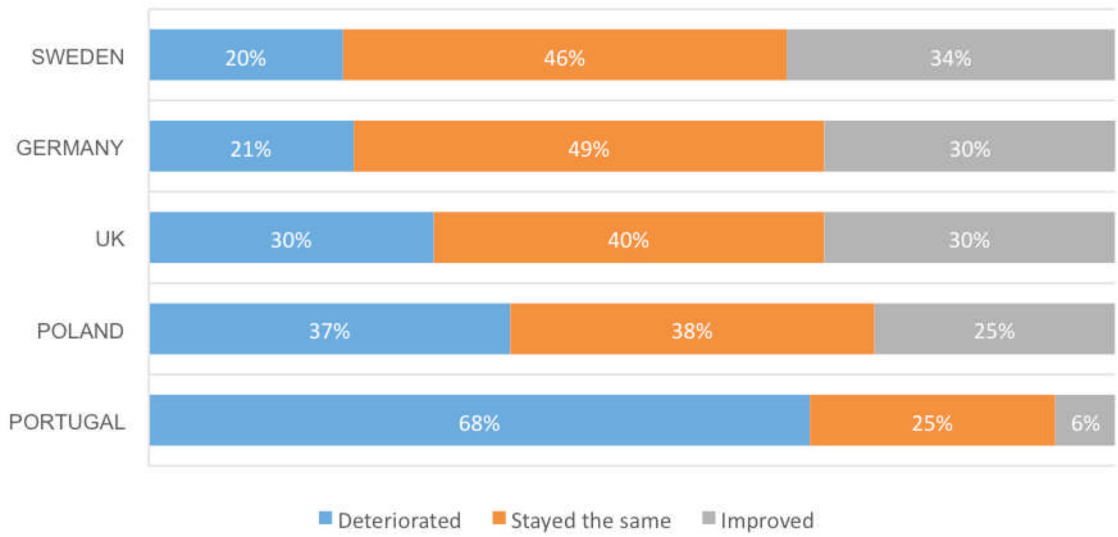
Q23 All things considered, how satisfied are you with your life as a whole nowadays? Please express your opinion on a scale of 1 to 10, where 1 means "extremely dissatisfied" and 10 means "extremely satisfied". Note: Differences between the countries are statistically significant at 0.05 level, except that between the UK and Germany.

The questionnaire also inquired about the evolution of life satisfaction over the past 5 years. A more marked discrepancy between the countries emerges with a substantially higher percentage of the Portuguese (68%) reporting that their overall level of life satisfaction deteriorated during this period. Reported decreases in life satisfaction account for 20% of responses in Sweden, 21% in Germany, 30% in the UK and 37% in Poland. By the same token, a substantially lower percentage of respondents in Portugal (6%) declare that their life satisfaction improved in this five year period, while 25% of respondents in Poland, 30% of respondents in Germany and the UK and 34% in Sweden

[53] According to Eurostat, in 2013 the average rating of life satisfaction for individuals aged 16 or over ranged from 6.2 in Portugal, 7.3 in Poland, Germany and the UK and 8.0 in Sweden. Cf. http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do, consulted in 22 July 2015.

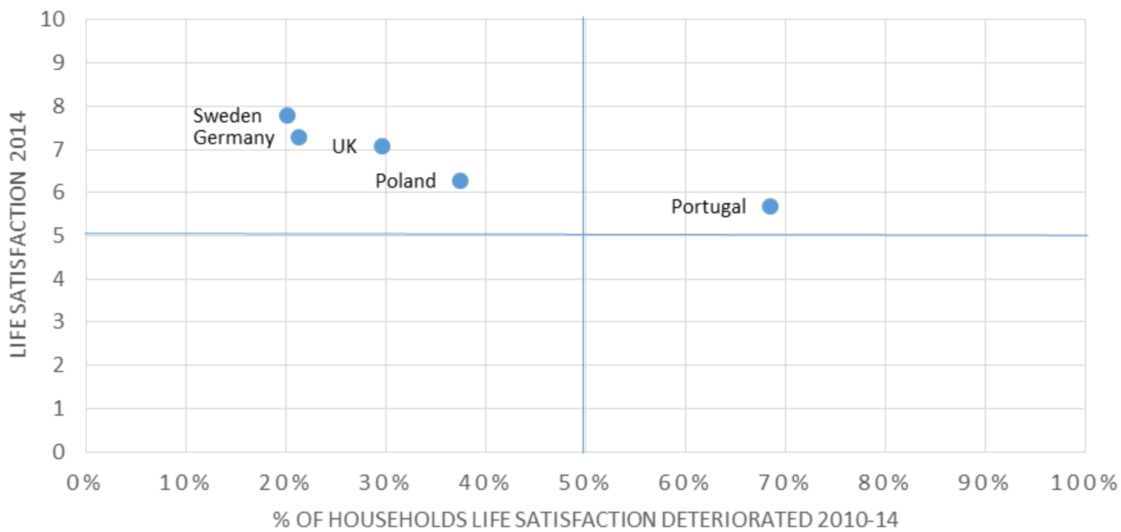
report that their subjective well-being improved (Figure 56). Taken together, these results suggest the presence of a negative correlation between life satisfaction at a given point in time and their recent evolution (Figure 57), as well as between life satisfaction and the impact of the crisis on households (Figure 58).

Figure 56. Change in life satisfaction, past five years



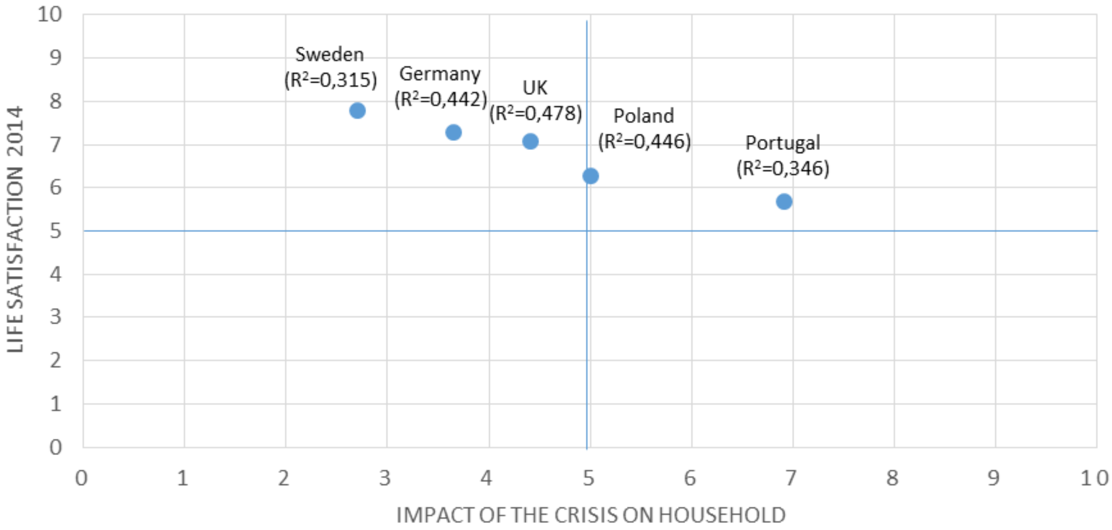
Q24 Compared to five years ago, has your overall life satisfaction deteriorated, stayed more or less the same or improved?
Data: Percentage of responses to total, excluding 'DK/NA' answers.

Figure 57. Life satisfaction in 2014 and 2010-14



Cf. Questions Q23 and Q24 above.

Figure 58. Life satisfaction and impact of crisis on household



Cf. Questions Q20 and Q23 above. Note: The R^2 value is the square of the Pearson correlation coefficient. The correlation is significant at a 0.01 level.

9.2. Life satisfaction by socio-demographic and economic status

The declared level of life satisfaction varies significantly across the various socioeconomic groups in each country. This is most clearly the case of the unemployed, who declare substantially lower levels of life satisfaction than the other groups: 4.1 in Sweden (which compares with an average country score of 7.8), 5.0 in Germany (7.3 average score), 5.1 in Portugal (5.7 average score), 5.7 in Poland (6.3 average score) and 5.9 in the UK (7.1 average score).[54] To a lesser degree, it is also the case of single parents (5.0 in Portugal, 6.4 in the UK, 6.7 in Germany and 7,3 in Sweden) and of respondents belonging to the first income quintile (4.8 in Portugal, 5.6 in Poland, 6.0 in Germany, 6.3 in the UK and 7.5 in Sweden). Moreover, there is an (or almost) positive linear relation of life satisfaction to household income and respondents' level of education in most of the countries. The most significant differences across the countries are found in life satisfaction by age group. In Poland, life satisfaction decreases with age while in other countries there is no clear linear relation. Respondents with lower levels of life satisfaction belong to the 40-54 age group in the UK (6.6) and Sweden (7.1), and to the 55-64 age group in Portugal (5.3) and Germany (6.6).

[54] That unemployment has a severe effect in reducing life satisfaction is consistent with other studies which have highlighted its implications for financial deprivation. See, for example, Gallie, D. (2013). Economic crisis, quality of work and social integration: Topline results from Rounds 2 and 5 of the European Social Survey.ESS *Topline Results Series*, Issue 3; and Eurostat (2015). *Quality of life – facts and views*. Luxembourg: Publications Office of the European Union, pp. 244-6.

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Figure 59a. Life satisfaction, Sweden (scale of 1-10)

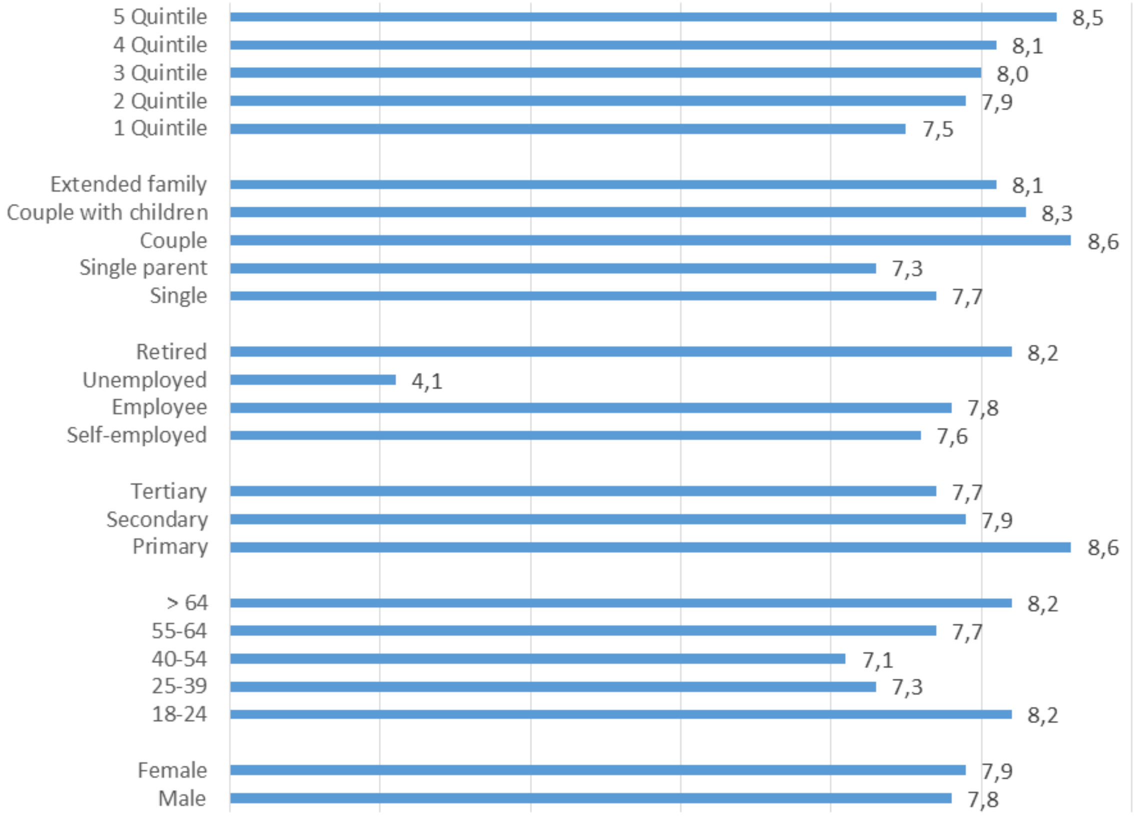
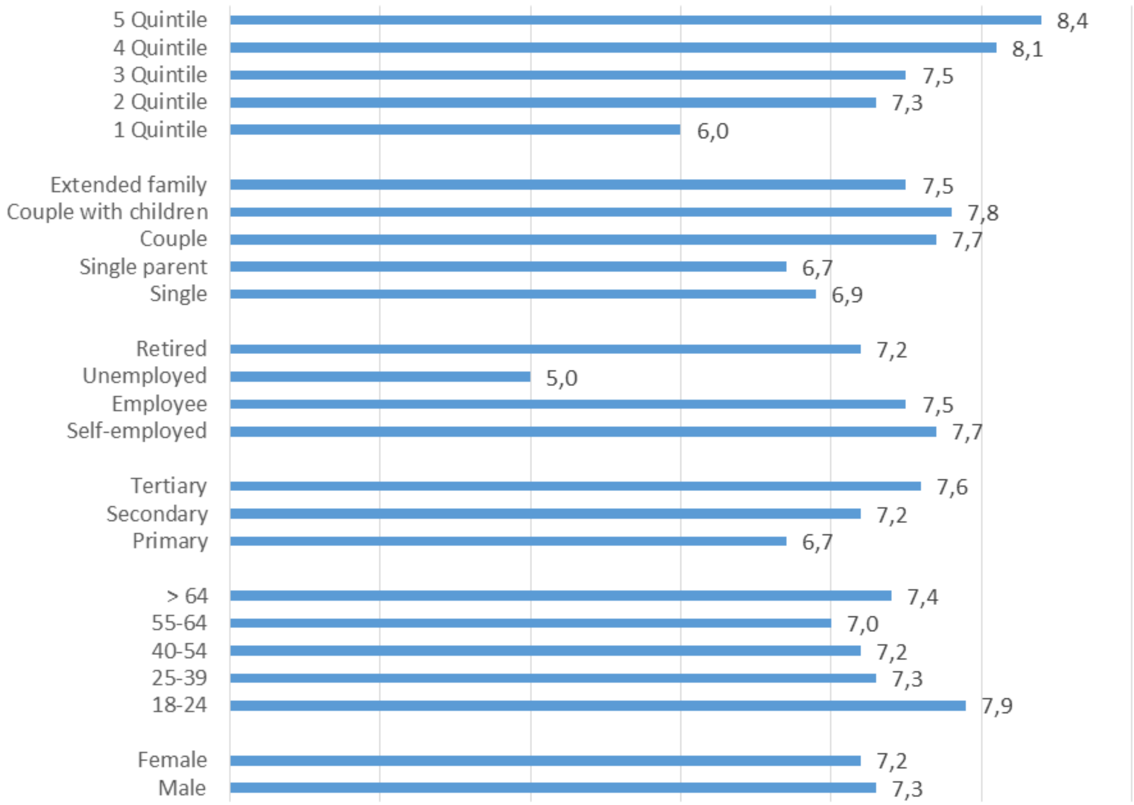


Figure 59b. Life satisfaction, Germany (scale of 1-10)



Question Q23 cf. Figure 55 above.

Figure 59c. Life satisfaction, UK (scale of 1-10)

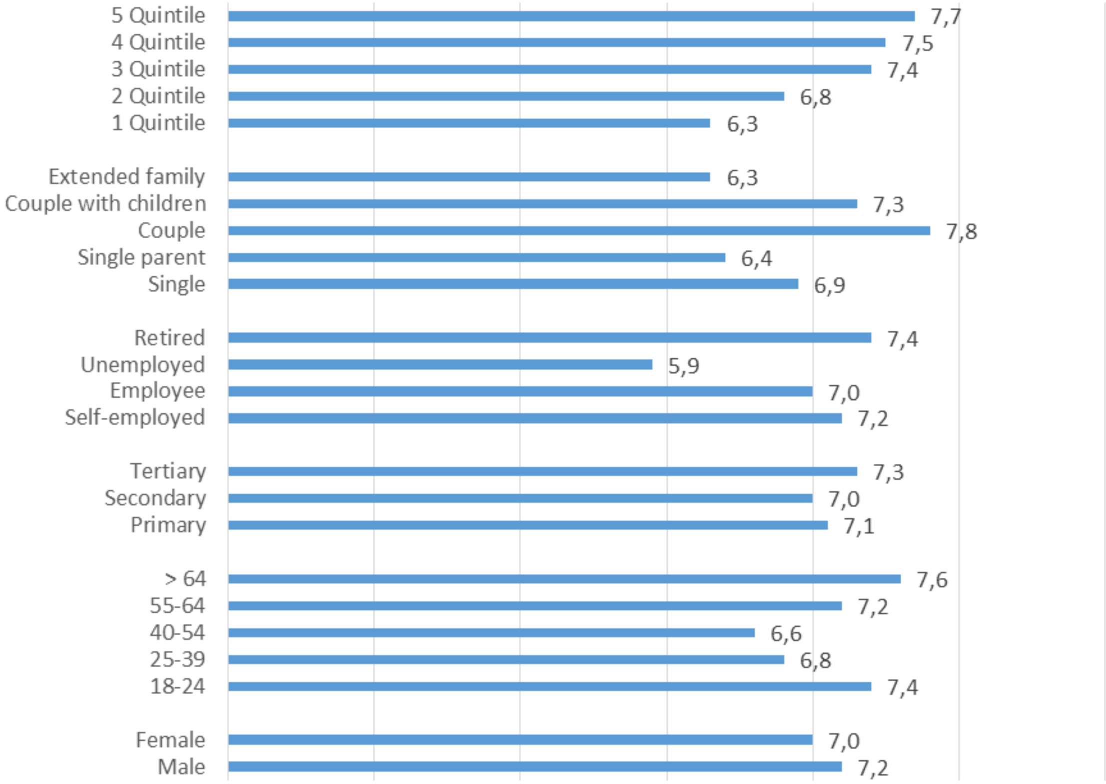
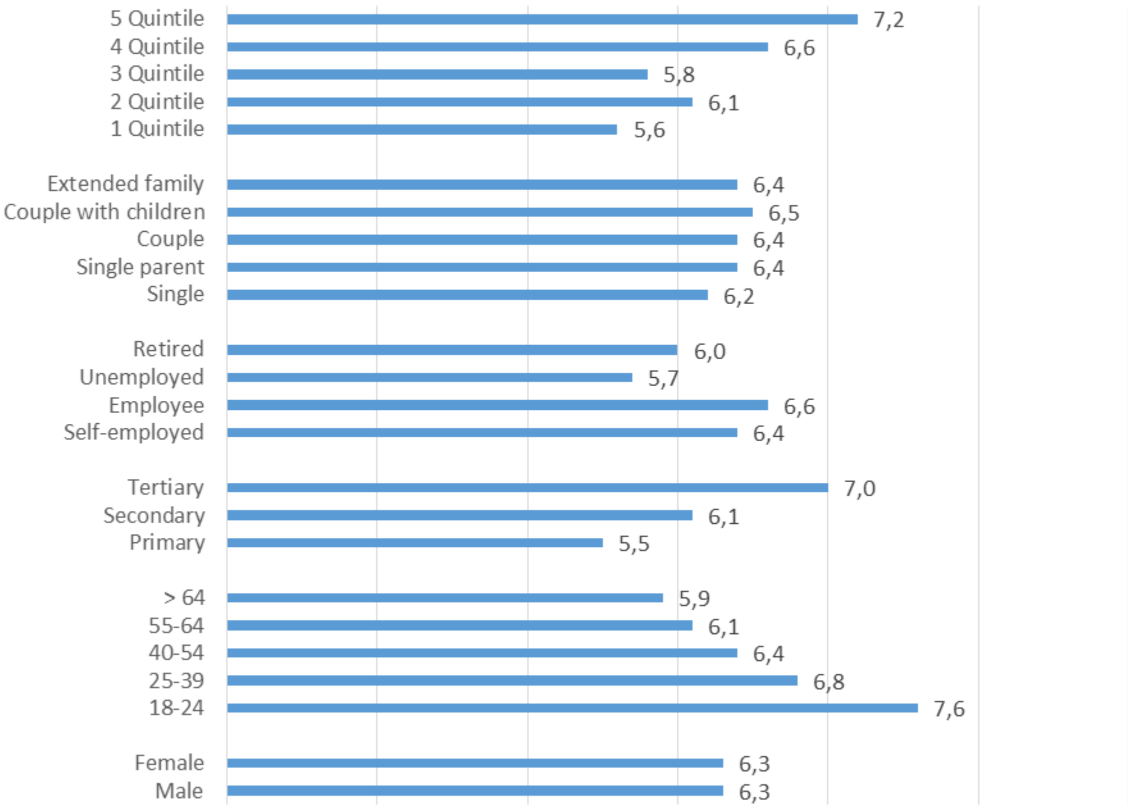
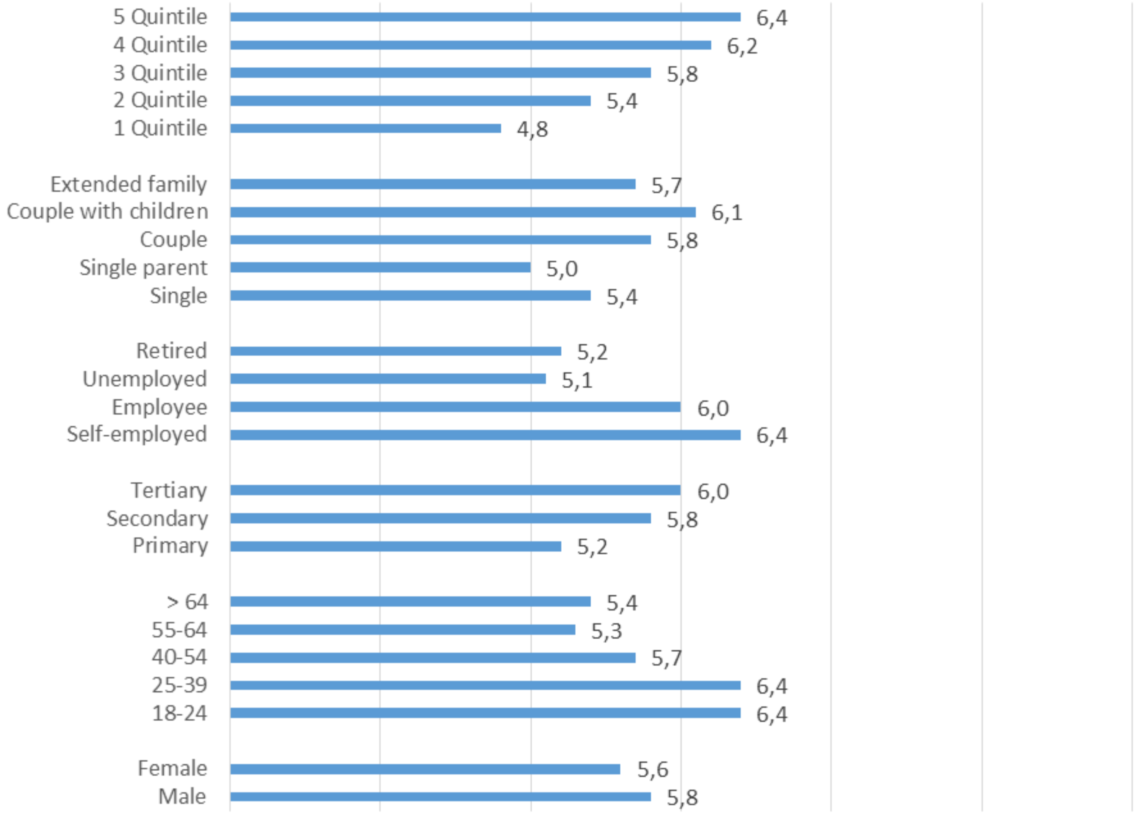


Figure 59d. Life satisfaction, Poland (scale of 1-10)



Question Q23 cf. Figure 55 above.

Figure 59e. Life satisfaction, Portugal (scale of 1-10)



Question Q23 cf. Figure 55 above.

Table 4 below presents the results of a multiple linear regression analysis performed to determine the main effects of socioeconomic factors on life satisfaction. Overall, the regression analysis indicates that the listed socioeconomic indicators account differently for respondents' variability of life satisfaction in the various countries, explaining about 19% of the variability in life satisfaction differences in Germany, 13% in Sweden, 11% in Poland, 9% in the UK and 8% in Portugal.

The coefficients show the estimated increase/decrease in the score of life satisfaction of the listed characteristics and circumstances compared with the baseline group shown in the header. For example, a German respondent belonging to a household of the first quintile of income is expected to show on average 0.38 points lower in the life satisfaction score relative to a respondent belonging to a household in the fifth quintile of income. The figure is 0.25 points in Portugal, 0.24 points in Poland, 0.22 in the UK and 0.16 in Sweden after controlling for respondents' gender, age, household type, education and employment status. The coefficients also show that, while household income and respondents' age are relevant variables in all the countries in accounting for the variability in life satisfaction scores, respondents' employment status is statistically significant only in Sweden, Germany and Portugal; household type is statistically significant in Sweden and the UK; and respondents' education only in Poland.

Table 4. Unstandardised regression coefficients for the socioeconomic determinants of life satisfaction

	Sweden	Germany	UK	Poland	Portugal
Adjusted R^2	0.13	0.19	0.09	0.11	0.08
ref = male					
Female	0.03	0.04	0.03	0.03	-0.01
ref = aged 40-54					
18-24	0.08*	0.07*	0.07*	0.10*	0.04
25-39	-0.01	0.01	0.01	0.07*	0.09*
55-64	0.13*	-0.01	0.06	-0.08*	-0.01
> 64	0,27*	0.14*	0.14*	-0.06	0.04
ref = couple					
Single	-0.09*	-0.01	-0.10*	-0.05	-0.01
Single parent	-0.06*	-0.05	-0.06	-0.02	-0.04
Couple with children	0.09*	-0.00	0.02	0.03	-0.01
Extended family	-0.04	-0.01	-0.06*	0.03	0.01
ref = secondary					
Primary education	0.02	-0.04	0.02	0.00	-0.02
Tertiary education	-0.01	0.02	-0.00	0.08*	-0.04
ref = employed					
Unemployed	-0.18*	-0.12*	-0.05	-0.04	-0.07*
Self-employed	-0.07*	0.01	0.05	0.03	0.03
Retired	-0.02	-0.06	0.06	0.02	-0.09*
ref = 5th quintile					
First income quintile	-0.16*	-0.38*	-0.22*	-0.24*	-0.25*
Second income quintile	-0.04	-0.20*	-0.13*	-0.17*	-0.14*
Third income quintile	-0.04	-0.11*	-0.04	-0.16*	-0.08*
Fourth income quintile	-0.01	0.01	-0.03	0.06*	-0.01

Note: OLS regression model, based on unweighted variables. * The estimated effect is significant at a 0.05 level.

Taken together, these results show that measures of subjective well-being reproduce the relative positions of the countries and of the most vulnerable groups within each country. Portugal is the country most hit by the 2008-09 crisis, where household financial hardship is most severe and widespread, and individual reports of life satisfaction are the lowest. Sweden is at the other extreme, gathering the best scores on most material and subjective well-being measures. Poland is close to the Portugal pole while the UK and Germany are instead closer to the Swedish pole. In all the countries, the unemployed have the lowest levels of material and subjective well-being, unemployed respondents report not only that their households have been most affected by the

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crisis, they also report the lowest scores of life satisfaction. This reinforces the importance of the situation of the economy and hence of employment conditions for individual and household well-being. As the countries worst affected by the financial crisis, Portugal and Poland have not only the lowest levels of material and subjective well-being but also the biggest gaps in their social protection systems. The differentiated impact of the crisis within and across the countries has been magnified by differences in these systems.

10. Conclusion

Focusing on five countries that represent different types of financial system and welfare regime in the EU, the survey results show how and the extent to which household engagement with finance are differentiated across and within the countries.

Despite the rise of household indebtedness and holdings of financial assets over the past decades in most EU countries, denoting the systemic nature of the influence of financial markets over more and more spheres of economic, political and social life,[55] the magnitude and content of household debt and financial wealth varies across these countries and markedly across socioeconomic strata. This reflects not only the countries' different social, economic and financial points of departure, but also differences in forms and structures of systems of provision and broader public welfare provisioning, namely those interacting with housing and pensions that are most directly associated with household borrowing and saving.

Consistent with country-level data, household engagement with the financial sector is both more widespread and diversified in developed countries with more advanced financial systems, as is the case of the UK and Sweden, where a higher level of household debt is associated with a higher level of financial wealth, indicating that engagement with the financial sector is generally undertaken on both sides of the household balance sheet. These countries have also been at the forefront of transition from collective to more individualised forms of welfare in recent years. In the case of housing, finance has been important in the accumulation and use of housing wealth and the rise of owner-occupation that has grown more intensively and is more directly associated with mortgage markets.[56] This contrasts with Poland, where households' engagement with finance, while growing, has been less intense, reflecting not only differences in its system of housing provision but also the relative underdevelopment of its financial sector. The privatisation of state housing in the transition period, in particular, has ensured high rates of owner-occupation without recourse to housing loans, which contributed to contain the development of the mortgage market. The Polish case is also peculiar in that a significant fraction of mortgages were contracted at low interest rates in foreign

[55] Cf. Santos, A.C. and Teles, N. (2014) "Recent Trends in Household Financial Behaviour" in A.C. Santos and B. Fine (2014), *Empirical report on cross-national comparative analysis of household financial behaviour: recent trends*, Leeds, UK: FESSUD project (Deliverable D5.03), pp. 15-119.

[56] Robertson, M. (2014) "Housing Provision, Finance, and Well-being in Europe", *FESSUD Working Paper Series*, nº 14; Robertson, M. (2015), "Synthesis Report: The system of provision for housing in selected case study countries", mimeo, paper prepared for paper prepared for FESSUD project, Deliverable D8.26.

currencies, which created additional difficulties for households participating in these markets when the national currency devalued in the aftermath of the financial crisis.[57]

In contrast to extant accounts of financialisation, the Swedish and the UK cases show that the intensification of household dealings with finance has been beneficial to important segments of the population of these countries contributing to household accumulation of material and financial wealth. In these two countries, the majority of respondents, especially those in households with more intensive engagement with finance, report secure financial situations and high levels of overall satisfaction with finance. The Portuguese case instead shows that while households have also had an intense relation with finance, this has been especially through the mortgage markets, favouring too the accumulation of wealth of the better off. However, financial vulnerability is a more widespread phenomenon and overall dissatisfaction with finance is high compared to that of the Polish, who have a relatively low intensity involvement with finance. In Germany, households stand somewhere in between these two poles in terms of household financial dealings, overall financial situation and respondents' satisfaction with finance.

In all the countries, household participation in debt and financial asset markets is highly differentiated in extent and content according to socioeconomic strata. High-income households tend to have substantially higher rates of participation in financial markets, both as borrowers and holders of financial assets. They tend to have higher rates of participation in mortgage markets, and to hold a higher fraction of financial assets such as shares, bonds and voluntary private pension plans. In contrast, low-income groups tend to have relatively higher shares of personal loans and savings accounts. The concentration of specific financial liabilities such as mortgage debt, and of financial assets such as pension funds in high-income households confirm that the latter have a more balanced and beneficial relation with finance. This is so not only because financial liabilities are contracted on debt that is obtained on more favourable terms and can be converted into real wealth, but also because these households have a large and more diversified and balanced set of financial assets. In contrast, low-income households tend to contract debt at higher interest rates for the purchase of consumer goods, having fewer means to deal with liquidity or solvency problems, thus being more vulnerable to personal and social contingencies that compromise use of their wage income.

[57] Robertson, M. (2015), "Synthesis Report: The system of provision for housing in selected case study countries", mimeo, paper prepared for FESSUD project, Deliverable D8.26.

Taken together, these results indicate that financialisation amplifies extant inequality, as manifested in the different rates of participation in debt and financial assets markets which are unfavourable to the less well-off. Household debt is concentrated in higher-income households and tends to be a means through which this socioeconomic stratum strengthens its relative advantage, reproducing and consolidating corresponding inequalities. The survey thus provides further evidence that financialisation is increasingly associated with "a growing divide between the 'haves' (on the housing ladder; higher income; older households) and 'have nots' (not on the housing ladder; lower income; younger households)".[58] This is supported by the findings that owner-occupation, with or without mortgage debt, is not only a means of improving household housing conditions, being associated with higher levels of reported satisfaction with housing, but also a means of accumulating wealth. This is especially the case of the most financialised countries, Sweden and the UK, where respondents report potentially higher gains with housing wealth. In Germany, where household relations with finance pertain more to savings than borrowing, finance has not been to the same extent a source of inequality through the promotion of homeownership.

But financialisation is not a mere means of producing and increasing existing inequalities, benefiting some segments of the population more than others. By benefiting higher-income households, it promotes and reinforces (private and commodified) forms of provision that are increasingly detrimental to the most vulnerable segments of the population. In addition, provision of financial services to households may have been driven by the better placed, with provision of such services to other households being both more expensive and/or less accessible. That the wealthier countries with more robust welfare states (i.e. Sweden, Germany, and the UK) have been less severely affected by the financial and economic crisis may help explain the resilience of ongoing processes of financialisation despite regressive trends in the evolution of wage income, income and wealth distribution and in welfare state reform, as the low levels of reported satisfaction with public services and the deterioration of employment conditions testify.

The countries with lower levels of socioeconomic development that have followed similar unequal financialisation processes, such as Portugal and Poland, have become more exposed to financial and economic crises, with more detrimental and widespread effects on individual and household well-being. The effects on Portuguese households have been particularly devastating due to the 2011-14 external financial assistance agreement with the 'Troika' that has required severe austerity

[58] Ibid, p. 7.

measures, which have deepened and prolonged economic recession through their direct and indirect effects on income, increasing unemployment and underemployment, and the contraction of public services. The continued effects of the crisis, creating further pressures on welfare provision, suggest further divergence among these EU countries.

Finally, the survey brings to the fore the centrality of work. This is so not only because unemployment is a crucial vehicle of transmission of the effects of financial and economic crises on individual and household material and subjective well-being, even in the least exposed countries, but also because financial and economic meltdown has detrimental impacts on workers through reductions in wage income, growing job insecurity, and increased work intensity. Moreover, the institutional configuration of labour markets is intrinsically and increasingly articulated with welfare systems. Thus, the position occupied in the labour market is determinant not only to the material and subjective well-being of workers, it is also determinant to workers' future well-being were they to be hit by social risks such as unemployment and sickness, and in old age. In this regard, it is certainly no coincidence that currently middle-aged workers are the most worried about their future standards of living and those that participate the most in private pension schemes. This may also denote ongoing transformations in the material culture of financialisation, to the extent that transformations in labour markets and in systems of provision produce changes in people's perceptions of what they can expect from collective forms of social provision and the potential role of finance to fill in the gaps.[59]

[59] Fine, B. (2014) "Towards a Material Culture of Financialisation", *FESSUD Working Paper Series*, nº 15.

ANNEX 1. Questionnaire

UK survey

Hello my name is … and I'm calling from Ipsos MORI, a leading market research agency. We are currently conducting research in the UK on behalf Leeds University as part of a European Union research project. The aim of the research is to understand how citizens interact with the financial system and the impacts of the financial crisis on their daily lives and longer term outcomes across the UK and Europe. The questionnaire should take approx. 20 mins to complete on the telephone and all your responses shall remain strictly confidential.

Will you be able to take part?

0 - SCREENING QUESTIONS

ONLY ASK IF LANDLINE RESPONDENTS

S1. Because of the nature of the questions in this survey, I need to speak to someone who knows about the finances of the household. Can I speak to the person responsible for making decisions about the finances of the household?

INTERVIEWER: IF THE FINANCE DECISIONS ARE MADE JOINTLY PLEASE ASK FOR THE PERSON WHOSE BIRTHDAY IS NEXT AND IF THAT IS ANOTHER RESPONDENT CODE SOMEONE ELSE

1. Respondent on the phone is main person responsible – PLEASE PROCEED
2. Someone else – PLEASE ASK TO SPEAK TO THAT PERSON
3. REFUSAL

DP. IF CODE 2 PLEASE SHOW THE INTRO SCREEN AGAIN

ONLY ASK IF MOBILE RESPONDENT

S1A Because of the nature of the questions in this survey, I need to speak to individuals who know about the finances of their household. Are you responsible for making decisions about the finances of your household? This can either be jointly or solely.

1. Respondent is responsible either jointly or solely – PLEASE PROCEED
2. Someone – PLEASE CLOSE
3. Refusal/Don't know – PLEASE CLOSE

I – SOCIO-DEMOGRAPHIC PROFILE

ASK ALL

D1 Can I please ask your age? ________

INTERVIEWER: IF RESPONDENT REFUSES TO ANSWER PLEASE ASK IF THEY ARE 18 OR OLDER

88. 18 or older – PLEASE PROCEED
99. Refuse – CLOSE SURVEY

ASK ALL. SP

D2 Record gender

FESSUD

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INTERVIEWER: DO NOT READ. SINGLE CODE ONLY

Male	1
Female	2

ASK ALL.

D3 How many people – including yourself and children – are members of your household?

1. Number of people in household (please enter number in text box)
88. Don't know/refused

INTERVIEWER: ADD IF NECESSARY

A household is a group of people that usually live in the same residence, both adults and children, and who share expenses, including people who do not usually live in the household residence but are completely or mostly financially dependent on the household. People living in the HH residence who are employees of residents or roommates without other family or partnership attachments to each other should be treated as separate households).

ASK ALL. SP. IF '1' AT D3 AUTPPUNCH 'SINGLE' AND DO NOT ASK.

D4 Which of the following descriptions best describes the composition of your household?

READ OUT. SINGLE CODE ONLY

Single	1
Single parent	2
Couple	3
Couple with children	4
Extended family (i.e. with three generations)	5
Other	6
DK/NA	88

ONLY ASK D5 IF CODE 2 OR CODES 4-6 AT D4

D5 How many children under 15 years of age are now living in your household?

1. Number of children <15yrs in household (please enter number in text box)
88. Don't know/refused

ASK ALL. SP. TOP LIST FOR DATA ONLY. SECOND LIST FOR SCRIPT

D6 What is the highest level of education you have successfully completed?

SINGLE CODE ONLY

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INTERVIEWER: DO NOT READ LIST – ALLOW THE RESPONDENT TO ANSWER AND CLAIRFY TO LIST

No formal education	1
Primary education [ISCED1]	2
Lower Secondary education [ISCED2]	3
Upper Secondary education [ISCED3]	4
Post-Secondary education [ISCED4]	5
First stage tertiary [ISCED5]	6
Second stage tertiary [ISCED6]	7
DK/NA	88

ASK ALL. SP

D7 As far as your current occupation is concerned, would you say you are self-employed, an employee or you do not have a professional activity?

INTERVIEWER: ONCE THE RESPONDENT HAS SELECTED THEIR LEVEL OF EMPLOYMENT PLEASE READ OUT THE RELEVANT OCCUPATIONS AND CODE ACCORDINGLY. IF THE RESPONDENT HAS MORE THAN ONE OCCUPATION, ASK FOR THE ONE IN WHICH THEY SPEND THE MOST TIME. SINGLE CODE ONLY

SELF-EMPLOYED	
Farmer, forester, fisherman	1
Owner of shop, craftsman	2
Professional (lawyer, medical practitioner, accountant, architect…)	3
Manager of a company	4
Other	5
EMPLOYEE	
Armed forces occupations	6
Managers	7
Professionals	8
Technicians and associate professionals	9
Clerical support workers	10
Service and sales workers	11
Skilled agricultural, forestry and fishery workers	12
Craft and related trades workers	13
Plant and machine operators and assemblers	14
Elementary occupations	15
Other	16
WITHOUT A PROFESSIONAL ACTIVITY	
Looking after the home	17
Student (full time)	18
Retired	19
Unemployed	20
Other	21
DK/NA	88

ONLY ASK D8 IF CODE 20 AT D7

D8 For how long have you been unemployed (in months)?

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1. Number of months unemployed (please enter number of months in text box)
888. Don't know/refused

ONLY ASK D9 IF CODES 6-16 AT D7. SP
D9 Is your current job a permanent position or a temporary contract?

Permanent position/work contract of unlimited duration	1
Temporary contract/work contract of limited duration	2
DK/NA	88

ONLY ASK D10 IF CODES 6-16 AT D7. SP
D10 Is this a full-time or a part-time job?

Full-time job	1
Part-time job	2
DK/NA	88

II – Individual/Household financial situation

ASK ALL. SP
Q1 Please tell me how much you agree or disagree with the following statement. "The government should act to prevent people falling into poverty". Please choose one number from 1 to 10, where "1" stands for "disagree strongly", and "10" stands for "agree strongly", while the remaining numbers indicates something in between these two positions.

Disagree strongly									Agree strongly	DK/NA
1	2	3	4	5	6	7	8	9	10	88

ASK ALL. SP
Q2 On a scale from 1 to 10, where would you place the current living standards of <u>your household compared to others in the UK</u>? Please choose one number from 1 to 10, where "1" stands for "very poor", and "10" stands for "very wealthy", while the remaining numbers indicates something in between these two positions.

Very poor									Very wealthy	DK/NA
1	2	3	4	5	6	7	8	9	10	88

ASK ALL. SP
Q3 Which of the following best describes how <u>your household</u> is keeping up with all its bills and credit commitments at present? Would you say your household is...

INTERVIEWER: READ OUT. SINGLE CODE

keeping up without any difficulties	1
keeping up but struggles to do so from time to time	2
keeping up but it is a constant struggle	3
falling behind with some bills\credit commitments	4
having real financial problems and have fallen behind with many bills and credit commitments	5
DK/NA	88

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ASK ALL. SP
Q4 Which of the following best describes your accommodation?

INTERVIEWER: READ OUT. SINGLE CODE

Own, without mortgage (i.e. without any loans)	1
Own, with mortgage	2
Tenant, paying rent to private landlord	3
Tenant, paying rent in social/municipal housing	4
Accommodation is provided rent free	5
F. Other	6

ASK D11 IF CODES 1-4 AT Q4
D11 Are you the owner or tenant of the household accommodation?

1. Yes
2. No
88. DK/NA

ONLY ASK Q5 IF CODES 1-2 AT Q4. ALLOW 4 DIGITS AND ONLY UNTIL 2014
Q5 In which year did you/your household become the owner of household accommodation?

INTERVIEWER: IF RESPONDENT IS UNSURE OF AN EXACT DATE A BEST ESTIMATE IS FINE.

1. Number of years (please enter number of years in text box)
88. Don't know/refused

ONLY ASK Q6 IF CODES 1-2 AT Q4. SINGLE CODE.
Q6 Please consider the total amount you/your household paid for and/or spent upgrading or improving your household accommodation. If you/your household decided to sell household accommodation now, would you/your household make a large profit, some profit, sell accommodation about the same price, make some loss or a large loss as compared to the price paid for and/or spent with it?

A. Would make a large profit	1
B. Would make some profit	2
C. Would sell accommodation about the same price (more or less)	3
D. Would make some loss	4
E. Would make a large loss	5
DK/NA	88

ONLY ASK Q7 IF CODE 2 AT Q4. MP
Q7 What were the reasons for you/your household to take on the mortgage? Please tell me whether the following reasons apply.

INTERVIEWER: READ OUT LIST EXCEPT FOR DK/NA AND CODE ALL THAT APPLY

	Yes	No
A. To start an independent and autonomous life	1	2
B. To move to other residential area	1	2
C. Servicing debt was cheaper than paying rent	1	2
D. Opportunity arose to buy the house or flat from the landlord or from the local authority	1	2
E. It was a good investment opportunity	1	2
DK/NA	88	

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ASK ALL. SP

Q8 All things considered, how satisfied are you with your current accommodation? Please use a scale from 1 to 10, where 1 means "extremely dissatisfied" and 10 means "extremely satisfied".

Extremely dissatisfied							Extremely satisfied			DK/NA
1	2	3	4	5	6	7	8	9	10	88

ASK ALL. MP

Q9 Which of the following financial products and services do <u>you/your household</u> have, if any?

INTERVIEWER: READ OUT LIST AND CODE ALL THAT APPLY

	Yes	No	DK/NA	
A. Current bank accounts	1	2	88	Ask Q10
B. Saving accounts, time deposits, certificates of deposits or other such deposits	1	2	88	Ask Q10
C. Mortgages	1	2	88	Ask Q11
D. Credit cards (other than ones paid by employers)	1	2	88	Ask Q11
E. Car loans	1	2	88	Ask Q11
F. Personal loans (consumer loan, credit lines or an account with an overdraft facility, instalment loans)	1	2	88	Ask Q11-Q13
G. Payday loans	1	2	88	Ask Q11-Q13
H. Pawnbroker loans	1	2	88	Ask Q11-Q13
I. Shares or bonds	1	2	88	Ask Q10
J. Investment funds	1	2	88	Ask Q10
L. Private pension plans	1	2	88	Ask Q10
K. Life assurance	1	2	88	Ask Q10
M. Other insurance products (e.g. home, health, car insurance)	1	2	88	Ask Q10

ONLY ASK Q10 IF CONDITIONS ABOVE ARE MET – ANY OF CODES A-B, I-M AT Q9. SINGLE CODE

Q10 You mentioned your household has the following savings or investments: [INSERT CODE LABELS FROM Q9]. Please add up the values of those savings or investments and compare to your average household net monthly income. Would the total value of such savings or investments be equivalent to approximately ....

INTERVIEWER: READ OUT LIST EXCEPT FOR DK/NA.

WHERE APPROPRIATE PLEASE READ OUT THE FOLLOWING EXAMPLE: "For example, if a household had total savings or investments of £6000 and a monthly income of £2000, then the total value of such savings would be equivalent to 3 months household income.

A. 3 months or less of your household monthly income	1
B. 6 months (3-6 months)	2
C. 1 year (6-12 months)	3
D. two years (12-24 months)	4
E. more than 2 years of your household monthly income?	5
DK/NA	88

ONLY ASK Q11 IF CONDITIONS FOR Q9 ARE MET – ANY OF CODES C-H AT Q9. SINGLE CODE

Q11 You mentioned your household had the following loans; [INSERT CODE LABELS FROM Q9]. Please add up the value of those loans and compare to your average household net monthly income. Would you say that total household debt is about...

INTERVIEWER: READ OUT LIST EXCEPT FOR DK/NA.

WHERE APPROPRIATE PLEASE READ OUT THE FOLLOWING EXAMPLE: "For example, if a household had total loans of £6000 and a monthly income of £2000, then the total value of such loans would be equivalent to 3 months household income.

INTERVIEWER: If a respondent only has a credit card at Q9 and indicates that they have no outstanding debt then code No outstanding credit – code 99.

DP – IF ONLY CREDIT CARD IS SELECTED AT Q9 AND 88 CODED AT Q11 GO TO Q14.

A. 3 months or less of your household monthly income	1
B. 6 months (3-6 months)	2
C. 1 year (6-12 months)	3
D. 2 years (12-24 months)	4
E. more than two years of household income?	5
DK/NA	88
No outstanding credit on card	99

ONLY ASK Q12 IF CODES D, F-H AT Q9. MP.

Q12 Now please think about the biggest loan you have, excluding mortgages and car loans. Why did your household take out this loan? Please tell me whether or not the following reasons apply.

INTERVIEWER: READ OUT LIST AND CODE ALL THAT APPLY

	Yes	No	DK/NA
A. To furnish or renovate-your house or flat	1	2	88
B. To go on holiday	1	2	88
C. For education purposes	1	2	88
D. To cover current living expenses or other everyday purchases	1	2	88
E. To cover unexpected expenses	1	2	88
F. To pay other debts	1	2	88

ONLY ASK Q13 IF CODES D, F-H AT Q9. MP

Q13 Why did your household take out this loan instead of using other sources of finance? Please tell me whether the following reasons apply.

INTERVIEWER: READ OUT LIST AND CODE ALL THAT APPLY

	Yes	No	DK/NA
A. Had easy access to this kind of loan	1	2	88
B. Had difficulty accessing other kinds of loans	1	2	88
C. Did not have enough income/money? at the time	1	2	88
D. Did not want to use savings/sell property	1	2	88
E. Did not want to borrow from relatives/friends	1	2	88

ASK ALL. SP

Q14 Overall, how would you evaluate your household dealings with financial institutions? Please use a scale from 1 to 10, where 1 means "extremely bad" and 10 means "extremely good".

WHERE APPROPRIATE CLARIFY: By financial institutions we mean all institutions in which you have your savings or investments, or with which you have made loans, or contracted insurance products. They can be, for example, banks, mortgage loan companies, pension funds, or insurance companies.

Extremely bad Extremely good	DK/NA

1	2	3	4	5	6	7	8	9	10	88

ASK ALL. SP

Q15 How worried are you, if at all, that your income in old age will not be adequate enough to enable you to live in dignity. Please use a scale of 1 to 10, where 1 means "Not worried at all" and 10 means "Very worried".

Not worried at all									Very worried	DK/NA
1	2	3	4	5	6	7	8	9	10	88

III – Welfare state

ASK ALL. SP PER STATEMENT. ONE STATEMENT PER SCREEN.

Q16 Using a scale from 1 to 10, where 1 means "extremely bad" and 10 means "extremely good", please say what you think overall about each of the following public services in the UK?

	Extremely bad								Extremely good		DK/ NA
A. Childcare services	1	2	3	4	5	6	7	8	9	10	88
B. Education system	1	2	3	4	5	6	7	8	9	10	88
C. Employment promotion measures	1	2	3	4	5	6	7	8	9	10	88
D. Health services	1	2	3	4	5	6	7	8	9	10	88
E. Long-term care services	1	2	3	4	5	6	7	8	9	10	88
F. State pension system	1	2	3	4	5	6	7	8	9	10	88
G. Social/local authority housing	1	2	3	4	5	6	7	8	9	10	88

IV – Impact of the crisis

ASK ALL. MP.

Q17 Please tell me whether or not each of the following has happened to you in the last five years.

INTERVIEWER: PLEASE READ OUT ALL STATEMENTS AND CODE ALL THAT APPLY

	Yes	No	Not applicable	DK/ NA
A. I have had to manage on a lower household income	1	2	3	88
B. I have had to draw on my savings to cover ordinary living expenses	1	2	3	88
C. I have had to get into debt to cover ordinary living expenses	1	2	3	88
D. I have had to cut back on holidays or new household equipment	1	2	3	88
E. I have become more worried about not being able to pay bills/credit commitments	1	2	3	88
F. It has become more difficult to afford childcare for my children	1	2	3	88
G. It has become more difficult to afford education for me or my relatives	1	2	3	88
H. It has become more difficult to afford healthcare for me or my relatives	1	2	3	88
I. It has become more difficult to afford long-term care for me or my relatives	1	2	3	88
J. I have spent less time with family/friends	1	2	3	88
K. I have become less involved in unpaid voluntary work (social services, charities, political parties, clubs and associations, etc.)	1	2	3	88
L. I have felt a decrease in the overall control over my life	1	2	3	88

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ASK Q18 ONLY IF CODES 6-16 AT D7. MP

Q18 Please tell me whether or not each of the following has happened to you in the last five years. Have you …

INTERVIEWER: PLEASE READ OUT ALL STATEMENTS AND CODE ALL THAT APPLY

	Yes	No	DK/NA
A. ...lost your job?	1	2	88
B. ...had to do less interesting work?	1	2	88
C. ...had to take a reduction in pay?	1	2	88
D. ...had to work shorter hours?	1	2	88
E. ...had to work more intensively at work	1	2	88
F. ... had to work longer hours	1	2	88
G. ...had to take up a second job	1	2	88
... had less job security	1	2	88

ASK ALL. SP PER STATEMENT. ONE STATEMENT PER SCREEN.

Q19 Looking at the next 12 months, how would you evaluate the risk of falling behind with the payment of the following expenses? Please use a scale from 1 to 10, where 1 means 'no risk at all' and 10 means 'Very high risk'.

	No risk at all risk									Very high	NA	DK/NA
A. Paying your rent or mortgage on time	1	2	3	4	5	6	7	8	9	10	77	88
B. Being able to cope with an unexpected expense of £800	1	2	3	4	5	6	7	8	9	10	77	88
C. Repaying consumer loans on time	1	2	3	4	5	6	7	8	9	10	77	88
D. Paying household bills or buying food or other daily consumer items	1	2	3	4	5	6	7	8	9	10	77	88

ASK ALL. SP

Q20 All things considered, how bad has the impact of the economic and financial crisis been on your household? Please use a scale of 1 to 10, where 1 means "not bad" and 10 means "extremely bad".

Not bad									Extremely bad	DK/NA
1	2	3	4	5	6	7	8	9	10	88

ASK ALL. SP

Q21 All things considered, how bad has been the impact of the economic and financial crisis in the UK? Please use a scale from 1 to 10, where 1 means "not bad" and 10 means "extremely bad".

Not bad									Extremely bad	DK/NA
1	2	3	4	5	6	7	8	9	10	88

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ASK ALL. SP PER STATEMENT. ONE STATEMENT PER SCREEN.
Q22 Using a scale from 1 to 10, where 1 means "not responsible at all" and 10 means "very responsible", please say how responsible you think the following entities are for the economic and financial crisis in the UK?

	Not Responsible									Very Responsible	DK/ NA
A.UK Government	1	2	3	4	5	6	7	8	9	10	88
B. Political and economic international organisations	1	2	3	4	5	6	7	8	9	10	88
C. UK banks	1	2	3	4	5	6	7	8	9	10	88
D. Foreign banks	1	2	3	4	5	6	7	8	9	10	88
E. Private Households	1	2	3	4	5	6	7	8	9	10	88

IV - Subjective Well-being

ASK ALL. SP
Q23 (ESS, B24) All things considered, how satisfied are you with your life as a whole nowadays? Please express your opinion on a scale of 1 to 10, where 1 means "extremely dissatisfied" and 10 means "extremely satisfied"

Extremely dissatisfied						Extremely satisfied			DK/NA
1	2	3	5	6	7	8	9	10	88

ASK ALL. SP
Q24 Compared to five years ago, has your overall life satisfaction deteriorated, stayed more or less the same or improved?

A. Deteriorated	1
B. Stayed the same	2
C. Improved	3
DK/NA	88

V – Socio-demographic profile

ASK ALL. SP
D12 Which of the following band represents your household's total income per year from all sources, before tax and other deductions? Firstly, is it more or less than £25,810?

INTERVIEWR: IF LESS THAN £25,810 PLEASE READ OUT LIST A. IF MORE PLEASE READ OUT LIST B

LIST A
£10,900 or under
£10,901 - £14,340
£14,301 - £17,780
£17,781 - £21,790
£21,791 - £25, 810

LIST B
£25,811 – £30,970
£30,971 - £37,280
£37,281 - £45,310
£45,311 - £60,220
£60,221 or over

Prefer not to answer

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ASK ALL. SP
D.13 Were you born in a foreign country?

A. Yes	1
B. No	2
DK/NA	88

ASK ALL. SP
D.14 Were your mother or father born in a foreign country?

A. Yes	1
B. No	2
DK/NA	88

ONLY IF MOBILE PHONE. OPEN END TEXT BOX
D15. What is the post code of your main residence? ___________________

ONLY IF MOBILE PHONE. SET REGION QUOTA FROM THIS QUESTION
D16. And in which part of the country is that?

1. North East
2. North West
3. Yorkshire and The Humber
4. East Midlands
5. West Midlands
6. East of England
7. London
8. South East
9. South West
10. Scotland
11. Northern Ireland
12. Wales

ANNEX 2. Survey Method

FESSUD – Financialisation, Economy, Society and Sustainable Development – is a multidisciplinary, pluralistic project which aims to understand how finance can better serve economic, social and environmental needs. Work Package 5 – Finance and Well-being – of the FESSUD project is dedicated to study the impact of financialisation and of the crisis on well-being across the EU. To accomplish this purpose, the *FESSUD Finance and Well-being Survey* was designed to help identify the nature, causes and consequences of recent household relations with the financial sector and the impact of the financial crisis on well-being. Five European countries – Germany, Poland, Portugal, Sweden and the United Kingdom – were selected, as they represent different types of financial system and welfare regime in the EU, in order to assure some degree of heterogeneity for meaningful comparisons. This annex presents the general method of the survey.

1. General Method

A cross-national survey consisting of 7009 telephone interviews was carried out for the FESSUD project. The data collected allow investigation of the relations between households and financial markets and to evaluate the impact of the financial crisis on individual and household well-being.

The fieldwork took place between 24 November and 19 December 2014, with an average period in all the countries of circa 2 weeks. The average duration of interviews was 19 minutes, varying from 18 minutes in Germany to 22 minutes in Poland. The questionnaires were administered using a Computer Assisted Telephonic Interview (CATI) system. The interviews were conducted by experienced interviewers, specially trained for the FESSUD survey.

A multi-stage stratified sampling was used in the five countries at each stage of the sample selection process. The first stage comprised the selection of households through Random Digit Dialing (RRD), which consists of randomly generating telephone numbers with certain patterns. This method assures that virtually all telephone numbers across all network operators in the country had the same likelihood of being reached (including mobile networks). At this stage, the probability of selection of households was proportional to the number of the country regions of households.

The second stage covered the selection of respondents within the households. Individuals aged at least 18 years responsible for making decisions about the finances of the household were selected.

When two or more individuals in the household were eligible, random techniques such as the closest birthday rule or the Kish selection grid were employed to select the interviewee. By employing a probabilistic method at all stages of the sampling process, the results of the survey are assumed to be representative of the member of private households with land lines or mobile phones in the five countries, who is responsible for financial decisions.

The third stage was related to post-collection adjustments to improve the representativeness of the samples, such as weighting the sample to adjust for deviations in age groups and regions within each country. In two countries, official statistics on age of the "reference person" (UK) or of the "head of household" (Poland) were available but for the other three countries, the figures for the general adult population was used as a proxy for the age group of the household reference person. As the level of analysis of most of the research questions is the household rather than the individual, the composition of household in terms of number of people (size of nucleus family) and type of aggregate were also used for weighting.

The samples sizes vary between 1300 for Portugal and 1501 for Poland and Sweden, corresponding to margins of error between ±2.5 and ±2.7% (Table A1). The overall response rate, calculated as the proportion of completed interviews to all the eligible cases reached, was on average 13.3%, which is low but expected for telephone interviews. The response rate was certainly negatively affected by the topic and length of the questionnaire, as acknowledged during the fieldwork.

Table A1. Population and sample sizes, margins of error for 95% confidence level and response rates

	Sample size	Population size	Margins of error (95%)	Response rate
Germany	1400	80.6 million	±2.6%	23.3%
Poland	1501	38.3 million	±2.5%	5.2%
Portugal	1300	10.5 million	±2.7%	13.0%
Sweden	1501	9.6 million	±2.5%	17.6%
UK	1307	64.1 million	±2.7%	7.0%
Total	7009	203.1 million	±2.6%	13.3%

2. Characteristics of the national samples

The samples are representative (after weighting) of the individuals responsible for making decisions about the household´s finances, aged at least 18, living in private households with landlines or mobile phones in the 5 countries. The inclusion criteria in the sample were (1) being at least 18 years old; (2) living in private households (not institutions – for example, military barracks, prisons, hospitals or nursing homes); (3) being the main person responsible for financial decisions; (4) being able to speak the national language(s) fluently to understand and respond to the questions.

The comparison of socio-demographical variables (before weighting) across all samples are presented in Figures A1 to A6 (gender, age, level of education, income, occupation and household type). The Swedish sample stands out as having the highest percentage of older people (39.4% being 65 or over), the highest percentage in the fifth quintile of income (34.7%), the highest percentage of retired people (38.2%), and the highest percentage of couples without children (43.3%).

Figure A1. Gender distribution across the five samples (%)

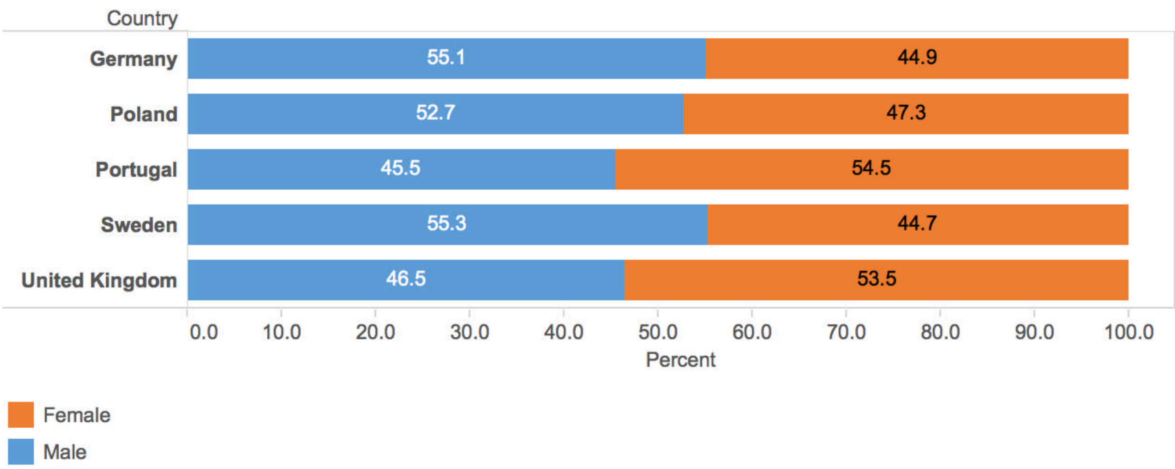

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Figure A2. Age distribution across the five samples (%)

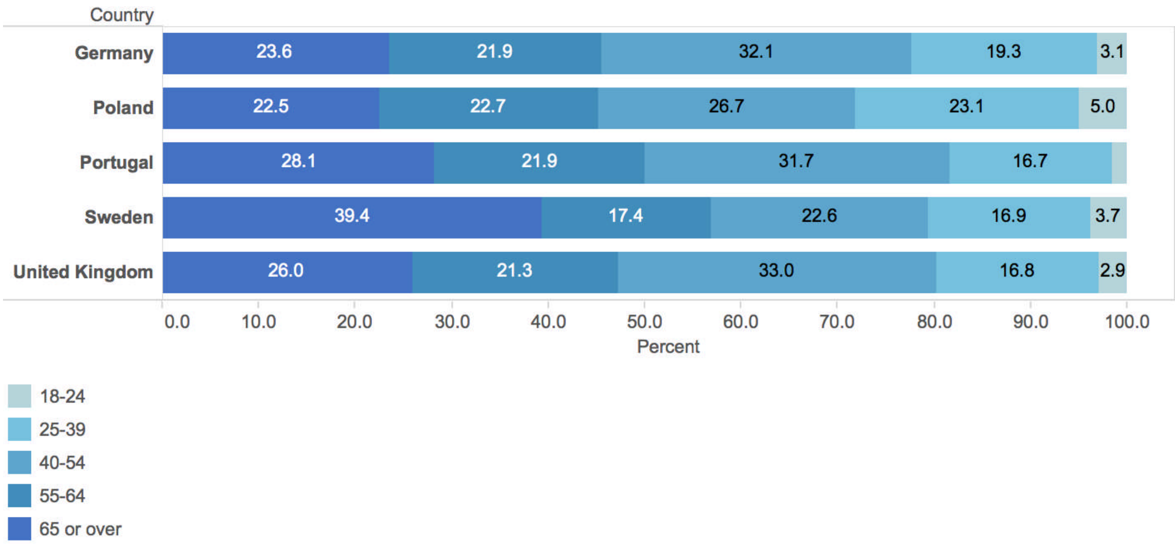

Figure A3. Levels of education across the five samples (%)

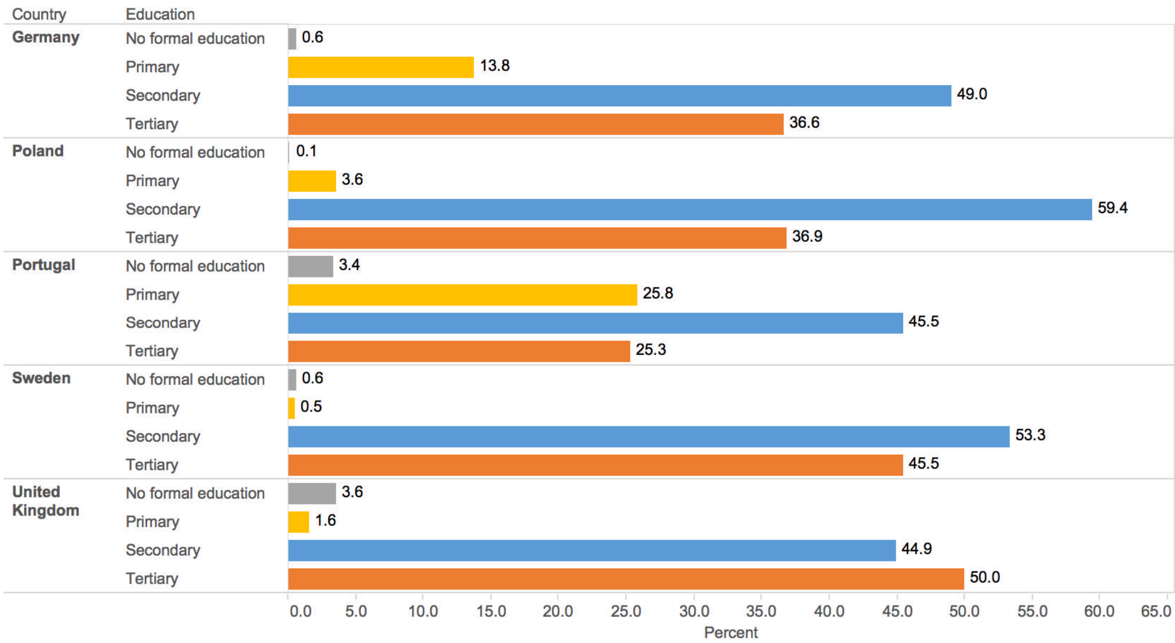

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Figure A4. Income level across the five samples (%)

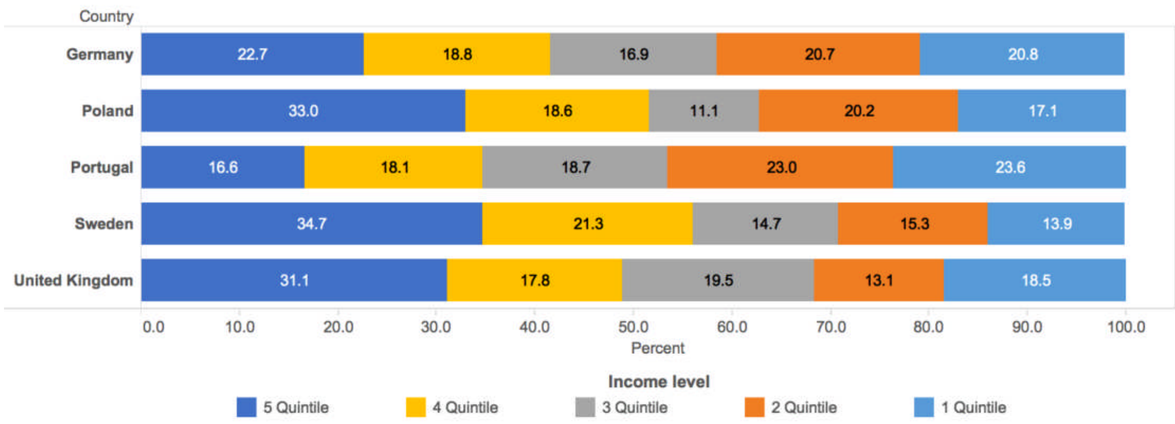


Figure A5. Occupation across the five samples (%)

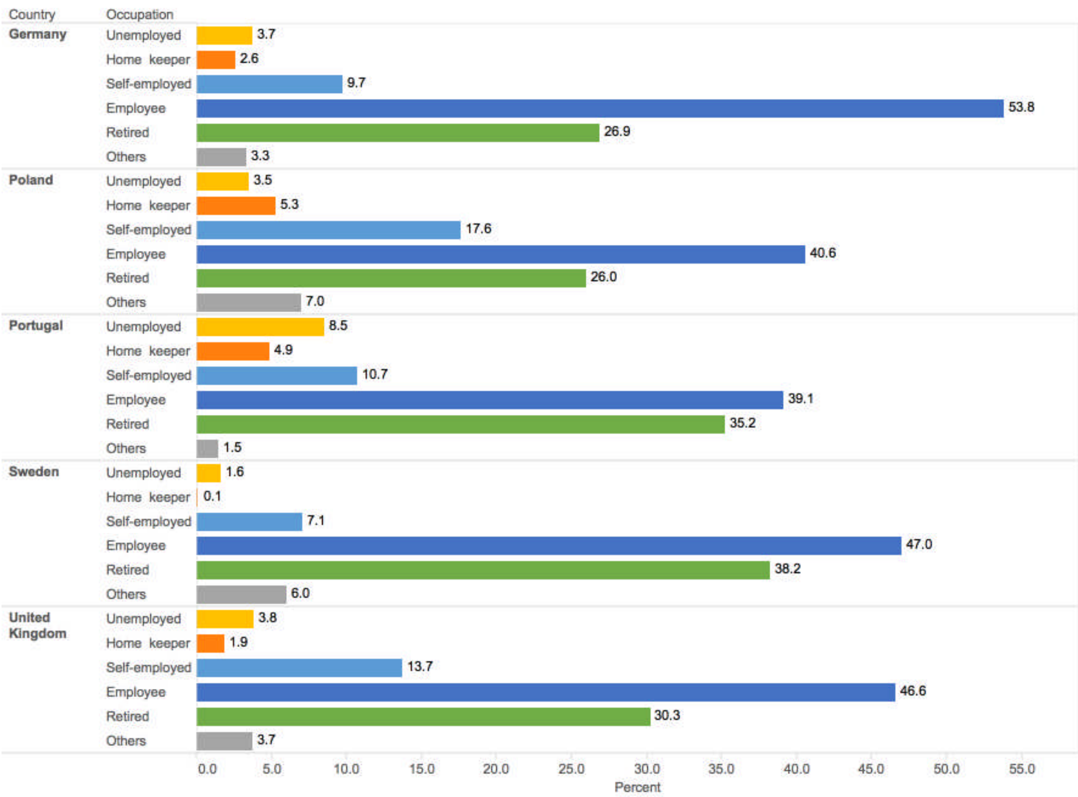
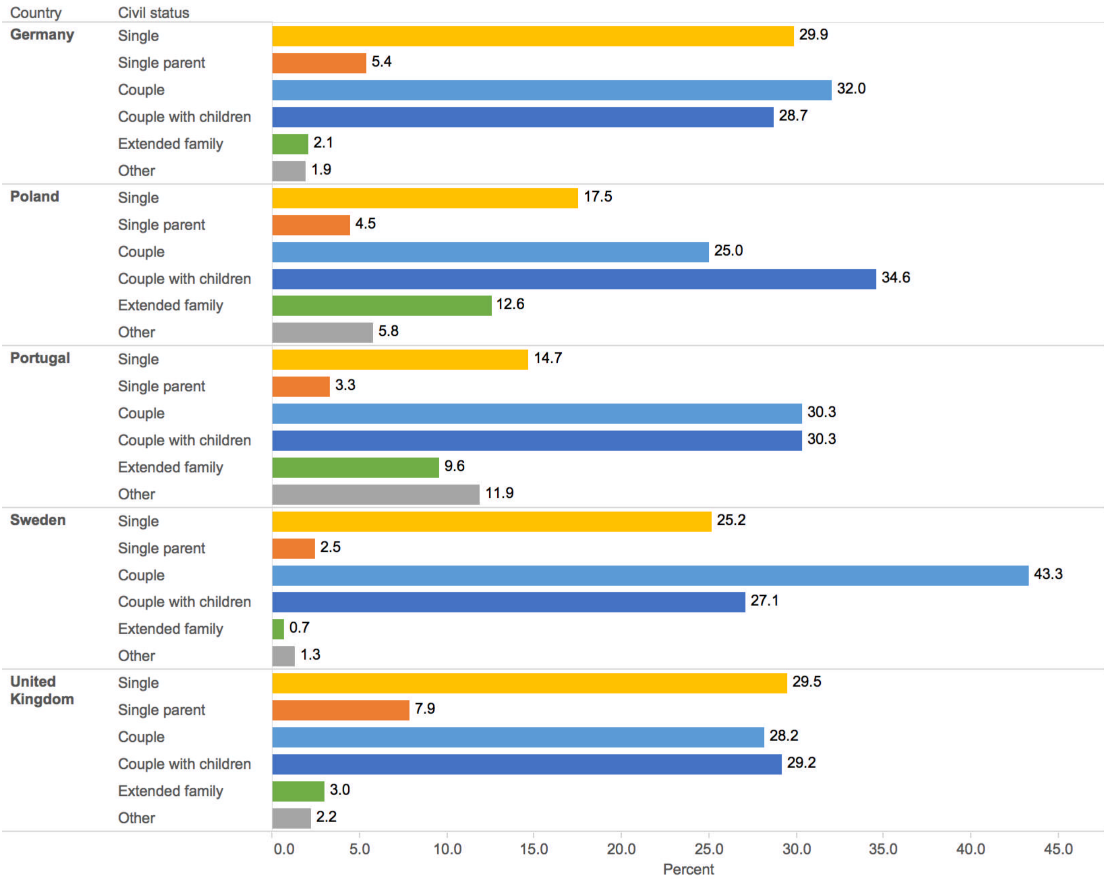


Figure A6. Household type across the five samples (%)



3. Country-specific sampling methodologies

3.1 Germany

In Germany, the survey was conducted in the CATI studio of TNS Infratest in Berlin between 24 November and 7 December 2014.

Sample selection

The survey was based on the sampling frame Infratest Telephone Master Sample (ITMS), appropriate for telephone interviews, producing unbiased samples with no clustering effects. The ITMS is designed as a dual frame sampling design, which means that both land line and mobile numbers are selected for the sample. In this dual frame design, it was specified that the sampling fraction, i.e. the ratio between land line and mobile numbers, was to be 7:3, respectively.

In the first stage, the landline numbers were randomly selected through a multi-stratified area-based household sample. Stratification for landlines was based on the size of the communities within the strata proportional to the number of households. The phone numbers were drawn entirely at random for each community. In the second stage, selection of the interviewee was done using the Kish selection grid, when more than one individual per household met the selection criteria. The mobile numbers were drawn using a simple random selection process of mobile numbers corresponding to the person to be reached.

To merge the two samples of land line and mobile network numbers according to their share of the universe, a factorial proportionalisation was carried out, assuming that the dual use group, i.e. persons who can be reached via both the land line and mobile phone networks, was correctly represented in both network samples. Adjustment through this design weight corrects the effects of the various samplings in both networks, and ensures that the different telephone user groups are accurately represented.

Interview procedures

The landline and mobile samples were drawn separately during the fieldwork. When drawing both types of numbers, any non-private entries, those that have already been drawn and those that are generally blocked were filtered out from the sample. For the allocation calculation, the Cox procedure was used.

The interviews were equally distributed across interview days and times of day, in order to rule out in advance the possibility that the survey results were being influenced by the time of day. The sample was balanced using a dynamic representativity process with regard to populating the cells of the multi-stratification table, so that proportional samples were generated for every hourly interval.

Contact strategy

Telephone numbers that could not be contacted were set aside, and were then reached again after a longer interval of time at different times of the day. Those that had not been reached on a certain day were replaced by others that were not reached on previous days. As a result, the not-at-home-bias was largely eliminated. Only households that had not been reached after the 10th contact were filtered out. These were generally numbers that were not (yet) in use and to which no answer message from the network operator was available.

Sample quality

The German sample deviates from the population figures in terms of region, age, and gender (Table A2). In the original sample, East Germany, men and age group 50-69 are over-represented. The weights correct for age and regional deviations so that the final make-up of the sample matches the population (Figures A7 and A8).

Table A2. Demographic composition of the German population and sample

	Population	Sample	z-test
West Germany	78.6%	71.4%	z=6.57, p<0.0001
East Germany	21.4%	28.6%	
Age	**Population**	**Sample**	**z-test**
18-29	16.1%	8.2%	z=8.04, p<0.0001
30-39	13.1%	14.2%	z=1.22, p=0.222
40-49	18.9%	17.9%	z= 0.96, p=0.339
50-59	18.2%	25.6%	z= 7.18, p<0.0001
60-69	13.5%	17.4%	z=4.27, p<0.0001
70 and over	20.1%	16.6%	z= 3.27, p=0.001
Gender	**Population**	**Sample**	**z-test**
Female	51.5%	44.9%	z=4.94, p<0.0001
Male	48.5%	55.1%	

Figure A7. Regional composition of German population (%)

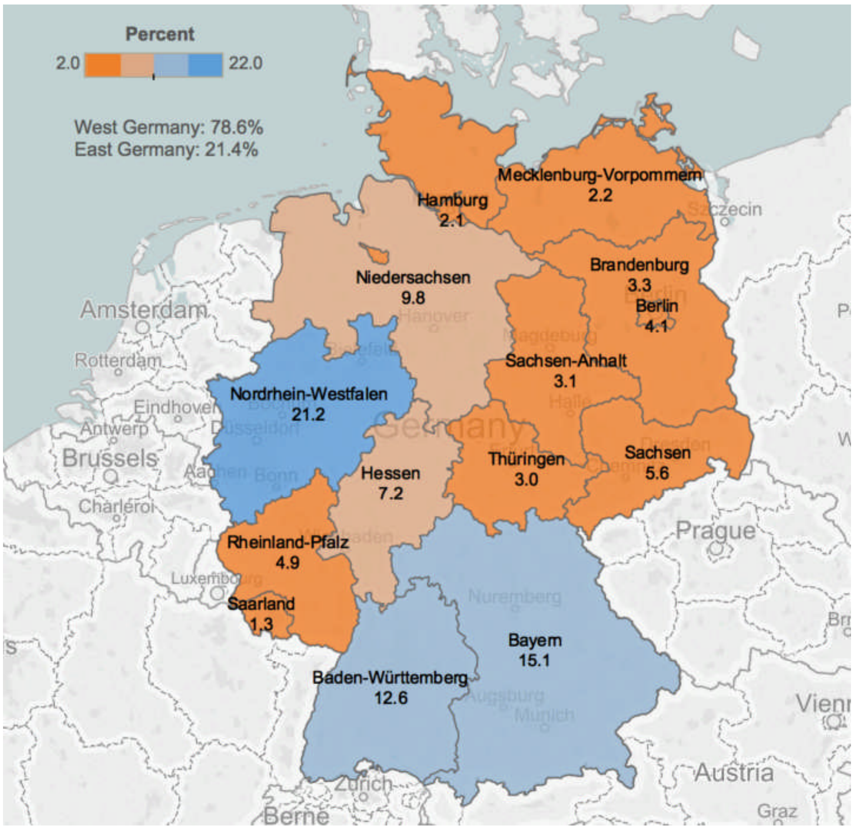
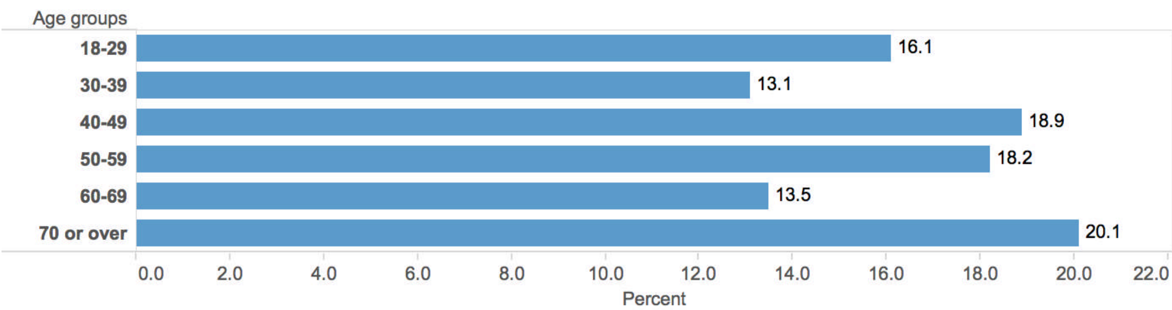


Figure A8. Age make-up of German population (%)



3.2 Poland

In Poland, the survey was commissioned from IPSOS Research Agency and took place between 1 and 19 December.

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Sample selection

The selection of the sample consisted of a multi-stage stratification, ensuring random sampling at each stage. The stratification employed probabilities proportional to the population (ppp) of regions (NUTS 2) and localities, classified into: (1) village, (2) city of up to 20,000 residents, (3) city of 20-100,000 residents, (4) city with 100-500,000 residents and (5) city of over 500,000 residents.

Sample selection was stratified by landline households and mobile-only households. Landline numbers were randomly selected through a multi-stratified area-based sampling. The screening question was introduced to select individuals aged at least 18 years who best knew about household financial matters. The closest birthday method was applied if there were two or more eligible individuals (i.e. the person whose birthday was nearest to the date of the interview).

For mobile numbers, post stratification was used during the interview by asking respondents for the postcode and place of residence, to allocate the telephone numbers to regional cells (region and village/city size).

Sample quality

The Polish sample perfectly matched the figures of the population for region (NUTS2). An IPSOS survey that provides the distribution of the heads of household in the population was used to compare the sample distributions of age and gender to the population. The sample differs from the population of people who are heads of household in terms of age. The weights correct for the age deviation so that the final composition of the sample matches the population (Figures A9 and A10).

Table A3. Demographic make-up of the Polish population and sample

Age	18-39			40-59			60 +			Total		
	Pop.	Sample	Test	Pop.	Sample	Test	Pop.	Sample	Test	Pop.	Sample	Test
Male	17.2%	16.7%	z=0.513 p=0.608	30.7%	19.6%	z=9.32 p<0.0001	12.0%	16.4%	z=5.25 p<0.0001	59.9%	52.7%	
Female	10.9%	11.4%	z=0.622 p=0.534	17.1%	19.6%	z=2.57 p=0.01	12.1%	16.3%	z=4.99 p<0.0001	40.1%	47.3%	z=5.69 p<0.0001
Total	28.1%	28.1%	z=0 p=1	47.8%	39.2%	z=6.67 p<0.0001	24.1%	32.7%	z=7.79 p<0.0001			

Figure A9. Regional composition of Polish population (%)

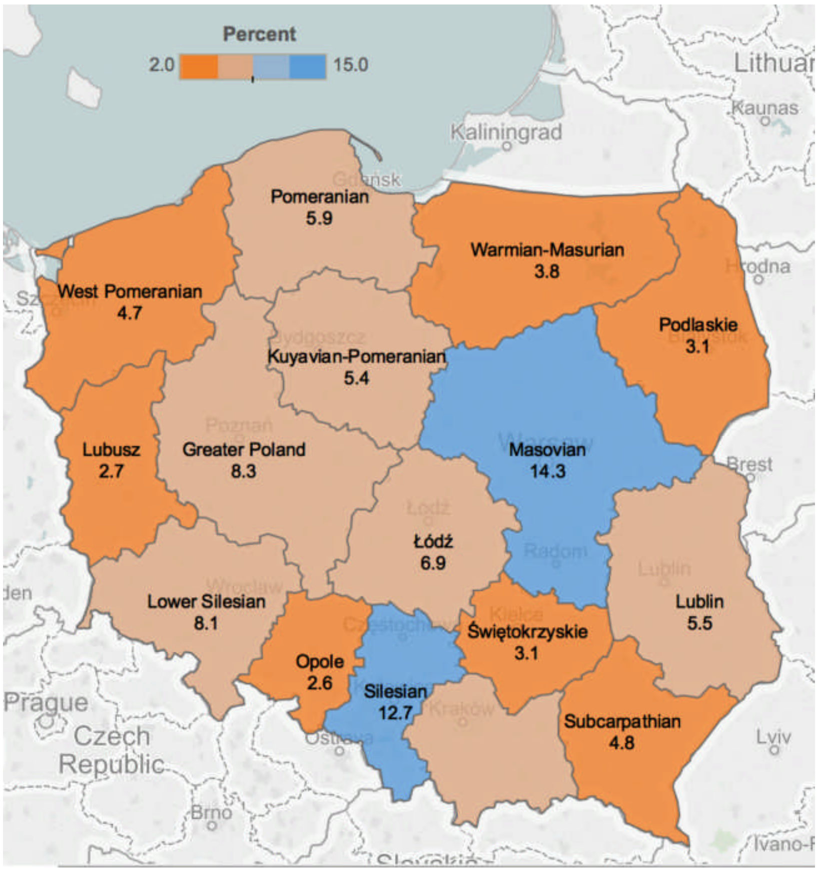
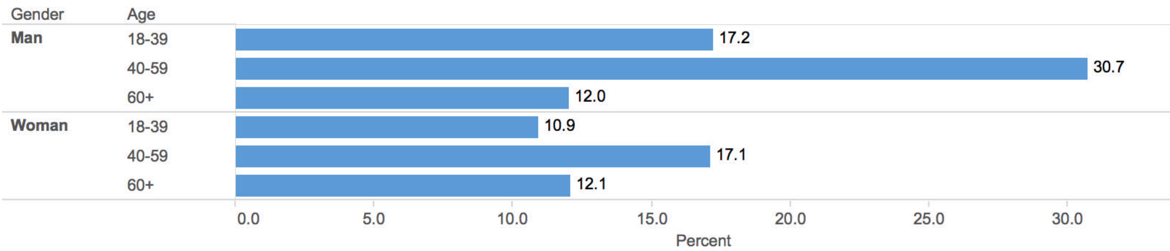


Figure A10. Age and gender distribution by gender of head of household in Poland (%)



3.3 Portugal

In Portugal, the fieldwork was implemented by TNS between 27 November and 15 December 2014.

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Sample selection

A multi-stage stratified sampling was used at each stage of the sample selection process. In the first stage, households classified as 'habitual residence' are selected. Since in Portugal it is not possible to have access to a complete list of all telephone numbers – because landline and mobile phone network operators do not make this information available (the only exception is Portugal Telecom) – a sampling frame is not available. The random selection of households was based on the Random Digit Dialing (RDD). The RDD method guarantees that households/individuals of all existing telephone operators were able to be reached. The proportion of landlines to mobile phones was 8:2, respectively.

Each household was classified by region (NUTS2) and community size. Since it was not possible to stratify a priori landline and mobile numbers, questions about district and municipality were included in the survey in order to classify each household by the key strata.

The second stage comprises the selection of respondents. In each household, the individuals of at least 18 years who best knew about household financial matters or who are co-responsible for these decisions were selected. When there were two or more eligible individuals in the household (landline numbers), the selection was made using the closest birthday rule. When using mobile numbers, only the individuals aged 18 or over who were responsible or co-responsible for making decisions about the finances of the household were selected.

Sample quality

The Portuguese sample deviates from the population in terms of age and gender (Table A4). The data source used to calculate the distribution of the population among key socio-demographic variables was Census 2011, from Statistics Portugal (population aged 18 or over living in mainland Portugal). The age deviation was corrected by weighting so the final composition of the sample matches the population (Figures A11 and A12).

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Table A4. Demographic composition of the Portuguese population and sample

	Male			Female			Total		
	Pop.	Sample	Test	Pop.	Sample	Test	Pop.	Sample	Test
18-24	4.7%	0.8%	z=6.644 p<0.0001	4.6%	0.8%	z=6.540 p<0.0001	9.3%	1.6%	z=9.559 p<0.0001
25-34	8.1%	4.0%	z=5.418 p<0.0001	8.4%	5.5%	z=3.769 p<0.001	16.4%	9.5%	z=6.719 p<0.0001
35-44	8.9%	7.2%	z=2.153 p=0.03	9.5%	9.5%	z=0 p=1	18.4%	16.6%	z=1.675 p<0.0001
45-54	8.2%	10.0%	z=2.365 p<0.05	8.9%	12.3%	z=4.305 p<0.0001	17.2%	22.3%	z=4.873 p<0.0001
55-64	7.2%	9.0%	z= 2.511 p<0.05	8.0%	12.9%	z=6.512 p<0.0001	15.2%	21.9%	z=6.729 p<0.0001
65-74	5.5%	9.8%	z= 6.801 p<0.0001	6.7%	9.0%	z=3.317 p<0.001	12.2%	18.8%	z=7.271 p<0.0001
75+	4.3%	4.6%	z= 0.533 p=0.594	6.9%	4.6%	z=3.272 p<0.001	11.2%	9.2%	z=2.287 p<0.05
Total	47.0%	45.5%		53.0%	54.5%	z=1.084, p=0.278			

Figure A11. Regional composition of the Portuguese population (%)

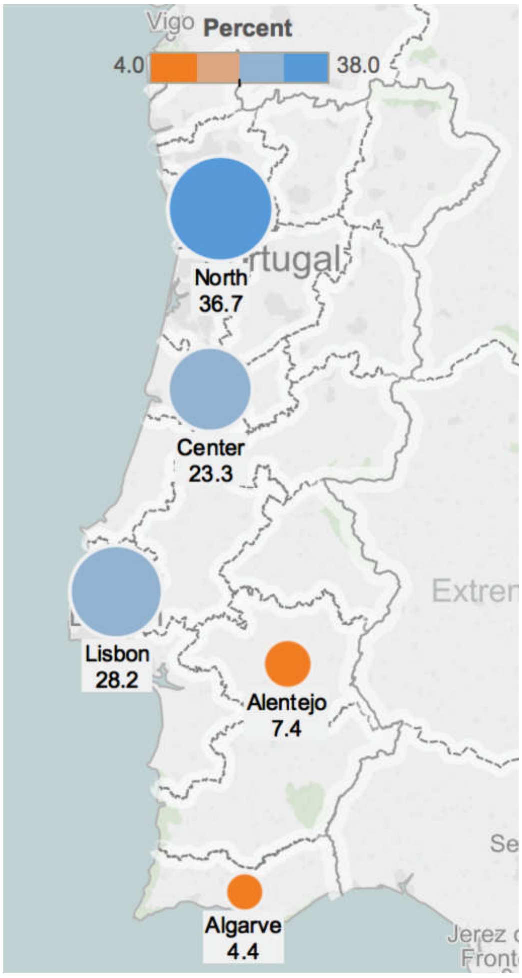
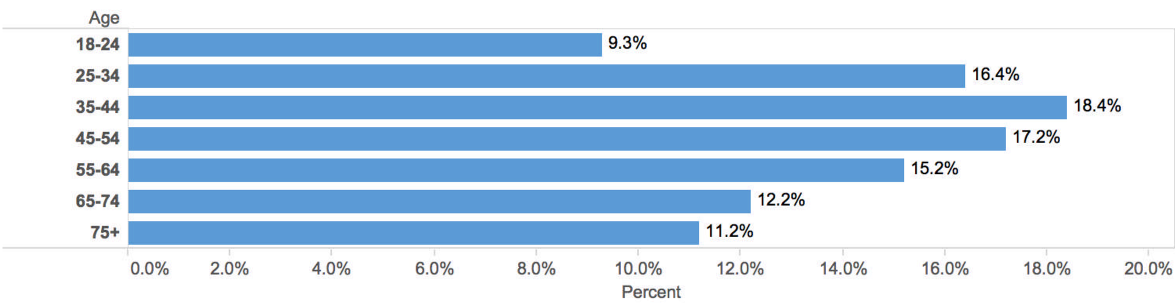


Figure A12. Age distribution of the Portuguese population (%)



3.4 Sweden

TNS Sifo was responsible for conducting the fieldwork in Sweden between 27 November and 16 December 2014.

<u>Sample selection</u>

A multi-stage stratified sampling technique with probability sampling was used at each stage. The sample was representative of the proportion of households with landline and in mobile phones only households, as the actual penetration of mobile network providers closely matched the actual subscription rates. The proportion of landlines to mobile phones was 6:4, respectively.

The landline numbers were randomly selected through a multi-stratified area-based household sample. The sample was stratified by region, sub-region and enumeration area type (or equivalent geographic regions) to ensure that all parts of the country were covered with the probability proportional to the population size (ppp). For landline numbers, a screening question was introduced to select individuals of at least 18 years who best knew about household financial matters. The closest birthday method was applied when there was more than one eligible individuals.

The mobile numbers were randomly selected through a multi-stratified area-based household sample, stratified by region, sub-region and enumeration area type (or equivalent geographic regions), with the probability proportional to the population size.

When a priori stratification was not possible for mobile numbers, an a posteriori stratification was used during the interview by asking respondents for the postcode and place of residence to allocate the numbers to regional cells (by region, sub-region and enumeration area if possible). In this case, at the beginning of the fieldwork there was a slightly higher proportion of mobile numbers.

Sample quality

The Swedish sample deviates from the population figures in terms of age and gender. The age and region deviations were corrected by weighting so the final composition of the sample matches the population (Figures A13 and A14).

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Table A5. Demographic composition of the Swedish population and sample

Gender	Population	Sample	Test
Female	50.4%	44.7%	z=4.417, p<0.0001
Male	49.6%	55.3%	
Age	**Population**	**Sample**	**Test**
15-29	24.7%	8.8%	z=14.284, p<0.0001
30-48	33.90%	27.0%	z=5.647, p<0.0001
50-64	23.50%	24.1%	z=0.548, p=0.584
65-79	17.90%	33.2%	z=15.463, p<0.0001
Region	**Population**	**Sample**	**Test**
Stockholm region	21.60%	17.9%	z=3.483, p=0.0005
Gothenburg region	9.90%	16.3%	z=8.302, p<0.0001
Malmö region	6.30%	14.5%	z=13.076, p<0.0001
Other parts of Sweden	62.20%	51.3%	z=8.709, p<0.0001

Figure A13. Regional composition of Swedish population (%)

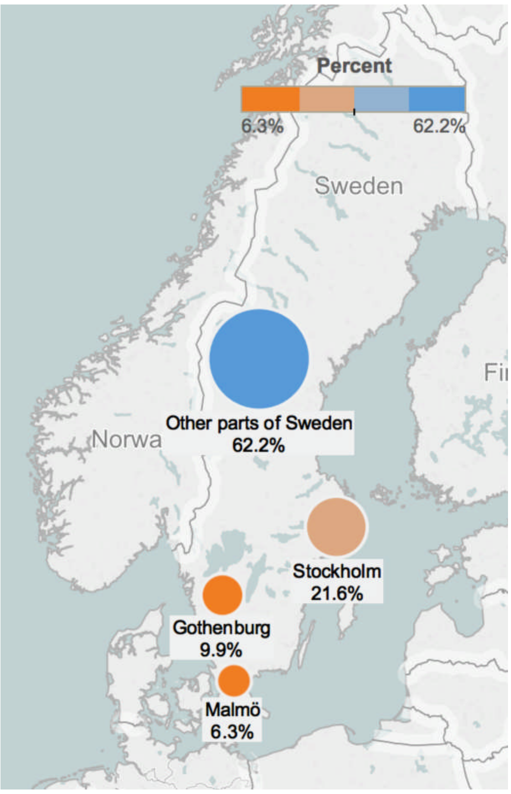
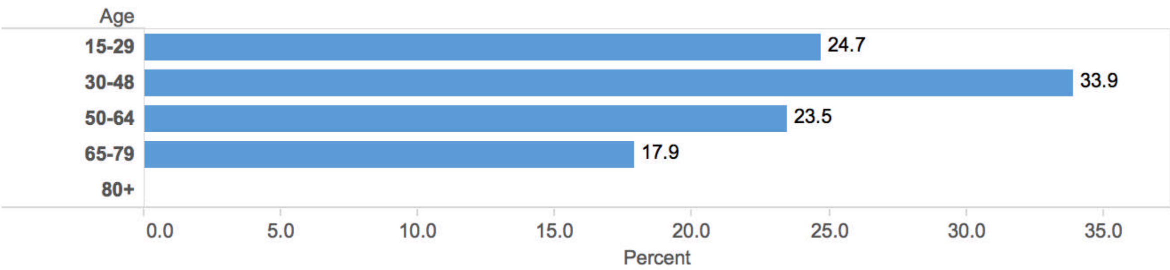


Figure A14. Age distribution of Swedish population (%)



3.5 United Kingdom

In the United Kingdom, the data collection was carried out by IPSOS MORI in the CATI centre in Edinburgh between 26 November and 9 December.

Sample selection

A dual frame approach was used in sampling: 80% of the interviews were completed with landlines (84% penetration rate[60]) and the remaining 20% with mobiles (16% penetration rate). It should be noted that potentially some respondents have both landline and mobile phones. For landlines, a stratified random sample was used, using region, sub-region and output area as strata, aligned with the distribution of the population. All regions of the country were covered with the probability proportional to the population size (ppp). The mobile sample was selected using the Epsem 100-Block approach, whereby a sample frame was created from the entire universe of number ranges allocated for mobile telephony by the regulator (Ofcom) segmented into blocks of 100 sequential potential mobile numbers. An algorithm was then applied to replace the last two digits randomly to make selection random inside the strata. Respondents were screened on the basis of their age (18 or over), and whether they were a decision maker for household finances. If this decision was made jointly then the decision maker with the next birthday was selected to take part.

Interview procedures

The interviewers were based on a CATI centre in Edinburgh, equipped with 147 CATI enabled interviewing stations. Interviews were monitored both visually and aurally in real time, 10% of all

[60] The figures for mobile only household data were taken from the OFCOM Communications Market Report 2014.

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interviews were monitored. The numbers were tried a maximum of 5 times before being filtered out.

Sample quality

The UK sample presents an overrepresentation of female respondents (Table A6). Gender refers to the profile for the household reference person according to Census 2001, except for Scotland, which used 2011 Census data. The regions in the sample closely match population figures. But there are slight deviations in age, such as an over-sampling in age group 50-64 and under-sampling in the age group 25-29. The data for region and age were taken from the ONS 2013 Family Spending Survey. The age and gender deviations were corrected by weighting so the final composition of the sample matches the population (Figures A15 and A16).

Table A6. Demographic composition of reference person in the UK population and sample

Gender	Population	Sample	Test
Female	59.5%	53.5%	z=4.419, p<.0001
Male	40.5%	46.5%	
Age	Population	Sample	Test
15-19	0.3%	0.2%	z=0.661, p=0.509
20-24	3.3%	2.7%	z= 1.214, p= 0.225
25-29	6.4%	3.6%	z= 4.136, p<.0001
30-34	7.8%	5.4%	z= 3.235, p= 0.0012
35-39	8.2%	7.8%	z= 0.527, p= 0.598
40-44	9.9%	10.0%	z=0.121, p = 0.904
45-49	10.6%	10.6%	z= 0, p= 1
50-54	10.0%	12.4%	z= 2.892, p=0.004
55-59	8.2%	10.5%	z= 3.031, p=0.003
60-64	8.7%	10.8%	z= 2.694, p=0.007
65-69	8.6%	9.6%	z= 1.289, p= 0.197
70-74	6.0%	6.4%	z= 0.609, p= 0.543
75-79	5.7%	5.1%	z= 0.936, p= 0.349
80-84	4.3%	3.1%	z= 2.139, p= 0.032
85-89	2.6%	1.6%	z= 2.272, p=0.023
90 +	1.1%	0.2%	z= 3.120, p=.0018

Table A6. Demographic composition of reference person in the UK population and sample (cont.)

Region	Population	Sample	Test
North East	4,3%	4.4%	z= 0.178, p = 0.859
North West	11,2%	11%	z= 0.229, p= 0.819
Yorkshire and the Humber	8,7%	8.3%	z= 0.513, p= 0.608
East Midlands	7,4%	7.3%	z= 0.138, p= 0.890
West Midlands	8,8%	8.7%	z= 0.128, p= 0.899
East of England	9,5%	9.2%	z= 0.370, p= 0.712
London	12,1%	12.9%	z= 0.887, p= 0.375
South East	13,4%	13.6%	z= 0.212, p= 0.832
South West	8,3%	8.5%	z= 0.262, p= 0.793
England	83,7%	83.9%	z= 0.196, p= 0.845
Wales	4,7%	4.8%	z= 0.171, p= 0.864
Scotland	8,8%	8.4%	z= 0.510, p= 0.609
Northern Ireland	2,8%	3.0%	z= 0.438, p= 0.661

Figure A15. Regional composition of UK population (%)

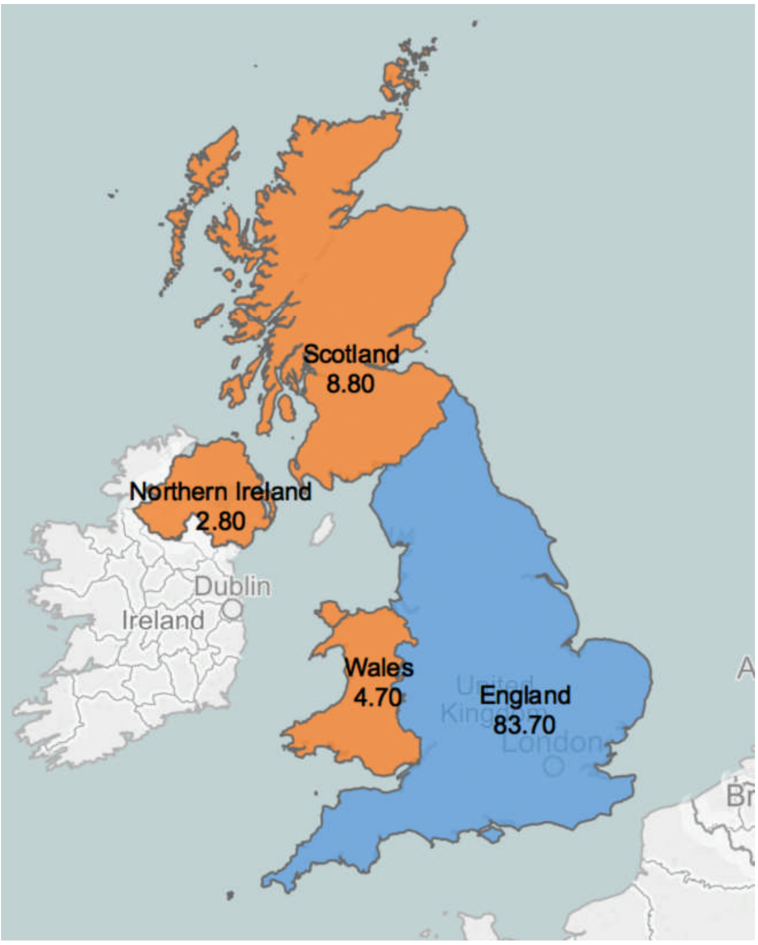
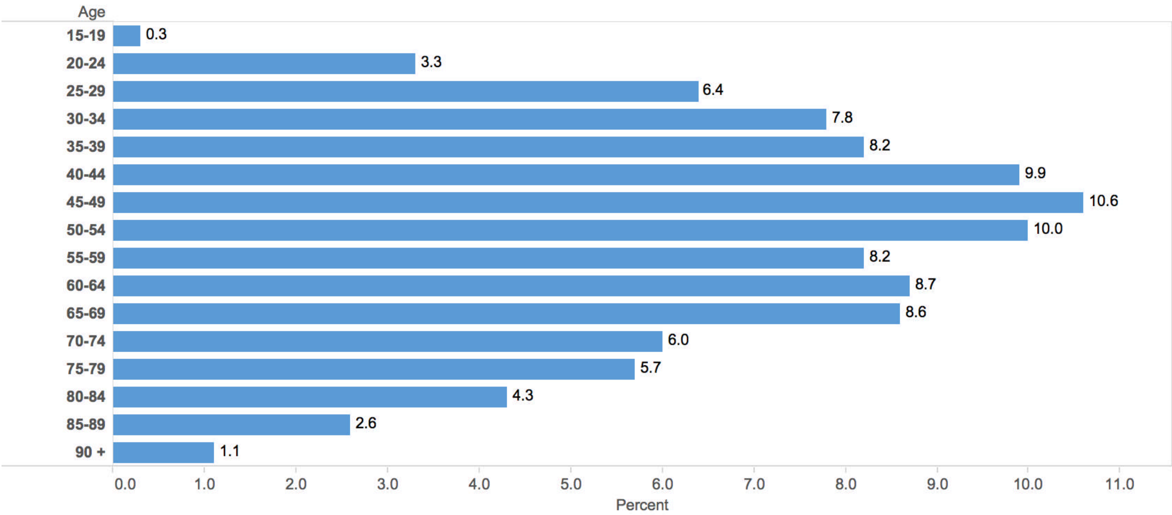


Figure A16. Age distribution of reference person in the UK (%)



4. Questionnaire design and translation process

The questionnaire has 24 closed questions plus 16 socio-demographic questions which assess the household socio-demographical characteristics, the household financial situation, the perception of welfare provision, the impact of the crisis and subjective well-being. Some questions are adapted from the European Social Survey (round 5 and 6), the European Quality of Life Survey (third survey) and Eurobarometer (Flash EB 338).

The questionnaire was written in English by the Portuguese team, translated into the countries' official languages by the company responsible for conducting the survey and translated back into English by a third party (cf. Table A7).

Table A7. Survey languages and fieldwork companies by country

Country	Language	Company
Germany	German	TNS Infratest
Poland	Polish	IPSOS
Portugal	Portuguese	TNS
Sweden	Swedish	TNS Sifo
United Kingdom	English	IPSOS Mori

The draft version of the master questionnaire was pre-tested in Portugal using 31 cognitive interviews. The cognitive interviews were used to assess the intelligibility of questions and answering options, and test the sequence of questions. This method suggested changes to the questionnaire such as wording, sequence of the questions, and also the interview duration.

A pilot survey was conducted, in the same conditions as the main survey, in all 5 countries. The pilot test assessed the complexity, comprehensibility and the reasons behind "no answers". The feedback from interviewers showed that the questionnaire was complex to answer due the subject matter (i.e. household finances and financial crisis) but no issues about comprehensibility or acceptance of the questions arose.

5. Training of interviewers

All interviewers participating in the pilot and in the main survey attended a training session given by the company that implemented the fieldwork. The main goals of the survey training were to familiarise the interviewers fully with the main purpose of the study, objectives of the questions, to help them deal with specific questions and topics addressed in the survey by giving examples of the situations that had occurred during the pilot in order to prepare them to execute the survey in the most efficient and professional manner.

In order to avoid interviewer effects on the results of the main survey, the number of interviews per interviewer was limited to a maximum of 10% of the total interviews to be completed.

6. Data entering and cleaning

The answers to the questionnaire were processed using SPSS v20. The company responsible for the survey in the United Kingdom (Ipsos Mori) defined the template which was then used by the other countries. The CATI system used by the companies automatically enters, stores and collates the data, which minimised data entry errors. The individual countries' datasets were then sent to the Portuguese team in order to merge and prepare the data for analysis.

The Portuguese team was responsible for merging the datasets, which included harmonising the variables codes, labels, and data ranges. The datasets were then merged and cleaned by running frequencies for each variable to check for out-of-range or system missing data, and also running

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cross-tabulations to check for logical consistency of questions.[61] The percentage of questionnaires completed was, on average, above 90% for all the countries.

7. Population Weights

The population weights allowed for correction for sample deviations from the population. In addition to the age and region weights that correct for sample deviations on the characteristics of the household reference person, we computed weights to correct for household characteristics. To calculate the weights we used official figures and household survey data from Eurostat compiled from national censuses (2011). The key variables used were household composition and household size (Table A7 and A8) and income (quintiles, with 20% on each cell per country).

$$\text{Weight}=\frac{\text{household composition (eurostat)}}{\text{household composition (survey)}}\cdot\frac{\text{household size (eurostat)household size (survey)}}{}\cdot\frac{\text{income (quintille)}}{\text{income(survey)}}$$

Table A8. Size of nucleus family per country (Eurostat, 2011)

Size of nucleus family (%)							
	1	2	3	4	5	6 to 10	11 or more
Germany	37.6%	35.6%	13.9%	9.7%	2.5%	0.7%	<0.1%
Poland	22.8%	32.5%	22.6%	16.0%	4.4%	1.7%	<0.1%
Portugal	21.2%	35.9%	24.3%	15.3%	2.6%	0.6%	<0.1%
Sweden	36.6%	33.3%	12.4%	12.7%	3.9%	1.1%	<0.1%
UK	31.5%	35. %	15. %1	12.2%	3.9%	1.4%	<0.1%

[61] A total of 84 interviews, from Sweden, with more than 90% of missing values across all variables were eliminated from the dataset. Out of range data was transformed into "Do not know" and "Do not answer". The question D6, about levels of education, was miscoded in the Swedish data, and recoded again, without any impact on the overall data. "Not applicable" answers, recorded as missing values in the dataset, were given the value 77 to differentiate from the true missing values.

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Table A9. Composition of private households per country (Eurostat, 2011)

Composition of private households (%)						
	Single person		Two adults		Three or more adults	
	With children	Without children	With children	Without children	With children	Without children
Germany	4.0%	39.4%	16.2%	28.8%	3.1%	8.4%
Poland	3.6%	20.7%	24.6%	20.7%	13.3%	17.1%
Portugal	3.8%	18.9%	24.8%	22.5%	9.3%	20.7%
Sweden	6.1%	49.9%	18.4%	21.7%	1.8%	2.2%
UK	7.7%	7.7%	18.9%	25.8%	4.4%	10.3%

Financialisation, Economy, Society and Sustainable Development (FESSUD) is a 10 million euro project largely funded by a near 8 million euro grant from the European Commission under Framework Programme 7 (contract number : 266800). The University of Leeds is the lead co-ordinator for the research project with a budget of over 2 million euros.

THE ABSTRACT OF THE PROJECT IS:

The research programme will integrate diverse levels, methods and disciplinary traditions with the aim of developing a comprehensive policy agenda for changing the role of the financial system to help achieve a future which is sustainable in environmental, social and economic terms. The programme involves an integrated and balanced consortium involving partners from 14 countries that has unsurpassed experience of deploying diverse perspectives both within economics and across disciplines inclusive of economics. The programme is distinctively pluralistic, and aims to forge alliances across the social sciences, so as to understand how finance can better serve economic, social and environmental needs. The central issues addressed are the ways in which the growth and performance of economies in the last 30 years have been dependent on the characteristics of the processes of financialisation; how has financialisation impacted on the achievement of specific economic, social, and environmental objectives?; the nature of the relationship between financialisation and the sustainability of the financial system, economic development and the environment?; the lessons to be drawn from the crisis about the nature and impacts of financialisation? ; what are the requisites of a financial system able to support a process of sustainable development, broadly conceived?'

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THE PARTNERS IN THE CONSORTIUM ARE:

Participant Number	Participant organisation name	Country
1 (Coordinator)	University of Leeds	UK
2	University of Siena	Italy
3	School of Oriental and African Studies	UK
4	Fondation Nationale des Sciences Politiques	France
5	Pour la Solidarite, Brussels	Belgium
6	Poznan University of Economics	Poland
7	Tallin University of Technology	Estonia
8	Berlin School of Economics and Law	Germany
9	Centre for Social Studies, University of Coimbra	Portugal
10	University of Pannonia, Veszprem	Hungary
11	National and Kapodistrian University of Athens	Greece
12	Middle East Technical University, Ankara	Turkey
13	Lund University	Sweden
14	University of Witwatersrand	South Africa
15	University of the Basque Country, Bilbao	Spain

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